DFDS ANNUAL REPORT
2013

DFDS

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DFDS PROVIDES SHIPPING AND TRANSPORT SERVICES IN EUROPE, GENERATING ANNUAL **REVENUES OF EUR 1.6BN.**

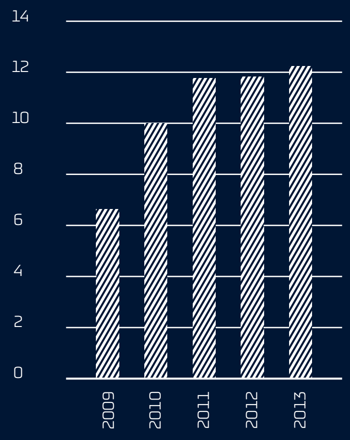
TO **OVER 8,000 FREIGHT CUSTOMERS,** WE DELIVER HIGH PERFORMANCE AND SUPERIOR RELIABILITY THROUGH SHIPPING & PORT TERMINAL SERVICES, AND TRANSPORT & LOGISTICS SOLUTIONS.

FOR MORE THAN **FIVE MILLION PASSENGERS,** MANY TRAVELLING IN THEIR OWN CARS, WE PROVIDE SAFE OVERNIGHT AND SHORT SEA FERRY SERVICES.

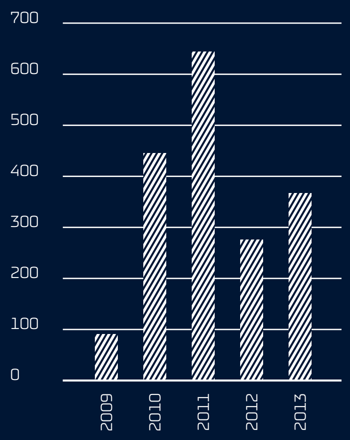
OUR **6,000 EMPLOYEES,** LOCATED IN OFFICES ACROSS 20 COUNTRIES, ARE COMMITTED TO YOUR SUCCESS.

DFDS WAS **FOUNDED IN 1866,** IS HEADQUARTERED IN COPENHAGEN, AND LISTED ON NASDAQ OMX COPENHAGEN.

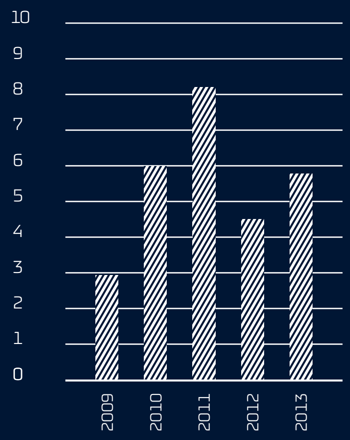
REVENUE
(DKK bn)



PROFIT BEFORE TAX AND SPECIAL ITEMS
(DKK M)



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



MANAGEMENT REVIEW

KEY FIGURES DFDS GROUP

KEY FIGURES

DKK m	2013 EUR m [1]	2013	2012	2011 [2]	2010 [2]	2009 [2]
Income statement						
Revenue	1,622	12,097	11,700	11,625	9,867	6,555
• Shipping Division	1,143	8,530	8,015	7,798	6,921	4,805
• Logistics Division	561	4,183	4,259	4,330	3,353	1,970
• Non-allocated items and eliminations	-82	-616	-574	-503	-407	-220
Operating profit before depreciations (EBITDA) and special items[2]	163	1,213	1,089	1,495	1,273	804
• Shipping Division	154	1,148	992	1,416	1,221	822
• Logistics Division	20	149	141	171	74	42
• Non-allocated item	-11	-84	-44	-92	-22	-60
Profit on disposal of non-current assets, net	1	6	6	26	5	18
Operating profit (EBIT) before special items	67	503	418	835	580	245
Special items, net	-2	-17	-124	91	102	-71
Operating profit (EBIT)	65	486	295	925	682	174
Financial items, net	-18	-136	-149	-183	-135	-154
Profit before tax	47	350	146	742	547	20
Profit for the year	44	327	143	735	522	89
Profit for the year exclusive minorities	44	325	144	731	509	86
Capital						
Total assets	1,650	12,311	12,313	12,795	13,849	9,298
DFDS A/S' share of equity	840	6,263	6,882	6,906	6,339	3,641
Equity	847	6,318	6,936	6,964	6,396	3,688
Net interest-bearing debt	293	2,189	1,929	2,555	3,887	4,067
Invested capital, end of period	1,147	8,555	8,896	9,564	10,341	7,997
Invested capital, average	1,157	8,633	9,207	9,691	9,061	7,762
Average number of employees	-	5,930	5,239	5,096	4,862	3,924

KEY FIGURES

DKK m	2013 EUR m [1]	2013	2012	2011 [2]	2010 [2]	2009 [2]
Cash flows						
Cash flows from operating activities, before financial items and after tax	201	1,501	905	1,419	929	836
Cash flows from investing activities	-126	-943	239	219	-1,521	-1,265
Acquistion of enterprises, activities and minorities	-13	-99	-5	-8	-1,417	-39
Other investments, net	-113	-844	244	227	-104	-1,226
Free cash flow	75	558	1,144	1,638	-592	-429
Key operating and return ratios						
Number of ships		48	49	49	57	51
Revenue growth, %		3.4	0.6	17.8	50.5 [3]	-20,0
EBITDA margin, %		10.0	9.3	12,9	12.9	12.3
Operating margin, %		4.2	3.6	7.2	5.9	3.7
Turnover, investered capital average, (times)		1.40	1.27	1.20	1.09	0.84
Return on invested capital (ROIC), %		5.7	3.4	9.0	7.2	2.1
Return on equity, %		4.9	2.1	11.0	10.2	2.4
Key capital and per share ratios						
Equity ratio, %		51.3	56.3	54.4	46.2	39.7
Interest-bearing net debt/EBITDA, times		1.80	1.77	1.71	3.05	5.06
Earnings per share (EPS), DKK		23	10	50	47	11
Dividends per share, DKK		14.0	14.0	14.0	8.0	0.0
Number of shares, end of period [4], '000		14,856	14,856	14,856	14,856	8,000
Share price at the end of the period, DKK		437	255.5	355	418	358
Market value, DKK m		5,559	3,706	5,149	6,119	2,743

[1] Applied exchange rate for euro as of 31. December 2013: 7,4603

[2] The key figures for 2009-2011 have not been restated in accordance with the amendments to IAS 19 'Emloyee benefits'.

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

[4] A change of the number of shares to 13,330,000 was registered by the Danish Business Authority on 16 January 2014 following a statutory notice period of one month from the extraordinary general meeting's cancellation of 10.5% of the share capital on 16 December 2013

HEADING IN THE RIGHT DIRECTION

The European economy started to head in the right direction in 2013, as did DFDS in an operating environment with a continued high level of competitive pressure.

In DFDS, we are taking up the challenge, focusing on growing our top line results and making operations more efficient. We made good progress in 2013, raising EBITDA by 11% to DKK 1,213m, delivering one of the best results in our sector.

Moving closer to our customers
For the first time, we are reporting on customer satisfaction in line with our commitment to customer focus, see page 10 for results. DFDS is perceived as a quality service provider, but not yet world class. Reliability, frequency, fast communication, easy processes and proactive optimisation of customer solutions are key to delivering world class customer service. Improving customer satisfaction, in order to grow the top line, is a top priority.

Empowered people with a can-do attitude
When we say we are moving closer to our customers, it is the people of DFDS stepping up the dialogue with customers to learn more about their expectations and requirements. To enhance the dialogue over 200 DFDS sales managers went through sales training in 2013, and we expanded our HR capabilities to drive the DFDS Way of selling across the Group.

Improving performance
Our project-based strategy of operational streamlining includes four major projects in 2014 covering working capital, finance organisation, logistics and passenger system development, and procurement. Project goals and 2014 targets are reviewed on page 10. We have also initiated a group wide ROIC drive to support our target of achieving a 10% return on invested capital.

Light at the end of the Channel
The provisional findings of the UK competition authorities will be announced in mid-March 2014 and a final decision is due in early May 2014. Including processing of appeal options, we estimate that the exceptional competitive situation on the Channel will be resolved by the end 2014.

Preparing for new sulphur rules in 2015
DFDS is preparing to meet the challenge of transitioning to 40-50% more expensive low-sulphur fuel in 2015. Our plan includes a DKK 750m scrubber investment programme running until 2017, introduction of higher bunker surcharges and, most likely, consolidation of routes.

Looking ahead, we see a balanced mix of opportunities and challenges. With solid cash flows and strong relations with our stakeholders, DFDS is well positioned to make the most of opportunities, including acquisition led growth, and overcome the challenges.

Thank you to all our stakeholders for your support in 2013, not least for the hard work of our employees and the confidence shown in us by our customers.

BENT ØSTERGAARD
Chairman of the board

NIELS SMEDEGAARD
President & CEO

RELIABLE SHIPPING SERVICES, FLEXIBLE TRANSPORT SOLUTIONS...

DFDS operates the largest network of shipping routes in Northern Europe, focused on servicing the requirements of both freight customers and passengers.

The shipping services are complemented by European transport and logistics solutions.

Freight shipping services and solutions
DFDS' routes are ideally located for servicing the freight volumes of forwarding companies and manufacturers of heavy industrial goods.

Our routes operate to fixed schedules with a high level of frequency, allowing customers to precisely meet their transport service needs. Visibility is enhanced by access to online tracking of shipments.

We develop bespoke transport solutions in partnership with manufacturers of heavy goods such as automobiles, steel, paper and forest products, and chemicals.

To enhance the efficiency of our customer services, we operate our own port terminals in strategic locations, including warehousing services.

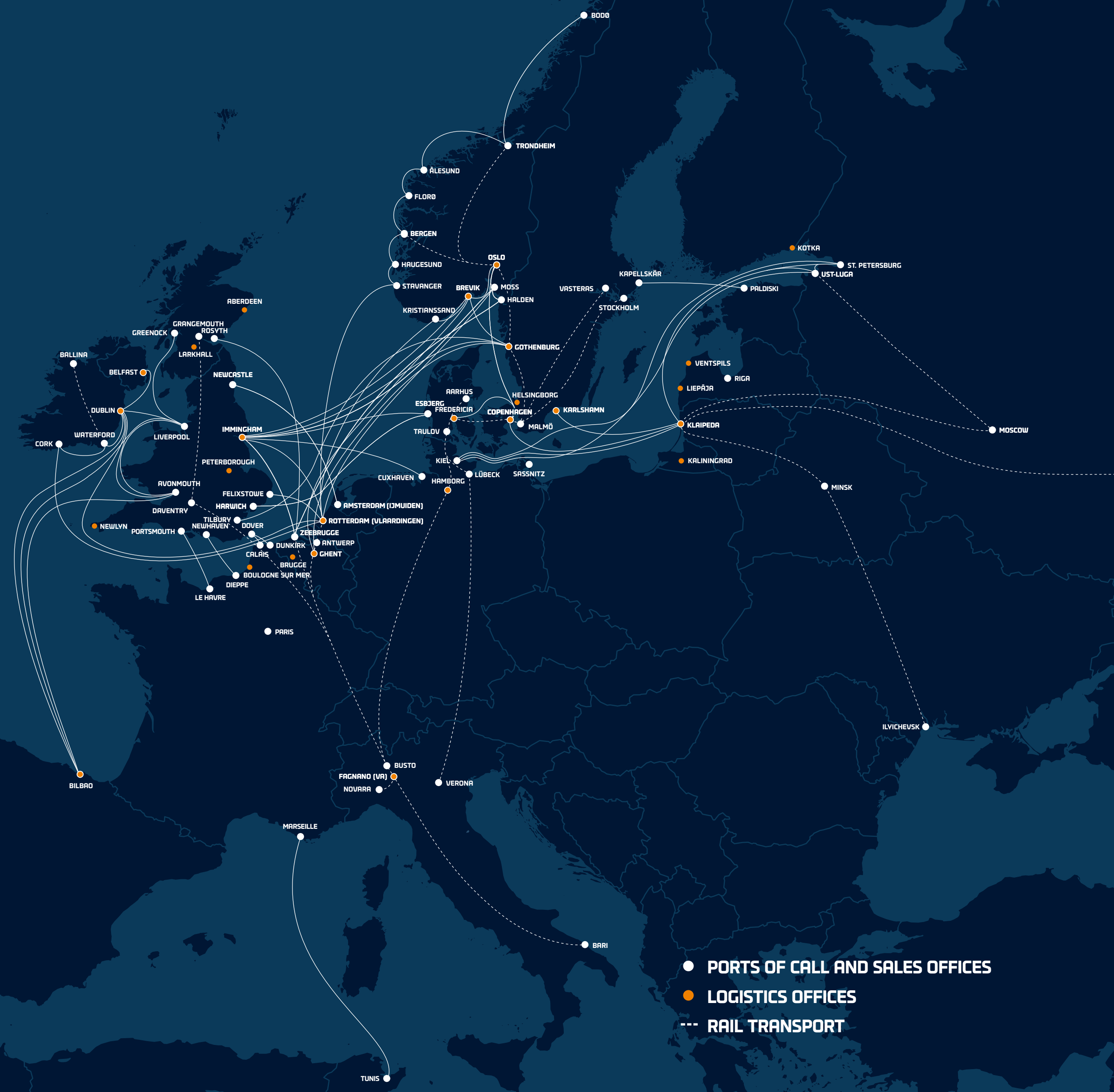
Transport and logistics solutions
We provide flexible, cost efficient and on-time, door-to-door transport solutions to producers of a wide variety of consumer and industrial goods – supported by a European network of road, rail and container carriers and, not least, DFDS' network of ferry routes.

The main activity is the transport of full and part loads, both ambient and temperature controlled.

In partnership with retailers and production companies, we develop and provide performance enhancing and cost efficient logistics solutions, including warehousing services.

Passenger ferry services
DFDS' route network offers both overnight and short crossings. Passengers can bring their own cars on all routes. The onboard facilities are adapted to each route's particular mix of passengers and their requirements for an enjoyable maritime experience.

Key facts
- 80% of total revenues are generated by freight customers and 20% by passengers
- DFDS transported 29 million lane metres of freight in 2013
- DFDS transported nearly 6 million passengers in 2013
- Our largest freight ships carry 370 trailers per sailing
- Our largest passenger ships have room for 2,000 passengers per sailing



OUR VISION, STRATEGY & PRIORITIES

VISION

DELIVERING HIGH PERFORMANCE AND SUPERIOR RELIABILITY – WHATEVER WE CARRY.

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

We listen closely to our customers and, in most respects, DFDS is perceived as a quality service provider. We can, however, improve our customer services. The good thing is that our customers have told us exactly what we should improve to fully live up to their expectations, and exceed them.

Raising customer satisfaction levels is a top strategic priority in DFDS. The tool is our group-wide Customer Focus Initiative. See the management report on p. 10 for reporting on progress.

The vision reflects our decision to become a truly customer focused and customer driven company.

STRATEGY PRINCIPLES

DFDS' strategy is based on four drivers:

1. The DFDS Way: Customer focus and continuous improvement
2. Network strength: Expand network to leverage operating model
3. Integrated shipping and logistics operations: Optimise capacity utilisation
4. Financial strength and performance: Reliable, agile partner

The DFDS Way – our behaviours and operating model – is our platform for driving continuous improvement. Top priorities are customer focus and achievement of a higher return on invested capital.

DFDS operates in a mature market environment and our growth strategy is focused on both organic and acquisition led growth.

We expect to continue to lead the consolidation of our sector in the coming years to gain additional scale advantages.

DFDS' route network integrates freight and passenger shipping services. To support the route network's capacity utilisation, our freight services include door-to-door transport and logistics solutions deploying the routes as part of the solution. The Group revenue split between freight customers and passengers is 80/20.

PRIORITIES 2014

1. Resolve situation on Channel
2. Prepare transition to new sulphur emissions rule in 2015
3. Improve financial performance
4. Lead sector consolidation

The priorities for 2014 reflect two events with significant financial impact for DFDS: The first is the outcome of the UK merger inquiry into the Eurotunnel/SeaFrance transaction which will impact DFDS' activities on the Channel. The second is the introduction of more expensive low sulphur fuel in 2015. Preparation for the transition will be ongoing in 2014. Improved financial performance is driven by efficiency and improvement projects and a group wide ROIC drive. Both underpin DFDS' goal of continuous improvement, including the achievement of a 10% return on invested capital. Sector consolidation will continue in order to leverage DFDS' operating model and position DFDS for the future.

FOLLOW-UP ON 2013 PRIORITIES

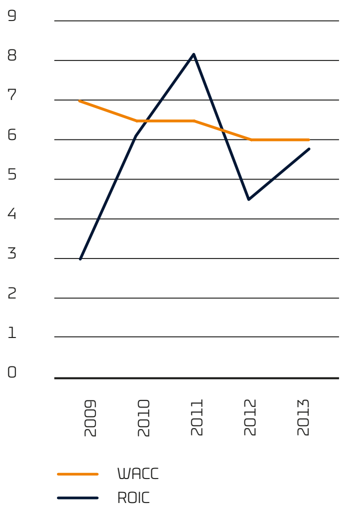
Operational efficiency: Several large scale projects initiated: One Finance (finance organisation), Project 100 (procurement), Light Capital (working capital), Blue Sky (scrubber strategy development), IT projects (passenger and logistics systems development). See detailed follow-up in the management report.

Customer focus: Roll-out of the Customer Focus Initiative across 30 shipping and logistics locations. Over 200 sales managers completed sales training courses.

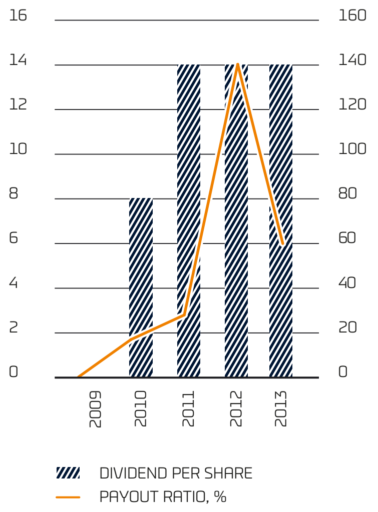
Acquisition led growth: Baltic logistics network expanded by acquisition of Swedish transport company. Participation in sales process of Scandlines; submitted bid not accepted by seller. Preparation of opportunities of which several are expected to materialise in 2014.

OUR FINANCIAL GOALS

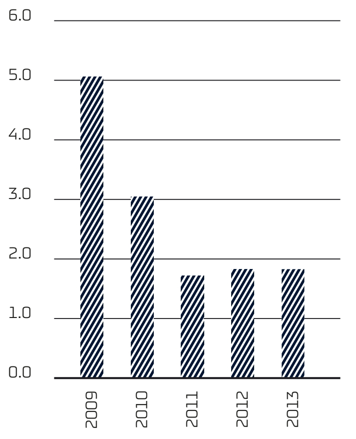
RETURN ON INVESTED CAPITAL (ROIC) BEFORE SPECIAL ITEMS AND COST OF CAPITAL
(%)



DIVIDEND AND PAYOUT RATIO
(DKK) (%)



NET INTEREST-BEARING DEBT/EBITDA BEFORE SPECIAL ITEMS
(TIMES)



10% RETURN ON INVESTED CAPITAL

In 2013, DFDS' return on invested capital was 5.8%, excluding special items, implying a gap of 4.2 ppt to the goal of a 10% return. Around 2.5 ppt of the gap was due to the extraordinary situation on the Channel. Another 1.0 ppt of the gap is driven by the shipping activities on the southern part of the North Sea. Together, the two areas account for more than 80% of the gap. A third, and upcoming, challenge is the introduction of more expensive low sulphur fuel in 2015, which is expected to initially increase DFDS' cost level. See page 13 for a review of how DFDS expects to overcome these challenges in the coming years to achieve a 10% return.

DISTRIBUTION TO SHAREHOLDERS

DFDS' distribution policy is to pay an annual dividend of DKK 14 per share. In addition, excess capital, as defined by the target capital structure, will be distributed to shareholders as an extra dividend and/or buyback of shares. Distribution of dividend and excess capital can be suspended in connection with large investments, including acquisitions, and other strategic events.

In 2013, DFDS distributed DKK 831m to shareholders, including ordinary dividends of DKK 203m and buy-back of shares of DKK 628m.

CAPITAL STRUCTURE

The capital structure is defined by the ratio of net interest-bearing debt (NIBD) to operating profit before depreciations (EBITDA). The target capital structure is a NIBD/EBITDA multiple of minimum 2.0 and maximum 3.0. This implies that excess capital will be distributed to shareholders if the multiple is below 2.0, and distribution will be reduced if the multiple exceeds 3.0.

MANAGEMENT REVIEW

- **Improved financial performance driven by recovery in North Sea region**
- **Cash flow boosted by more than DKK 300m through working capital reduction**
- **Clear policy for distribution of excess capital to shareholders adopted**

Financial performance
Profit before tax and special items was DKK 367m, an increase of 35.9% compared to 2012.

The increase was mainly driven by higher earnings from the freight and passenger activities in the North Sea region following the gradual recovery of demand in Europe during the year.

Freight and passenger volumes resumed growth during the year in the regions around the North Sea, while growth slowed down in Baltic Sea regions linked to Russia.

Revenue for the year was DKK 12.1bn, an increase of 3.4% compared to 2012, mainly driven by the full-year effect of the addition of activities acquired from the French shipping company Louis Dreyfus Armateurs (LDA) and increased activity on Dover-Calais, which opened with only one ship on the Channel during Q1 2012. Revenue from higher freight volumes was partially offset by lower revenue from bunker surcharges as the oil price declined in 2013. Adjusted for bunker surcharges, revenue growth was 5.6% which was in line with the expectation of an increase of around 5%.

Group operating profit before depreciation (EBITDA) and special items was DKK 1,213m, an increase of 11.4% compared to 2012. The Shipping Division's EBITDA before special items increased by 15.8% to DKK 1,148m while the Logistics Division's EBITDA before special items increased by 5.7% to DKK 149m. The cost of non-allocated items rose by DKK -40m to DKK -84m.

The EBITDA before special items of DKK 1,213m was in line with the most recent expectations of an EBITDA before special items of DKK 1,100-1,300m. The profit expectation announced in the annual report for 2012 was an EBITDA before special items of DKK 1,050-1,250m as the expectation was upgraded by DKK 50m in March 2012.

The Group's free cash flow from operations was positive by DKK 558m despite net investments of DKK 943m as the Light Capital project boosted the cash flow by DKK 362m through a reduction of working capital.

The ratio of net-interest-bearing debt to operating profit (EBITDA) before special items was 1.8 at year-end, which was below the target of a minimum ratio of 2.0. Consequently, a share buy-back programme will be initiated in 2014 to increase leverage. The equity ratio was 51.3% at the end of 2013 compared to 56.3% in 2012.

In 2013, the average number of employees increased by 13.2% to 5,930, primarily due to the full-year effect of the opening of a new route on the English Channel and the addition of LD Lines.

IMPORTANT EVENTS IN 2013

The most important events of the year, shown in the table on page 11, are divided into three areas: business development and competition; operations and finance; and people and the environment.

BUSINESS DEVELOPMENT AND COMPETITION

Shipping overcapacity reduced on North Sea
In March 2013, our competitor on the Sweden-UK freight trade, North Sea Ro-Ro, closed its route which had opened in January 2012.

KEY FIGURES FOR THE DFDS GROUP

DKK m	2013	2012	2011	2010	2009
Revenue	12,097	11,700	11,625	9,867	6,555
EBITDA*	1,213	1,089	1,495	1,273	804
Pre-tax profit*	367	276	651	445	91
Free cash flow	558	1,144	1,638	-592	-429
Invested capital, end of year	8,555	8,896	9,564	10,341	7,997
Net interest-bearing debt/EBITDA*, times	1.8	1.8	1.7	3.1	5.1
Return on invested capital*, %	5.8	4.5	8.1	6.1	3.0
Number of staff, average	5,930	5,239	5,096	4,862	3,924

* Before special items

Swedish customer agreement renewed
In March 2013, NTEX AB and DFDS renewed and expanded their customer agreement concerning the shipping of trailers on DFDS' route Gothenburg-Immingham/Tilbury. In January 2012, NTEX switched the majority of its volumes to the shipping company North Sea Ro-Ro. To accommodate the increase of volumes from NTEX, the swap of tonnage between Gothenburg-Immingham and Gothenburg-Ghent was reversed in May 2013.

UK competition ruling on Eurotunnel/SeaFrance merger
Since 2012, the UK competition authorities have conducted a merger inquiry into Eurotunnel's acquisition of SeaFrance following the company's bankruptcy in 2012. In the second half of that year, Eurotunnel deployed three ships between Dover and Calais under the name MyFerryLink.

The competition authorities' decision is of great importance to DFDS since Eurotunnel's entry into the Channel ferry market created overcapacity, as DFDS earlier in the year had replaced SeaFrance's capacity on the Channel.

On 6 June 2013, the UK Competition Commission (CC) ruled on the Eurotunnel/SeaFrance merger inquiry that Eurotunnel should cease ferry operations at the Port of Dover. Following the ruling, Eurotunnel and SCOP, the cooperative engaged in the operation of the ferries, appealed to the UK Competition Appeal Tribunal (CAT).

On 4 December 2013, the CAT decided that the CC should review its jurisdiction to consider the transaction, i.e. could Eurotunnel's transaction be considered to be a transfer of assets or the transfer of an enterprise. All other challenges to the CC's ruling were dismissed by the CAT.

The provisional findings of the UK competition authorities will be announced in mid-March 2014 and a final decision is due in early May 2014. Including processing of appeal options, we estimate that the exceptional competitive situation on the Channel will be resolved by the end 2014.

Baltic and Russian logistics network expanded through acquisition
DFDS completed the acquisition of the Swedish transport and logistics company Karlshamn Express Group in September 2013. The acquisition expands and develops DFDS' platform for providing transport and logistics solutions between Sweden and the Baltics, Russia and the CIS countries. Moreover, the acquisition supports DFDS' route network as the company is a major customer on DFDS' route between Karlshamn and Klaipeda.

Karlshamn Express had total revenues of SEK 225m (DKK 197m) in 2012 and 81 employees. The main activity of the company is the transport of full and part loads between Sweden and Baltics/Russia. In addition, it provides domestic transport and warehousing services. Karlshamn Express' head office and warehousing facilities are located in Karlshamn. The company also has offices in Liepaja, Ventspils, Klaipeda and Kaliningrad.

Re-organisation of Channel activities
From 1 January 2014, the two western Channel routes, Dieppe-Newhaven and Le Havre-Portsmouth, will be transferred from the Channel business area to France & Mediterranean. The latter business area has provided port terminal and agency services to Channel, and to simplify the business structure these activities will be transferred back to Channel. Reporting numbers will be restated accordingly.

OPERATIONS AND FINANCE

Market trends
After a slow start in Q1, volume growth gradually picked up during the rest of the year, apart from the Baltic area where lower activity in the Russian economy reduced volumes.

Shipped lane metres of freight increased by 20.9% in 2013, driven by the full-year impact of the Dover-Calais route and addition of two routes on the Western Channel and one route in the Mediterranean. Adjusted for the Channel and France & Mediterranean business areas, volume growth was 5.5%, of which around a third was driven by the additional volumes between Sweden and UK following the renewal and expansion of a Swedish customer agreement, as mentioned above.

Growth in the Baltic region was flat overall due to a slowdown in trade with Russia. Volumes grew in the Sweden-Lithuania/Estonia corridors while they declined in the trades relating to Russia. Organic growth was around 5% in the North Sea region, although unevenly distributed with flat growth in the Denmark/Germany-UK corridor and higher growth in the Sweden-Continent and Benelux-UK corridors.

Pricing was weak in all areas throughout the year following the recessionary environment of 2012. The growing volumes in the North Sea region are expected to contribute to a firmer pricing environment in 2014.

Volume growth in the Logistics Division was 3.2% overall. Volumes were up by 1.7% in the Nordic area, where Swedish and Danish traffic recorded strong growth which was offset by lower volumes in Norwegian traffic. Volumes were up by 2.6% in the Continent area with growth unevenly distributed as some trades achieved double digit growth while volumes declined in other areas, particularly container volumes between Ireland and the Continent as margin improvement was prioritised. Volumes were up by 6.0% in the UK & Ireland area, driven by distribution activities in Scotland and England, while volumes remained subdued in the Northern Ireland market.

As in the shipping market, pricing was weak in most areas throughout the year.

The number of passengers rose by 15.0%, primarily due to the full-year impact of the Dover-Calais route and the addition of two routes on the Western Channel. Adjusted for this, the number of passengers increased by 1.9%, with the highest growth achieved by the Amsterdam-Newcastle route.

Transition strategy to new sulphur rules
From 1 January 2015, a new set of rules will limit the sulphur emissions to 0.1% from the current limit of 1.0% in SECAs (Sulphur Emission Control Areas). These areas include the Baltic Sea, the North Sea and the Channel, which are DFDS' primary market areas.

The price of MGO (Marine Gas Oil) with a content of 0.1% sulphur is currently 40-50% higher than 1.0% bunker fuel and this price difference is expected to continue in the future.

In 2013, DFDS' bunker cost was DKK 1.9bn, equal to 16% of revenue. The cost ratio was 11% net of bunker surcharges. All else being equal, a switch to MGO in 2015 entails a cost increase of around DKK 800m.

DFDS' transition strategy to overcome the considerable financial challenge of the new rules has three elements:

- Installation of scrubbers on 21 ships by 2017, a total investment of DKK 750m. See page 47 for more information on scrubbers
- Roadshows and meetings ongoing to prepare freight customers and market for a cost increase
- Consolidation of routes.

Efficiency and improvement projects
In 2013, there was a continued focus on efficiency and improvement projects:

- **Customer Focus Initiative:** Aims to strengthen DFDS' customer relations through better understanding of the context for purchasing decisions and customer satisfaction regarding DFDS' performance and services. In 2013, roll-out continued to 30 locations. During the year, we received feedback from over 3,500 freight customers and 27,000 passengers. We heard that we are doing well overall, although we can still improve our performance.

	BUSINESS DEVELOPMENT AND COMPETITION	OPERATIONS AND FINANCE	PEOPLE AND THE ENVIRONMENT
January		• Contract with Norske Skog renewed • IT integration of port terminal in Gothenburg, acquired in 2012, completed	• Channel freight sales organisation restructured
February	• UK Competition Commission published provisional findings on the Eurotunnel/SeaFrance merger inquiry • Two newbuilding contracts for ro-ro freight ships signed		• New country based organisation in DFDS Logistics, Norway
March	• Renewal and expansion of customer agreement with Swedish transport company NTEX, a major customer on the Gothenburg-Immingham route • North Sea Ro-Ro closes route between Sweden and UK	• CALAIS SEAWAYS onboard facilities refurbished • Container rail service introduced between Waterford and Ballina in Ireland • Sale of corporate bond of NOK 700m completed	• Customer Focus Initiative: Launch of roll-out to 12 new locations • DFDS' Henrik Holck appointed to Business Forum for Social Responsibility • New MD of DFDS Seaways, France
April		• Cash pool project initiated • Tonnage reshuffle between Gothenburg-Immingham and Gothenburg-Ghent	
May	• Upgrade of two passenger ships on Copenhagen-Oslo route announced	• Restructuring of routes between Germany and Russia • Country based marketing organisation for Channel finalised	• Sales training of more than 225 sales managers initiated
June	• UK Competition Commission's final report on the Eurotunnel/SeaFrance merger inquiry rules that Eurotunnel must cease ferry operations from Dover. Eurotunnel appeals decision to the UK Competition Appeal Tribunal	• CORAGGIO, renamed ATHENA SEAWAYS, chartered for a five-year period from beginning of 2014 • VILNIUS SEAWAYS chartered out to Ukrferry in the Black Sea • SIRENA SEAWAYS collided with the quay in Harwich and was out of service for two weeks	• Telematic tools deployed to reduce trucks' fuel consumption • DFDS participates in public debate organised by Business Forum for Social Responsibility on Bornholm • MD for Group finance service centre in Poland recruited • Customer Focus Initiative: Launch of roll-out to seven new locations
July	• Following the charter of VILNIUS SEAWAYS to Ukrferry, the Black Sea ferry operator, DFDS agree to explore opportunities for future cooperation	• New logistics contract finalised with Volvo Logistics and Volvo Car Corporation for logistics services to Gothenburg production plants • DFDS Logistics Ipswich office merged with office in Immingham	• Scrubber installations initiated at shipyard in Poland
August		• 200 new mega trailers delivered to DFDS Logistics	
September	• Acquisition of Swedish transport company Karlshamn Express with activities in Baltic region completed	• Turnaround project launched for port terminal in Gothenburg, Älvsborg Ro-Ro • Project 100 (procurement) launched to improve EBIT by DKK 100m by 2015 • Sassnitz-Klaipeda route closed • DFDS purchases own shares from A.P. Møller – Mærsk equal to 12.0% of the share capital for DKK 628m	• Loss prevention project launched in five port terminals • New MD DFDS Seaways, Belgium • New social media website launched, DFDS Connect • Customer Focus Initiative: Launch of roll-out to nine new locations
October		• Second ship deployed on Paldiski-Kapellskär route	• Initiation of road shows to inform customers about transition to new sulphur rules
November	• QUEEN OF SCANDINAVIA sold to charterer	• Three-year logistics contract of EUR 75m awarded by Tata Steel • Project 100: Use of procurement e-auctions launched • Clear policy on distribution of excess capital to shareholders adopted, including targets for capital structure	• CEO Niels Smedegaard elected as vice-chairman of ECSA (European Community Shipowners Associations)
December	• The UK Competition Appeal Tribunal dismisses all challenges to the UK Competition Commission's (CC) ruling except for the challenge on jurisdiction, which requires a further review	• Extraordinary general meeting cancels 10.5% of the share capital following DFDS' purchase of own shares from A.P. Møller – Mærsk • ONE Finance: 65 positions migrated from Belfast to Poznan, Poland • Storms impact operations, including flooding of the port terminal in Immingham • ARK FUTURA employed by Danish military in Syria mission	• Bi-annual Bearing employee survey completed • Christmas lunch for homeless people, Copenhagen and Oslo

The most often highlighted areas for improvement were communicating faster when issues occur and providing new solutions. Customer feedback is applied to develop action plans targeted to improve our performance and customer satisfaction. In 2014, customer focus continues with an annual freight survey and bi-weekly meetings at the activity level to discuss current customer service issues and how our solutions can be improved. The results of the past year have been encouraging, supporting our continuous customer focus initaitive.

- **Light Capital:** The project successfully released more than DKK 300m of cash tied up in working capital in 2013 (inventory and trade receivables/payables). The result exceeded the project's initial goal of DKK 300m. The goal for 2014 is to release a further DKK 100m of cash.

- **ONE Finance:** Establishment of a group-wide finance service centre in Poland expected to comprise 150 positions. In December 2013, the migration of 65 positions from the former finance service centre in Belfast was completed. All migrations are expected to be completed by October 2014.

Group IT systems

The implementation of the IT strategy for introducing Group systems continued in 2013. The passenger system, Seabook, was implemented on the Channel routes in Q3 2012 and during 2013 a number of performance issues were resolved. In 2014, the roll-out will continue to the Baltic routes and in 2015 to the remaining passenger routes. The logistics system, Velocity, was successfully implemented in Brugge and Peterborough in 2013 and the system is expected to be fully implemented in the Logistics Division by the end of 2015. The Shipping Division's freight system, Phoenix, was fully implemented at the end of 2012. The onboard maintenance system, Sertica, was successfully implemented in the port workshops in Immingham, and further rollout is planned in 2014. Sertica has also been chosen as the general procurement platform, and integration with accounting systems is ongoing. Customers' online experience was improved on a number of passenger ships following installation of new communication devices.

PEOPLE AND THE ENVIRONMENT

Employees

The total average number of employees rose by 13.2% in 2013 to 5,930, primarily as a result of the full-year impact of the opening of the Dover-Calais route and the acquisition of LD Lines.

In November 2013, the bi-annual Employee Engagement Survey, Bearing, was launched, ending with a response rate of 76%, a slight increase from 2011. Overall, the survey shows satisfactory scores for job satisfaction and motivation. The survey also identifies areas for improvement. More information about HR in DFDS is available on pages 43-44 of the CR report.

CFI – sales training

In 2013, sales training for 225 sales managers across the Group was completed as part of CFI (Customer Focus Initiative). Sales training programmes will continue in 2014.

New shipping emission target

After achieving a 10% reduction of bunker consumption over a five year period, the new target is a 5% reduction to be achieved by 2017. Shipping emissions amount to more than 90% of DFDS' total emissions. For more information on the environmental impact of DFDS' activities, see pages 46–48 in the CR report.

Significant events after 2013

In January 2014, DFDS acquired STEF's logistics activities in Scotland and STEF acquired the continental distribution and handling activities of DFDS Logistics located in Boulogne.

RETURN ON INVESTED CAPITAL (ROIC) 2013

	Invested capital, average, DKK m	ROIC [1] 2013, %	Profit variance vs target[2], DKK m
DFDS Group	8,633	5.8	-363
Shipping Division	**8,077**	**6.5**	**-283**
North Sea	4,270	6.7	-141
Baltic Sea	1,232	17.9	97
Channel	1,296	-8.0	-233
Passenger	903	15.7	51
France & Mediterranean	-55	n.a.	n.a.
Non-allocated	431	0.7	-40
Logistics Division	**795**	**8.7**	**-10**
Nordic	271	6.7	-9
Continent	323	8.5	-5
UK & Ireland	183	13.1	6
Non-allocated	18	0.0	-2
Non-allocated, Group	-239	n.a.	-65

[1] ROIC excluding special items
[2] DFDS' target is a return of 10%

CUSTOMER SATISFACTION

DFDS services	CSAT	NPS[3]	Scale
Freight shipping services [1]	8.0	33	Very Good
Transport & logistics solutions [1]	7.8	19	Good
Passenger services [2]	7.8	27	Good

[1] Shipping and Logistics customer scores are the simple average of all units within each Division
[2] Passenger customer scores are the simple average of all customer responses in BU Passenger
[3] Net Promoter® and NPS® are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

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)

NPS asks customers "How likely would you be to recommend the products/services of DFDS?" 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).

On 16 January 2014, the cancellation of 10.5% of the share capital, equivalent to 1,556,081 shares, as adopted by the extraordinary general meeting in December 2013, was registered.

Financial goals

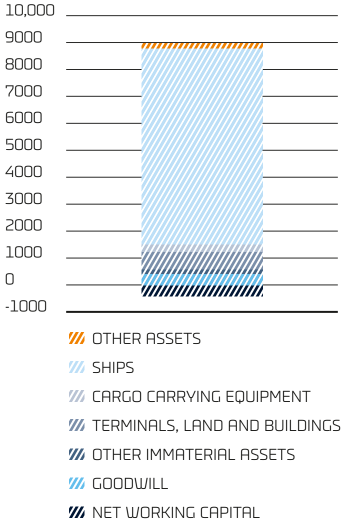
DFDS' target is a return of at least 10% on new investments and on the total invested capital.

Return on invested capital (ROIC), including special items, was 5.7% in 2013 compared to 3.4% in 2012. Before special items, the return was 5.8% in 2013, compared with 4.5% in 2012. At the start of 2014, DFDS' cost of capital was calculated at 6.0%.

DFDS Logistics' return of 8.7% in 2013 was above the cost of capital, but below the 10% target, while the Shipping Division's return of 6.4% was just above the capital cost, but below target.

In 2013, a ROIC Drive programme was launched across the Group to improve awareness and transparency of return levels in all profit units. To achieve the return target, two primary challenges must be overcome: the structural overcapacity on the Channel must be resolved and in the North Sea business area, the return of the activities between the Continent and the UK must be improved through structural changes and market growth to increase revenue per unit and capacity utilisation of assets.

INVESTED CAPITAL (NET ASSETS) 2013, DKK M
(%)



FLEET OVERVIEW AND KEY FIGURES 2013

	Total ships	Ro-ro ships	Ro-pax ships	Passenger ships	Container and sideport ships	Ownership share, %	Average age of owned ships, yrs
DFDS Group	59	26	17	4	12	-	-
Shipping Division[1]	41	22	15	4	-	-	-
North Sea	18	17	1	-	-	61	11
Baltic Sea	9	3	6	-	-	67	15
Channel	8	-	8	-	-	50	11
Passenger	5	-	1	4	-	100	21
France & Mediterranean	2	2	-	-	-	0	-
Logistics Division[2]	11	-	-	-	11	-	-
Nordic[2]	6	-	-	-	6	33	15
Continent[2]	5	-	-	-	5	0	-
Chartered out ships	5	2	2		1	100	17
Newbuildings[3]	2	2	-	-	-	100	-

[1] One ro-pax ship, which is shared between North Sea and Passenger is eliminated in the sum
[2] Includes VSA (vessel sharing agreements)
[3] To be delivered in 2014

Business model, assets and capital intensity

The business model encompasses both asset and non-asset based activities.

DFDS' business model combines ferry shipping and port terminal services and the provision of transport and logistics solutions. The ferry shipping and port terminal services deploy a range of assets, mainly owned and chartered ships, leased and owned port terminals, including cargo carrying equipment.

Transport and logistics solutions are provided using only owned and leased trailers as transport services mostly are subcontracted to hauliers, and rail and container shipping operators.

The shipping part of DFDS' activities is therefore asset-based while the transport and logistics solutions to a large extent are non-asset based. The turnover rate of invested capital in 2013 was 1.1 times in the Shipping Division, and 5.3 times in the Logistics Division.

The Shipping Division's ownership share of assets is determined by how specialised ships must be to fit route and customer requirements and the long lifespan of such assets. The lifespan of ro-ro-based freight and passenger tonnage is 25–35 years and the duration of port-terminal leases is typically 25–30 years.

Specialisation of ro-ro- and ro-pax-based tonnage relates to capacity requirements for passengers and freight; configuration of passenger areas; loading capacity, especially for heavy freight; hanging decks for cars; sailing speed; fuel efficiency; and ramps, including requirements for the speed of turnaround in ports.

The varying levels of asset deployment across business areas translate into differences in required EBIT margins to achieve the target of a return on invested capital of 10%. In the Shipping Division, the requirement is an EBIT margin mostly above 10%, while the requirement in the Logistics Division is an EBIT margin of 2–3%.

Composition of invested capital

In 2013, invested capital was reduced by 3.9%, mostly driven by a reduction of total net working capital of DKK 445m. The Light Capital project contributed DKK 360m of the reduction related to the change in the net working capital of inventory and trade receivables/payables.

At the end of 2013, total invested capital was DKK 8,555m, of which 85% consisted of ships and 11% consisted of port terminals, land and buildings and cargo carrying equipment. The Shipping Division's invested capital was DKK 8,002m, corresponding to 94% of the Group's total invested capital. Logistics Division's invested capital amounted to DKK 848m. The invested capital of non-allocated items was negative.

Investments in 2013 and planned future investments

In 2013, total investments amounted to DKK 943m, including the ongoing construction of two freight ships (ARK), installation of three scrubbers, the acquisition of a Swedish transport company and maintenance investments.

In 2014, total investments are expected to amount to DKK 1,100m, including the remaining investment in two freight newbuildings (ARK), installation of seven scrubbers and an upgrade of two passenger ships. Maintenance investments are expected to increase considerably in 2014 compared to an average year as a high number of ships will be docking and, in addition, several special projects are planned. Maintenance investments in port terminals, equipment and IT systems will, similarly, be higher than in an average year.

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, www.dfdsgroup.com/about/governance/
- DFDS' statutes, www.dfdsgroup.com/about/governance/articles/
- Materials from DFDS' most recent AGM, www.dfdsgroup.com/investors/annualgeneralmeeting/previousagm/
- Remuneration policy, www.dfdsgroup.com/about/governance/remunerationpolicy/
- Diversity policy, www.dfdsgroup.com/About/Governance/DiversityPolicy/

Directors are elected at the Annual General Meeting for at term of one year at a time, and new Directors are elected according to the applicable rules of the Danish Companies Act. Staff representatives are elected by the employees.

Resolutions to amend the Articles of Association require announcement to the shareholders at least three weeks before a General Meeting and an ordinary majority of votes cast if at least two-thirds of the capital is represented, unless other adoption requirements are imposed by the Danish Companies Act.

Corporate Responsibility (CR)

DFDS' CR activities create value for our stakeholders and contribute to DFDS being a preferred partner. The framework and objectives for DFDS' CR activities are managed by the CR Committee, which reports to the Executive Management.

DFDS' CR report is included on pages 33–52 of this annual report. The report is also available as a separate document on www.dfdsgroup.com/about/crreport/. The report outlines strategy, objectives and policies, and reports on the activities and results of six CR focus areas.

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 conventions and legislation and, moreover, by the additional objectives and requirements managed through DFDS' Safety Management Systems. As per International Safety Management (ISM) guidelines, all information regarding safety measures and conditions is regularly distributed to all ships. This includes a comprehensive reporting scheme from the ships in order to identify weak links and establish safeguards to mitigate the risk of these.

Tragically, an accident on board PATRIA SEAWAYS in November 2013 cost the life of one of our crew members. The accident occurred during repair works in an elevator shaft, and DFDS immediately informed all ships about the accident and preliminary precautions to avoid similar accidents in the future. The precautions will be evaluated as soon as the authorities have completed their report about the accident and the cause of it has been established. Psychological assistance was provided for the ship's crew following the accident. DFDS has provided the bereaved family with necessary assistance.

The report on pages 38–42 accounts for DFDS' safety and security work.

Outlook 2014

Economic growth is expected to be moderately positive in 2014 following a pick-up in activity in the second half of 2013. The sustainability and strength of the upswing remains uncertain. In addition, the overall level of capacity utilisation in the transport sector is still modest and competition continues to be intense.

DFDS' profit forecast for 2014 is therefore based on a cautiously positive growth scenario. Earnings in 2014 are also expected to be burdened by a significant loss on the Channel activities.

The Group's EBITDA before special items is expected to increase by DKK 1,250-1,400m, driven by revenue growth of around 6% and margin improvement.

The Shipping Division's EBITDA before special items is expected to increase by DKK 1,175-1,275m, equally driven by revenue growth and margin improvement. Revenue growth is restrained by a decrease of shipping capacity due to tonnage changes and extended dockings to install scrubbers. Margin is set to improve, supported by higher utilisation and lower tonnage costs.

The Logistics Division's EBITDA before special items is expected to increase by DKK 150-120m, driven partly by the full-year impact of the acquisition of Karlshamn Express made in September 2013, and partly by improved earnings of the recurring activities, particularly in the Nordic area.

Increases in oil prices and changes in exchange rates can impact the profit forecast. See pages 28–30 for a review of the exposure to financial risks.

Against this background, the Group's key figures for 2014 are expected to develop as follows:

- **Revenue:** Expected to increase by around 6%, of which 2% is driven by the full-year effect of acquisitions.
- **EBITDA before special items:** Expected to be DKK 1,250–1,400m (2013: DKK 1,213m). The expected performance per division is shown in the table to the right
- **Depreciation and impairment** are expected to increase by around 12% and the net cost of financing is expected to be on a level with 2013
- **Special items:** A cost of around DKK 35m is expected, mainly related to the One Finance project (2013: net cost of DKK 17m)
- **Investments:** In 2014, total investments are expected to be around DKK 1,100m:
  - Dockings: DKK 250m, a higher than average year due to extended dockings and a higher number of dockings
  - ARK ships: DKK 300m, remaining investment in two ships
  - Scrubbers: DKK 250m, installation of seven scrubbers
  - Upgrade: DKK 100m, upgrade of passenger ships on Copenhagen-Oslo route
  - Other: DKK 200m, cargo carrying equipment and IT system development.

OUTLOOK PER DIVISION 2014

Division	Revenue growth	Operating profit (EBITDA) before special items, DKKm
Shipping Division	Approx. 3%	1,175–1,275
Logistics Division	Approx. 10%	150-200
Non-allocated items	n/a	-75
DFDS Group total	**Approx. 6%**	**Approx. 1,250–1,400**

SHIPPING DIVISION

SHIPPING DIVISION OVERVIEW

Head of division
Peder Gellert Pedersen

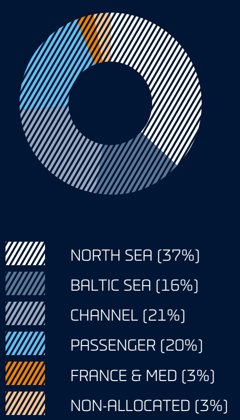
Share of DFDS Group revenue 2013
71%

Business areas
- North Sea
- Baltic Sea
- Channel
- Passenger
- France & Mediterranean

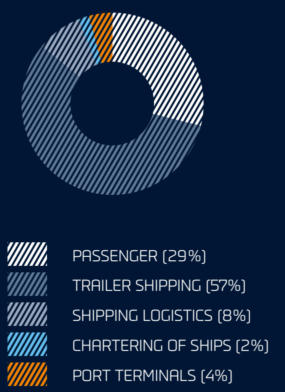
SHIPPING DIVISION	2013					2012				
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	1,872	2,171	2,450	2,037	8,530	1,735	2,042	2,232	2,006	8,015
Operating profit before depreciation (EBITDA) and special items	89	289	502	268	1,148	93	253	472	174	992
Share of profit of associates	-2	-1	-5	1	-7	0	0	2	2	4
Profit/loss on disposal of non-current assets	0	1	0	1	2	0	2	-1	0	1
Depreciation and impairment	-153	-165	-151	-152	-621	-140	-146	-143	-152	-581
Operating profit (EBIT) before special items	-66	124	346	118	522	-47	109	330	24	416
Operating profit margin (EBIT), %	-3.5	5.7	14.1	5.8	6.1	-2.7	5.3	14.8	1.2	5.2
Special items, net	0	0	-10	8	-2	0	-4	-2	-37	-43
Operating profit after special items (EBIT)	-66	124	336	126	520	-47	105	328	-13	373
Invested capital, average	8,147	8,026	8,045	8,031	8,077	8,756	8,725	8,498	8,269	8,556
Return on invested capital after special items (ROIC) p.a., %	-3.2	6.2	16.7	6.3	6.4	-2.1	4.8	15.4	-0.7	4.4
Lane metres, '000	6,902	7,335	7,485	7,645	29,367	5,912	5,945	6,196	6,571	24,624
Passengers, '000	1,025	1,454	2,127	1,157	5,763	819	1,334	1,865	1,114	5,132

THE SHIPPING DIVISION'S REVENUE INCREASED BY 6.4% TO DKK 8.5BN IN 2013

SHIPPING DIVISION: REVENUE PER BUSINESS AREA 2013

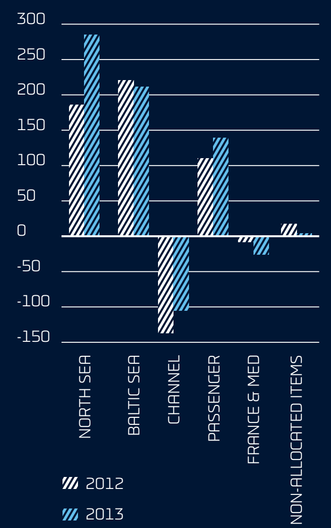


SHIPPING DIVISION: REVENUE PER ACTIVITY 2013

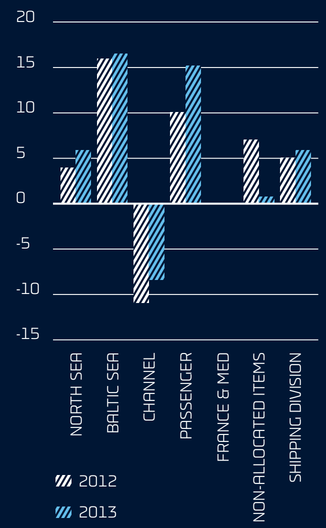


THE SHIPPING DIVISION'S EBIT BEFORE SPECIAL ITEMS INCREASED BY 25.6% TO DKK 522M IN 2013

EBIT BEFORE SPECIAL ITEMS PER BUSINESS AREA
(DKKm)



ROIC PER BUSINESS AREA, 2013
(%)



DFDS Seaways operates the largest network of shipping routes in Northern Europe, servicing the requirements of both freight customers and passengers.

Freight shipping services
The routes are ideally located to service the freight volumes of forwarding companies and manufacturers of heavy industrial goods.

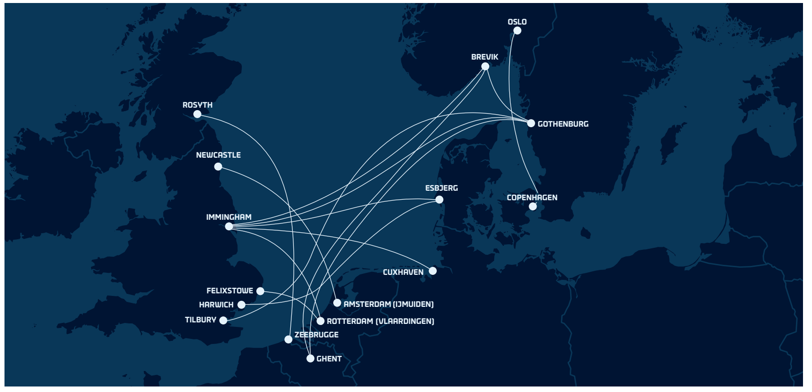
All routes operate to fixed schedules with a high level of frequency, allowing customers to precisely meet their transport service needs. Further visibility is available by access to online tracking of shipments.

We develop bespoke shipping logistics solutions in partnership with manufacturers of heavy goods such as automobiles, metals, paper and forest products, and chemicals.

To enhance the efficiency of customer services, we operate own port terminals in strategic locations, including warehousing services.

Passenger ferry services
The route network offers both overnight and short crossings on which passengers can bring their own cars. The onboard facilities are adapted to each route's particular mix of passengers and their requirements for an enjoyable maritime experience.

NORTH SEA



Head of business area	Kell Robdrup (South) Morgan Olausson (North)
Share of Shipping Division revenue 2013	37%
Routes	• Gothenburg-Brevik/Immingham • Gothenburg-Tilbury • Gothenburg-Brevik/Ghent • Esbjerg-Immingham • Esbjerg-Harwich • Cuxhaven-Immingham • Vlaardingen-Felixstrowe • Vlaardingen-Immingham • Rosyth-Zeebrugge
Ships	• 17 ro-ro ships • 1 ro-pax ship
Port terminals	• Gothenburg • Esbjerg • Vlaardingen • Immingham • Ghent
Customer segments	• Forwarding companies & hauliers • Manufacturers of heavy industrial goods (automotive, forest and paper products, metals, chemicals)
Primary market areas	• Sweden • Great Britain • Denmark • Germany • Benelux • Norway
Main competitors	• Stena Line • Cobelfret • P&O Ferries • Road and rail transport

NORTH SEA			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	807	841	815	832	3,295	843	828	797	807	3,275
EBIT before special items	47	67	67	103	284	58	41	37	50	186
Invested capital	4,449	4,217	4,178	3,979	4,270	4,645	4,425	4,561	4,538	4,382
ROIC before special items p.a., %	4.2	6.4	6.4	10.4	6.7	5.0	3.7	3.2	4.4	4.2
Lane metres freight, '000	2,517	2,682	2,648	2,666	10,513	2,482	2,411	2,428	2,474	9,795

- **Sweden-UK volumes boosted by major customer agreement**
- **Overcapacity on Sweden-UK reduced by closure of competitor route in March**
- **Capacity reduced on Gothenburg-Tilbury**
- **Turnaround of port terminal in Gothenburg launched**
- **Total EBIT up by 53% to DKK 284m**

Market and activity trends

Freight volumes increased by 7.3% in 2013, mainly driven by higher volumes in three corridors: Holland-UK, Sweden-UK and Sweden-Belgium. As the UK economy resumed growth during 2013, and a route was closed by a competitor in late 2012, volumes rebounded on Vlaardingen-Felixstowe. On Gothenburg-Immingham, volumes were boosted by the return of all volumes from a major Swedish freight forwarder in March, where a competing route was closed. This growth was balanced by lower volumes on Gothenburg-Tilbury as one of two ships was removed from the route due to lower paper volumes. High volume growth was achieved on Gothenburg-Ghent from both new and existing customers, primarily in the automotive sector.

Volumes between Denmark and UK declined slightly following outsourcing of production to other regions and increasing competition from road transport and low ferry rates on the Channel.

The pricing environment was weak on all routes as the overall capacity utilisation of freight carriers in the North Sea region was relatively subdued during the year.

Port terminal operations benefited from the increase in volumes, although earnings at Immingham and Gothenburg were below return requirements. In September 2013, a turnaround project in Gothenburg was initiated which is expected to improve earnings considerably in 2014.

Outlook

Overall volume growth is expected to be flat in 2014 as capacity is reduced on three routes following rotation of ships and deployment of the new ARK ships, plus the impact of extended dockings for three scrubber installations. The pricing environment is forecast to remain weak as the overall capacity utilisation of carriers in the region is expected to remain subdued in 2014 and price competition is, therefore, expected to continue to be strong.

BALTIC SEA

Head of business area	Anders Refsgaard
Share of Shipping Division revenue 2013	16%
Routes	• Fredericia/Copenhagen-Klaipeda • Karlshamn-Klaipeda • Kiel-Klaipeda • Kiel-St. Petersburg/Ust Luga • Kapellskär-Paldiski • Sassnitz-Klaipeda (discontinued 30/9-2013)
Ships	• 3 ro-ro ships • 6 ro-pax ships
Customer segments	• Forwarding companies & hauliers • Manufacturers of heavy industrial goods (automotive, forest products, metals) • Passengers, mainly travelling in their own cars
Primary market areas	• Germany • Sweden • Denmark • Benelux • Russia • Baltic States
Main competitors	• Stena Line • Tallink • Transrussia Express • Transfennica • Road and rail transport

BALTIC SEA	2013					2012				
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	318	357	368	326	1,369	321	373	395	333	1,422
EBIT before special items	33	54	83	50	220	31	56	93	48	228
Invested capital	1,260	1,184	1,150	1,291	1,232	1,322	1,323	1,314	1,312	1,236
ROIC before special items p.a., %	10.5	18.2	28.9	15.5	17.9	9.4	16.9	28.3	14.6	18.4
Lane metres freight, '000	822	876	869	879	3,446	808	884	897	845	3,434
Passengers, '000	64	85	108	70	327	66	87	104	69	326

- **Continued growth on routes out of Sweden**
- **Russian slowdown reduced volumes on other routes**
- **Capacity increased on Kapellskär-Paldiski in Q4**
- **Sassnitz-Klaipeda closed at the end of Q3**
- **Total EBIT down by 4% to DKK 220m**

Market and activity trends

Overall freight volume growth was flat in 2013 as eastbound volumes were impacted by a slowdown in the Russian economy, increasing competition from road transport and other ferry operators. Pricing was under pressure on all routes following continued yield pressure in the door-to-door transport market.

Volumes out of Sweden continued to grow in 2013 and a second ship was introduced in Q4 on Paldiski-Kapellskär which added one weekly roundtrip and improved the schedule. The ship was transferred from Sassnitz-Klaipeda which was closed at the end of Q3 due to reduced rail volumes. Most of the route's volumes moved to Klaipeda-Kiel. The German corridor faced increasing competition from other ferry operators and some shift of volumes to Polish highways.

The two routes to Russia were merged during the year to one route following the continued slowdown in the Russian economy. In Q4, volumes improved as a competitor lowered capacity on the Russian corridor. Lower Danish exports reduced volumes between Denmark and Lithuania.

Passenger volumes grew by 2.0% as growth on Paldiski-Kapellskär more than offset the closure of Sassnitz-Klaipeda. The passenger organisation was restructured in 2013 to improve customer service levels and sales.

Outlook

Financial performance in 2014 is expected to be on a level with 2013. To support continued growth on Karlshamn-Klaipeda, capacity was increased by replacement of one ship with a larger chartered ship in January 2014. Demand is expected to continue to be subdued on the German, Russian and Danish corridors in 2014.

CHANNEL

Head of business area	Carsten Jensen
Share of Shipping Division revenue 2013	21%
Routes	• Dover-Dunkirk • Dover-Calais • Portsmouth-Le Havre • Dieppe-Newhaven
Ships	• 3 short sea ferries • 5 ro-pax ships
Port terminals	• Dunkirk
Customer segments	• Forwarding companies & hauliers • Car passengers • Coach operators
Primary market areas	• Great Britain • Continental Europe
Main competitors	• Eurotunnel • P&O Ferries • MyFerryLink • Brittany Ferries

CHANNEL			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	374	456	600	428	1,858	237	321	442	386	1,386
EBIT before special items	-61	-46	42	-39	-104	-39	-45	49	-97	-132
Invested capital	1,278	1,302	1,339	1,280	1,296	1,146	1,123	1,288	1,257	1,292
ROIC before special items p.a., %	-19.1	-14.1	12.5	-12.2	-8.0	-13.6	-16.0	15.2	-30.9	-10.2
Lane metres freight, '000	3,366	3,543	3,764	3,876	14,549	2,480	2,500	2,716	3,039	10,735
Passengers, '000	697	1,003	1,575	778	4,053	501	879	1,334	735	3,449

- **Significant loss due to continued overcapacity in ferry market**
- **Full-year impact from Dover-Calais start-up and acquisition of LD Lines**
- **Total EBIT improved by DKK 28m to DKK -104m**

Market and activity trends

Freight volumes increased by 35.5%, and 25.6% adjusted for the full-year impact of the addition of Le Havre-Portsmouth and Dieppe-Newhaven in Q4 2012. The adjusted volume growth was entirely driven by Dover-Calais as volumes on Dover-Dunkirk were 4.4% lower in 2013, partly due to 3.4% fewer sailings. Volumes on Dover-Calais increased by 159.5% in 2013, driven by the full-year impact of the ramp up of capacity since the start of operations in February 2012 and achievement of a market share of just above 10% in 2013. DFDS' total freight market share on the Dover Strait was 24% at the end of 2013, up from 19% in 2012.

The total freight market rose by 4.7% in 2013.

Passenger volumes increased by 18.4% and 8.3% adjusted for the full-year impact of the addition of the two Western Channel routes. The adjusted volume growth was likewise entirely driven by Dover-Calais as volumes on Dover-Dunkirk were 8.2% lower in 2013. Volumes on Dover-Calais increased by 57.0% in 2013, driven by the full-year impact of the ramp up of capacity and achievement of a market share of 6% in 2013. DFDS' total passenger car market share on the Dover Strait was reduced to 19% at the end of 2013 from 20% in 2012 due to the loss of market share on Dover-Dunkirk. The total passenger car market rose by 2.8% in 2013.

The operation of the concession route Dieppe-Newhaven was in line with expectations in 2013, while performance on Le Havre-Portsmouth was not satisfactory.

The pricing environment for both freight and passengers was weakened by overcapacity, particularly on the Dover-Calais corridor. The business area's operating loss was primarily driven by the overcapacity on the Dover-Calais corridor. See page 9 for a review of the extraordinary competition circumstances impacting ferry operations on the Channel.

Outlook

The operating loss will continue as long as the overcapacity on the Dover Strait persists. The financial outlook for 2014 is, therefore, contingent on when the UK Competition Commission's Eurotunnel/SeaFrance merger inquiry is finalised and the outcome of the inquiry. Provisional findings are planned to be published in mid-March 2014 and a final decision is planned for early May 2014. Allowing time for appeal options, DFDS expects a final decision to be implemented by the end of 2014.

FRANCE & MEDITERRANEAN

Head of business area	Peder Gellert Pedersen
Share of Shipping Division revenue 2013	3%
Routes	• Marseille-Tunis
Ships	• 2 ro-ro ships
Customer segments	• Forwarding companies & hauliers
Primary market areas	• Tunisia • France
Main competitors	• Cotunav • SNCM

FRANCE & MEDITERRANEAN			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	50	69	56	56	231	n.a.	n.a.	1	30	31
EBIT before special items	-5	-3	-8	-8	-24	n.a.	n.a.	-1	-2	-3
Invested capital	-13	-12	-61	-48	-55	n.a.	n.a.	5	-16	-39
ROIC before special items p.a., %	n.a	n.a	n.a	n.a	n.a	n.a.	n.a.	n.a.	n.a.	n.a.
Lane metres freight, '000	58	60	44	57	219	n.a.	n.a.	3	50	53

- **Capacity increased on Marseille-Tunis**
- **Total EBIT down by DKK 21m to DKK -24m**

Market and activity trends
The operation and results of the route were satisfactory, taking the continued weakness of the Mediterranean economies into consideration. The route is operated in a VSA (vessel sharing agreement) with CMA-CGM, with each part providing one ship.

The operating loss of the business area reflects the full-year impact of the acquisition of LD Lines in September 2012 and insufficient coverage, including higher costs than expected, of the internal port terminal and agency services provided to the activities of the Channel business area.

Outlook
The business model of Marseille-Tunis is planned to be expanded with shipping logistics solutions for customers in the automotive sector in 2014.

In 2014, the two western routes on the Channel, Le Havre-Portsmouth and Dieppe-Newhaven, will be transferred to this business area. Internal port terminal and agency services provided to Channel will be transferred back to this business area in order to simplify the business structure.

The concession period of Dieppe-Newhaven ends in 2014. The final outcome of the renewal process of the concession has yet to be announced.

PASSENGER

Head of business area	Brian Thorsted Hansen
Share of Shipping Division revenue 2013	20%
Routes	• Copenhagen-Oslo • Amsterdam-Newcastle • Esbjerg-Harwich
Ships	• 1 ro-pax ship • 4 passenger ships
Port terminals	• Copenhagen
Customer segments	• Mini Cruise • Passengers with cars • Business conferences • Forwarding companies/hauliers
Primary market areas	• Denmark • Sweden • Norway • Great Britain • Benelux • Germany • Overseas markets
Main competitors	• Color Line • P&O Ferries • Stena Line • Airlines and road transport

PASSENGER			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	304	472	606	376	1,758	296	474	595	396	1,761
EBIT before special items	-84	53	160	13	142	-106	57	147	14	112
Invested capital	903	834	848	851	903	1,041	1,073	1,024	1,082	950
ROIC before special items p.a., %	-37.2	25.4	75.5	6.1	15.7	-40.7	21.2	57.4	5.2	11.7
Lane metres freight, '000	139	174	160	168	641	142	150	152	163	607
Passengers, '000	264	366	444	309	1,383	252	368	427	310	1,357

- **Record passenger volumes on Amsterdam-Newcastle**
- **Growth in overseas passengers on Copenhagen-Oslo**
- **Unplanned docking on Esbjerg-Harwich in high season**
- **Savings of 15% on bunker cost**
- **Total EBIT up by 27% to DKK 142m**

Market and activity trends

Overall passenger volumes grew by 1.9%, although with an uneven distribution across markets and routes. The Dutch and German markets experienced solid growth leading to 4.6% volume growth on Amsterdam-Newcastle. The growth in the number of passengers from overseas markets was also solid and was the main driver of 1.2% volume growth on Copenhagen-Oslo. Volumes in the UK, Danish and Norwegian markets were on a level with 2012. Passenger volumes were reduced by a two-week docking of DANA SIRENA on Esbjerg-Harwich in June following a quay collison in Harwich.

Yields on Amsterdam-Newcastle were supported by solid growth in the high-yield car market which offset a negative impact from a decline in the pound sterling. On Copenhagen-Oslo, yields were reduced by a continued high level of competition, a higher share of lower-yielding segments in the passenger mix and a large decline in the Norwegian krone. Income from onboard sales increased driven by the higher volume, targeted price increases and a higher sales margin following cost reductions.

Earnings on all routes were supported by a 15% lower bunker cost.

Outlook

The upgrade of the two passenger ships on Copenhagen-Oslo in January and March 2014 is expected to support increased sales in the Family and Business Conference segments in 2014. On Amsterdam-Newcastle, the positive trend of 2013 is expected to continue underpinned by further focus on the car market, including new markets in Belgium and France. Likewise on Esbjerg-Harwich, where the focus will increasingly be on the car market as competition in other segments continues to strengthen.

LOGISTICS DIVISION

LOGISTICS DIVISION OVERVIEW

Head of division
Eddie Green

Share of DFDS Group revenue 2013
35%

Business areas
- Nordic
- Continent
- UK & Ireland

LOGISTICS DIVISION	2013					2012				
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	992	1,046	1,028	1,117	4,183	1,083	1,066	1,082	1,028	4,259
Operating profit before depreciation (EBITDA) and special items	33	37	33	46	149	36	43	32	30	141
Share of profit of associates	0	0	0	1	1	0	0	0	0	0
Profit/loss on disposal of non-current assets	2	0	3	-1	4	1	3	1	1	6
Depreciation and impairment	-15	-13	-15	-18	-61	-16	-18	-16	-18	-68
Operating profit (EBIT) before special items	20	24	21	28	93	21	28	17	13	79
Operating profit margin (EBIT), %	2.0	2.3	2.0	2.5	2.2	1.9	2.6	1.6	1.3	1.9
Special items, net	0	0	0	0	0	0	-79	-1	0	-80
Operating profit after special items (EBIT)	20	24	21	28	93	21	-51	16	13	-1
Invested capital, average	757	765	806	847	795	885	853	806	774	826
Return on invested capital after special items (ROIC) p.a., %	8.0	9.5	7.5	9.9	8.7	7.3	-18.0	6.0	4.8	-0.1
Units, '000	87.7	93.5	94.0	101.5	376.7	90.8	91.2	90.7	90.4	363.1
Tons, '000	108.2	104.7	103.1	106.8	422.8	240.8	182.5	175.8	184.6	783.7

DFDS Logistics provides flexible, cost efficient and on-time, door-to-door transport solutions to producers of a wide variety of consumer and industrial goods. The main activity is the transport of full and part loads, both ambient and temperature controlled.

In partnership with retailers and production companies, performance enhancing and cost efficient logistics solutions are developed and provided, including warehousing services.

All solutions are supported by a European network of road, rail and container carriers and, not least, DFDS' network of ferry routes. If required, the carrier network is supplemented with our own drivers and trucks.

The business model ensures flexible solutions that fit customer requirements and allows for fast reactions to changes in market conditions.

REVENUE DECREASED BY 1.8% TO DKK 4.2BN IN 2013

LOGISTICS DIVISION: REVENUE PER BUSINESS AREA 2013

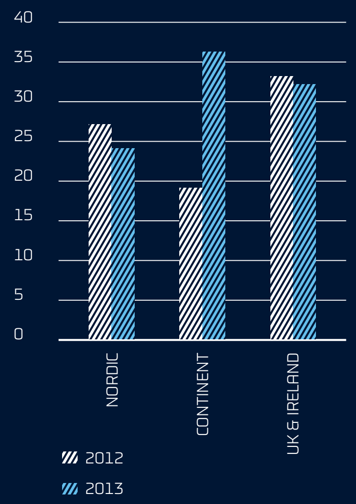
NORDIC (31%)
CONTINENT (46%)
UK & IRELAND (23%)

DFDS LOGISTICS: CUSTOMER SPLIT PER INDUSTRY

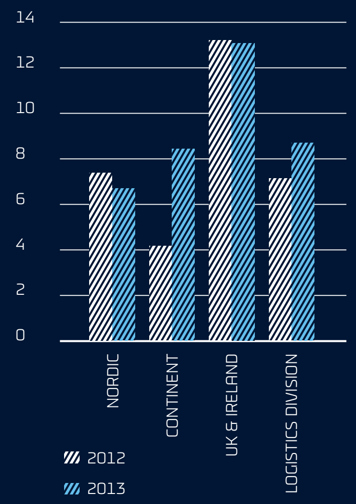
FOOD PRODUCTS (19%)
FREIGHT FORWARDERS (25%)
INDUSTRY (22%)
FOREST AND PAPER PRODUCTS (12%)
CONSUMER GOODS (7%)
RETAILERS (12%)
OTHER (3%)

EBIT BEFORE SPECIAL ITEMS INCREASED BY 17.1% TO DKK 93M IN 2013

EBIT BEFORE SPECIAL ITEMS PER BUSINESS AREA
(DKKm)



ROIC PER BUSINESS AREA
(%)



NORDIC

Head of business area	Eddie Green
Share of Logistics Division's revenue, 2013	31%
Main Activities	**Door-to-door full & part load transport solutions:** • Sweden/Denmark/Norway-UK • Sweden-Baltic/Russia **Paper shipping logistics, incl. containers:** • Norway-Hamburg-Immingham-Norway • Norway-Zeebrügge-Immingham-Norway **Door-to-door container transport solutions:** • Norway-UK • Norway-Continent **Door-to-door rail transport solutions:** • UK/Nordic-Italy
Equipment	• 3 sideport ships • VSAs on four container ships operated by other shipping companies • Joint Nordic/Continent equipment pool: – 2,350 trailers – 90 tractor units – 3,750 containers – 850 swap bodies
Warehouses	• Gothenburg • Karlshamn • Moss
Sales offices	• Oslo • Gothenburg • Hamina • Copenhagen • Moss • Brevik • Fredericia • Helsingborg
Customer segments	• Industrial producers (automotive, paper) • Producers of consumer goods • Producers of temperature controlled goods • Retailers • 3rd party containers
Primary competitors	• NTEX • DSV • Schenker • Blue Water • Lo-Lo, container & sideport carriers • Tschudi Line

NORDIC			2013					2012		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	305	320	314	383	1,322	368	348	345	351	1,411
EBIT before special items	7	6	3	9	25	11	10	5	2	27
Invested capital	257	246	261	329	271	309	240	232	261	276
ROIC before special items p.a., %	8.1	7.3	2.9	7.8	6.7	10.6	11.9	6.0	2.2	7.4
Units, '000	19.3	21.0	20.8	28.1	89.2	22.9	22.0	21.6	21.3	87.8
Tons, '000	108.2	104.7	103.1	106.7	422.7	240.8	182.5	175.8	184.6	783.7

- **Strong volume growth in Swedish and Danish traffic**
- **Market coverage expanded to CIS and Baltic countries**
- **Full-year negative impact of sideport route restructuring**
- **Total EBIT down by 7% to DKK 25m**

Market and activity trends

Adjusted for the acquisition of the Karlshamn Express Group, volumes decreased by 5.7% in 2013 due to the full-year impact of the restructuring of the sideport route network and the loss of some key Norwegian customers in 2012. Volumes out of Sweden and Denmark increased by 11.3% driven by new customer contracts and market growth.

Rail volumes between Scandinavia and Italy declined in 2013 driven by a slowdown of Italian exports, loss of Norwegian paper volumes and delays caused by landslides and storms. The Norway-UK container traffic continued to perform well in 2013.

The acquisition of the Karlshamn Express Group, completed in September 2013, has extended the geographical coverage to the CIS and Baltic countries. In Gothenburg, a new contract was entered into in July 2013 covering just-in-time logistics between Volvo production plants in Gothenburg.

Outlook

Financial performance in 2014 will be positively impacted by a full-year effect of the acquisition of the Karlshamn Express Group, continued expansion in the CIS and Baltic countries, as well as the Volvo contract. Similarly, the performance of rail transport solutions and the Norwegian activities is expected to improve in 2014.

CONTINENT

Head of business area	Jens Antonsen
Share of Logistics Division's revenue, 2013	46%
Main Activities	**Door-to-door full & part load transport solutions:** • Holland-UK/Ireland • Germany-UK/Italy • Belgium-UK/Scandinavia • France-Scandinavia **Door-to-door container transport solutions:** • Ireland-Continent **Door-to-door rail transport solutions:** • Italy-UK/Germany/Benelux • Warehousing UK & Italy • 4PL contracts
Equipment	Joint Nordic/Continent equipment pool: • 2,350 trailers • 75 tractor units • 3,750 containers • 850 swap bodies • VSAs on two container ships operated by other shipping companies
Warehouses	• Vlaardingen • Immingham • Milano • Rotterdam
Sales offices	• Hamburg • Vlaardingen • Ghent • Brugge • Immingham • Rotterdam • Milano • Dublin
Customer segments	• Industrial producers (automotive, paper) • Producers of high value goods • Producers of temperature controlled goods • Retailers • 3rd party containers
Primary competitors	• Cobelfret • P&O Ferrymasters • LKW Walter • European trailer operators • Samskip • Lo-Lo carriers

CONTINENT			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	482	500	490	494	1,966	496	493	494	481	1,964
EBIT before special items	8	10	12	7	37	0	6	5	7	19
Invested capital	325	335	293	324	323	330	344	307	339	336
ROIC before special items p.a., %	7.7	9.0	11.8	6.0	8.5	0.1	5.4	5.1	6.3	4.2
Units, '000	47.0	50.4	48.2	48.2	193.8	47.6	48.1	47.7	45.6	188.9

- **Strong turnaround of profitability**
- **Full-year impact of non-vessel, door-to-door container solutions on Ireland-Continent**
- **High growth of UK-Continent full loads**
- **Rail solutions impacted by inconsistent service delivery of carriers**
- **Total EBIT up by 95% to DKK 37m**

Market and activity trends

Volumes increased by 2.6% in 2013 driven by high growth of the full load activities between Holland/Northern Germany/Italy and UK. Margins for these activities were also improved in 2013 as cost control measures became more efficient. The margin for the container activity between Holland and Ireland likewise improved following the move to operate as a NVOCC (non-vessel operating container carrier) at the end of 2012. Although this reduced volumes, the greater focus on customer solutions increased profitability.

Volume growth was flat for the full load activity between Belgium and UK and balance issues and fierce competition lowered margins. For the Belgium-Scandinavia trade, market conditions were more stable and a higher result was achieved.

The rail activities between UK and Italy were reorganised during the year, including the closure and relocation of the Ipswich office to Immingham, to improve future transport planning. The combination of a weak Italian economy and inconsistent service delivery of the rail carriers reduced the result.

Outlook

Following the successful restructuring in 2013 of the Ireland-Continent container trade, financial performance in 2014 is expected to be on a level with 2013. Focus will be on further development of customer solutions and continuous improvement of operations, particularly the rail activities and the Belgium-UK traffic.

UK AND IRELAND

Head of business area	Steve Macaulay
Share of Logistics Division's revenue, 2013	23%
Main Activities	**Door-to-door full & part load transport solutions:** • Northern Ireland-UK **Logistics solutions:** • UK/Ireland domestic • UK-Continent • Northern Ireland retail distribution • Seafood distribution • Warehousing • 4PL Contracts **Door-to-door container transport solutions:** • Ireland/UK-Spain
Equipment	• 750 trailers • 55 tractor units • 1 chartered container ship and VSAs on two container ships operated by other shipping companies
Warehouses	• Peterborough • Larkhall • Belfast
Sales offices	• Aberdeen • Peterborough • Larkhall • Belfast • Boulogne Sur Mer • Dublin
Customer segments	• Temperature controlled and ambient cargo for retailers/manufacturers • Aquaculture producers • Contract management
Primary competitors	• McBurney Transport • Montgomery Transport • STEF-TFE Tradimar • MacAndrews

UK AND IRELAND			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	233	252	264	270	1,019	234	247	255	271	1,007
EBIT before special items	5	8	6	13	32	10	12	7	4	33
Invested capital	184	190	189	199	183	205	185	211	156	189
ROIC before special items p.a., %	8.2	12.9	9.7	19.3	13.1	15.2	19.3	10.9	6.5	13.2
Units, '000	21.4	22.1	25.0	25.0	93.5	20.7	21.2	21.6	23.5	87.0

- **Logistics solutions delivered continued strong profitability**
- **Weak markets and balance issues impacted Northern Ireland-UK full loads**
- **Temperature-controlled logistics out of Scotland expanded in 2014 by acquisition**
- **Total EBIT down by 3% to DKK 32m**

Market and activity trends

Volumes increased by 7.5% in 2013, mainly driven by an expansion of logistics solutions for producers of fresh fruit and increasing distribution activities for retailers in England. Key customers' seafood volumes distributed out of Scotland were lower than expected in the first half of the year, but recovered during the latter months of 2013.

The full load activity between Ireland and UK continues to operate in fiercely competitive market conditions. Profitability deteriorated through the year as changes in the trade balance resulted in more empty shipments. In Q4, rate increases were successfully implemented. The managed contracts controlled in Ireland were in line with expectations in 2013.

The container trade between UK/Ireland and Spain was operated by one own chartered ship and a VSA (vessel sharing agreement) comprising two ships. Volumes and margins were in line with expectations.

In January 2014, DFDS acquired STEF's logistics activities in Scotland and STEF acquired the continental distribution and handling activities of DFDS Logistics located in Boulogne. The transaction is expected to result in substantial operational synergies through the integration of DFDS' and STEF's operations in Scotland, including a turnaround of the acquired activities. STEF's logistics activities in Scotland include an owned temperature-controlled storage facility in Bellshill and rented facilities in Aberdeen and Newlyn with total revenue of around DKK 90m and 32 employees.

Outlook

Focus in 2014 will be on integrating the acquired activities from STEF and extracting the planned synergies. In Northern Ireland, focus will be on improving the full load activity's profitability. The service excellence of the logistics solutions in Scotland and England will be further developed and profitability is expected to be stable in 2014.

RISK FACTORS

RISK MANAGEMENT IS AN INTEGRAL PART OF THE MANAGEMENT OF DFDS. RISKS AND OPPORTUNITIES ARE REVIEWED REGULARLY AND REPORTED TO THE BOARD OF DIRECTORS TO ENABLE APPROPRIATE RESPONSES AND ACTIONS.

GENERAL AND SPECIFIC OPERATIONAL RISKS

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 the transport and logistics activities. The difference in risk profile is due to a high proportion of fixed costs in shipping as opposed to a low share of fixed costs in transport and logistics.

The market for shipping of freight and passengers is impacted by changes in customer demand, which in turn is governed by the general state of the economy. Decreasing demand can lead to overcapacity, which can only be remedied by deployment of a ship(s) with less capacity or by removal of a ship from a route or, ultimately, by route closure. Overcapacity tends to increase downward pressure on prices and, hence, a risk of lower profitability.

Partly in order to counteract cyclical demand risk, part of the freight fleet consists of chartered vessels. DFDS aims to charter a certain share of the fleet on contracts of less than a year with options for extensions, which facilitates opportunities for redelivery of ships at a few months' notice. All passenger ships in the fleet are owned by DFDS, which limits the options for adapting passenger capacity in the short term. DFDS' container activities deploy chartered ships through vessel sharing agreements with other shipping companies, which provides flexibility. DFDS' logistics activities to a large extent lease equipment and subcontract haulage. This results in a high proportion of variable costs and, therefore, less cyclical risk.

DFDS' geographic diversification across Northern Europe, including activities focussed on Russia and the surrounding countries, reduces dependence on trends in the different regions. In addition, a large number of routes and other activities balances commercial risks, including opportunities for reallocation of ships between routes.

The freight- and passenger-shipping markets are also impacted by industry-specific market conditions, including changes in market conditions faced by competing forms of transport such as road, rail and air – the latter of which mainly impacts the passenger sector. In addition, markets are impacted by changes in local and regional competition, such as the opening of competing routes and capacity increases on existing routes.

On a few routes, a significant proportion of freight volumes are derived from a few industrial customers. The risk inherent in such relationships is mitigated by entering into contracts with a duration of several years.

Risks associated with business development and investment

DFDS' growth strategy embodies business development and investment risks related to organic growth driven by acquisition of tonnage and growth driven by acquisition of companies and activities. The most important risk associated with organic growth is related to expansion of capacity on a route by deployment of a larger ship, or ships. The acquisition of companies and activities involves significant risks, which are proportionate to the size of the investment and the complexity of a subsequent integration process.

Risks associated with business development ventures are managed by thorough planning and decision-making processes governed by internal policies and guidelines for investment decisions, including a required rate of return.

The shipping charter market

DFDS mainly charters freight ships for varying periods. Such charters are subject to price risks (charter rates) and risks concerning availability of ships that fit operational requirements. Similar risks, including counterparty risks, are relevant when chartering out excess tonnage. In addition, there is a price risk related to acquiring or ordering ships at cycle peaks. In connection with the ordering of ships, there is a default risk related to the shipyard, which can lead to additional costs, including delayed delivery.

Due to the ongoing process of replacing and renewing the DFDS fleet, the sale of tonnage or the cancellation 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 and accidents may lead to unplanned periods in dock, interruption of schedules, and loss of revenue. Replacement tonnage can usually be deployed at short notice through chartering. In order to minimise operational risks, DFDS has a systematic and comprehensive maintenance programme in place for all ships, including periods in dock at regular intervals. In addition, extreme weather conditions can cause delays and cancellations, and 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. See pages 38-42 for reporting on health and safety.

Environmental and safety measures are based on DFDS' environmental and safety policies, as well as rules and regulations and customer requirements. 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 CR report on pages 33-52 gives details of these safety and environmental risks, as well as DFDS' control and prevention measures.

Political and legal risks

DFDS' activities are impacted by changes in rules and regulations governing the shipping and transport sector, as well as changes in the overall conditions concerning Europe's infrastructure. 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 environment.

Changes in the above rules and regulations can have negative consequences, including higher costs and changes in the flow of passengers and freight, e.g. between sea and land. Currently, the most important change with a potentially significant impact is the introduc-

	Risks	Policies	Hedging 2013
Bunker	• Increase in oil price • Expected bunker consumption in 2014: 490,000 tons • Total bunker costs in 2013: DKK 1,869m	• Hedging of fluctuations in oil prices of 55–90% of anticipated consumption for the next four quarters • The oil price risk is hedged by bunker surcharges to freight customers and passengers and financial instruments • DFDS Bunker Committee monitors hedging levels on a monthly basis	• A change in oil prices of 1% compared to the price level at the end of December 2013 would have an estimated impact on financial performance of approximately DKK 7.3m • Total hedging of oil consumption: 55%: – The commercial hedging level is around 45% – Financial hedging constitutes 10%
Interest rates	• Increase in interest rate levels • When calculating the fixed-interest proportion, long-term charter contracts are included as fixed-interest loans	• Duration 9–36 months • Fixed-interest proportion 40–70% • Implicitly includes fixed-interest for long-term charter contracts • The target for risk is calculated as a net position (net of cash and deposits)	• Duration at the end of 2013: 13 months • Fixed-interest proportion: 60% (proportion of fixed-interest loans, including interest-rate swaps and charter contracts, compared to net-interest-bearing debt) • An increase in interest rates of 1% compared to the level at the end of December 2013 would have an estimated negative impact on financial performance of approximately DKK 13m
Currency	• Translation risks are related to changes in exchange rates that affect the income statement 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, USD 25m and GBP 20m are hedged using price adjustment agreements	• Primary net currency balance positions at the end of 2013 were: – SEK: DKK 298m – GBP: DKK -7m – NOK: DKK 20m – USD: DKK 2m • SEK exposure has subsequently reduced to below SEK 200m
	• 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 applied as required	• Approximately 85% of DFDS' revenue is invoiced in foreign currency • Primary net currency cash flow positions in 2014 were: – SEK (income): DKK 27m – GBP (cost): DKK -10m – NOK (income): DKK 127m – USD (cost): DKK -38m • 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 400m	• Liquidity risks are not quantifiable • The total liquidity contingency amounted to DKK 1,484m at the end of 2013 consisting of cash funds and liquid net holdings of DKK 1,004m and drawing rights of DKK 480m
	• 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	• Capital structure target is a net interest-bearing debt (NIBD)/EBITDA before special items ratio of minimum 2.0x and maximum 3.0x, which is considered an appropriate leverage range given current performance and financial projections	• If the NIBD/EBITDA ratio were to exceed 3.0x, distribution of dividends would be reduced and leverage reduced to within policy range

tion of a new set of rules in 2015 that reduces the sulphur content in bunkers from 1.0% to 0.1% in the Baltic Sea, the North Sea and the Channel. Bunker with a sulphur content of 0.1% is presently around 40-50% more expensive than bunker with a 1.0% sulphur content.

There are considerable risks related to the transition to the use of 0.1% MGO (Marine Gas Oil) and these are detailed in the CR report on pages 33-52.

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

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

Financial risks

DFDS is exposed to a range of financial risks. The primary risks relate to changes in oil prices, exchange rates and interest rates. DFDS is also exposed to liquidity risks in terms of payments and counterparty risk. Managing financial risk is based on Group policies and guidelines for the respective risk areas. Risk is managed centrally, as per Group policy. The Executive Board regularly receives reports on financial positions and discusses financial risks. The Board of Directors also receives reporting on the management of financial risks.

Following the first issue of corporate bonds in 2012, DFDS continued to diversify the loan portfolio through an issue of five-year unsecured NOK-denominated bonds in 2013 (2012: NOK 500m with four-year maturity). The bonds are listed on the Oslo Stock Exchange and were sold at a value of NOK 700m to a number of institutional investors in Norway, Sweden and Denmark. The issue was an additional supplement to, and partial replacement of, existing bank debt and ship loans. 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 is therefore closely monitored. In connection with DFDS' focus on streamlining the cash management set-up, new drawing rights were negotiated to maintain sufficient liquidity and maintain cash pool facilities.

DFDS' shipping activities are asset-based and 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. A target capital structure has been adopted of a net interest-bearing debt/EBITDA before special items ratio between a minimum of 2.0x and a maximum of 3.0x. DFDS owns several unpledged ships and, given the opportunity of issuing additional corporate bonds, refinancing risks are considered to be limited.

The table on page 29 accounts in greater detail for DFDS' financial risk exposure. Please also refer to notes 26 and 27 for more detail regarding financial risks. For the individual areas of risk, the following can be highlighted:

- **Bunker:** The freight industry is very dependent on the oil price and it is therefore characterized by a high level of oil price hedging. The hedging level is 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 2013 (approximately USD 608 per ton) would entail a negative impact on financial performance of approximately DKK 7.3m.
- **Interest:** At the end of December 2013, the proportion of net fixed-interest loans was 60%, which is consistent with the objective of a hedging level of 40–70%. 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 2013, would have a negative impact on financial performance of approximately DKK 13m.
- **Currency:** Transaction risks have not been hedged. They primarily concern SEK, NOK, GBP and USD. Due to some instability in the Eurozone, EUR risks are monitored continuously, but not hedged. USD risk is hedged in connection with hedging of bunker.
- **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.

THE DFDS SHARE AND SHAREHOLDERS

THE TOTAL RETURN IN 2013 WAS 74%

Share capital
DFDS has one class of shares. At the end of 2013, the share capital* was DKK 1,330m distributed on 13,300,000 shares, each with a nominal value of DKK 100.

On 16 December 2013, 10.5% of the share capital was cancelled, equivalent to 1,556,081 shares, by an extraordinary general meeting. The cancelled shares were treasury shares acquired as part of DFDS' purchase of 12.0% of the share capital from A.P. Møller – Mærsk in September 2013.

Stock exchange trade
The DFDS share is listed on NASDAQ OMX Copenhagen. On this exchange, 3.5m DFDS shares were traded in 2013, excluding A.P. Møller – Mærsk's sale of 4.7m DFDS shares or 31.3% of the share capital, in September 2013. The annual turnover was DKK 1.3bn, also excluding A.P. Møller – Mærsk's sale of DFDS shares.

A.P. Møller – Mærsk's sale of its holding in DFDS increased trading in the DFDS share. For the full year 2013, the average number of trades per day was 163 with an average daily turnover of DKK 5.3m. In Q4 2013, the average number of trades per day increased to 274 with an average daily turnover of DKK 9.1m.

Share price performance
DFDS' share price rose by 71% to DKK 437 in 2013, equal to an increase in DFDS' market value of DKK 1,853m to a total market value of DKK 5,559m, excluding treasury shares. By comparison, the Danish stock market's all share index rose by 27% in 2013, while DFDS' peer group index rose by 10%.

DFDS' peer group index includes DSV (DK), Finnlines (FIN), Irish Continental Group (IE), Tallink (ES) and Viking Line (FIN).

The total return on the DFDS share was 74% in 2013, including dividends.

Distribution policy and dividend
DFDS' distribution policy is to pay an annual dividend of DKK 14 per share. In addition, excess capital, as defined by the target capital structure, will be distributed to shareholders as an extra dividend and/or a buy-back of shares. Distribution of dividend and excess capital can be suspended in connection with large investments, including acquisitions, and other strategic events.

The capital structure is defined by the ratio of net interest-bearing debt (NIBD) to operating profit before depreciation (EBITDA). The target capital structure is a NIBD/EBITDA multiple of minimum 2.0 and maximum 3.0. Excess capital will thus be distributed to shareholders if the multiple is below 2.0, and distribution will be reduced if the multiple exceeds 3.0.

For 2013, the Board of Directors proposes to the 2014 annual general meeting (AGM) payment of a dividend of DKK 14 per share.

Buy-back of shares
At the AGM in March 2012, the Board of Directors received a mandate to purchase treasury shares totalling a maximum of 20% of the share capital.

In 2013, DFDS distributed DKK 628m to shareholders by buying 1,782,730 treasury shares, equivalent to 12.0% of the share capital. For 2014, DFDS has announced a share buy-back programme of DKK 200m.

Shareholders
At the end of 2013, DFDS had 15,869 registered shareholders that owned 92.6% of the share capital. Most of the share capital was owned by Danish shareholders, 79.4%, while 13.2% was owned by international shareholders. At the end of 2013, the Lauritzen Foundation was the largest shareholder with a holding of 42.8%.

SHARE RELATED KEY FIGURES

	2013	2012	2011	2010	2009
Earnings per share, DKK	23	10	50	47	11
Dividend per share, DKK	14	14	14	8	0
Dividend payout ratio, %	60	140	28	17	0
Dividend yield, %	3.2	5.5	3.9	1.9	0.0
P/E ratio, times	19	26	7	9	33
Equity per share, DKK	492	475	476	433	475
Price/book value, times	0.89	0.52	0.73	0.95	0.72
Share price, DKK:					
Price at year-end	437.0	255.5	355.0	418.0	358.0
Price high	455.5	386.0	480.0	423.0	416.0
Price low	262.0	258.0	353.0	309.0	250.0
Market value, DKK m	5,559	3,706	5,149	6,119	2,743
No. of shares* at year-end, m	13.3	14.9	14.9	14.9	8.0

ANALYSTS COVERING THE DFDS SHARE

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OWNERSHIP STRUCTURE, END OF 2013	% OF SHARE CAPITAL
Lauritzen Foundation [1]	42.8
Institutional and financial investors	36.4
Other registered shareholders	8.9
Own shares	4.4
Non-registered shareholders	7.5
Total	**100.0**

[1] Based in Copenhagen

SHAREHOLDER DISTRIBUTION

NO. OF SHARES	NO. OF SHARE HOLDERS	% OF SHARE CAPITAL
1-10	4,966	0.3 %
11-100	8,011	2.3 %
101-1,000	2,589	4.9 %
1,001-10,000	226	5.1 %
10,001-	77	80.0 %
Total [1]	**15,869**	**92.6 %**

[1] Total of registered shareholders

* The share capital of DKK 1.33bn was registered by the Danish Business Authority on 16 January 2014 following a statutory notice period of one month from the extraordinary general meeting's cancellation of 10.5% of the share capital on 16 December 2013. In this shareholder section, all figures are based on a share capital of DKK 1.33bn.

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Shareholder Secretariat
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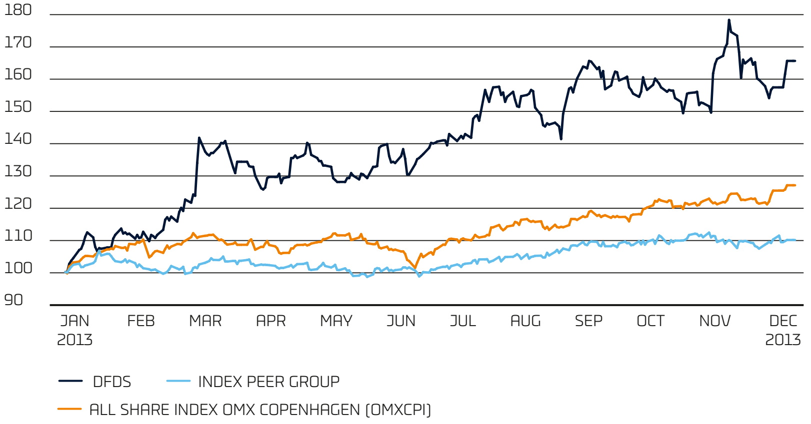
Financial calendar
Annual General Meeting
26 March 2014 at 14:00

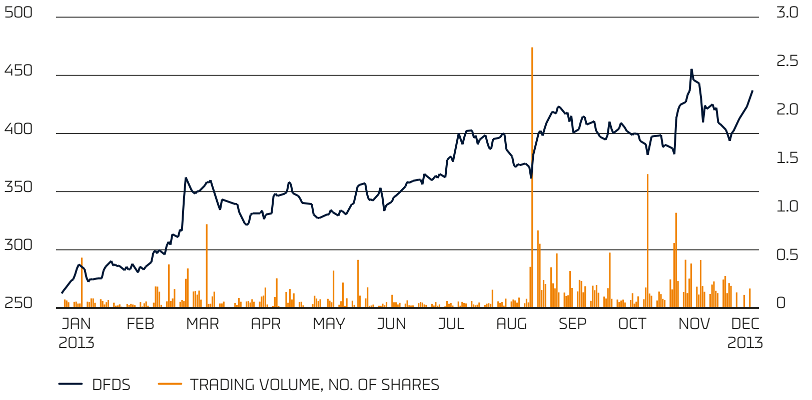
Radisson SAS Falconer Hotel
and Conference Centre
Falkoner Allé 9
DK-2000 Frederiksberg, Denmark

Reporting 2014
Q1, 23 May
H1, 21 August
Q3, 21 November

INDEXED PRICE DEVELOPMENT FOR DFDS AND INDEX, 2013
(INDEX)



DFDS SHARE: PRICE DEVELOPMENT AND TRADING, 2013
(SHARE PRICE, DKK) (NO. OF SHARES, 1,000)



COMPANY ANNOUNCEMENTS 2013/2014

Updated	Heading
25-02-2014	Postponement of UK Competition Commission's timeline
18-02-2014	Award of share options
31-01-2014	DFDS Logistics expansion through acquisition in Scotland
09-01-2014	Timeline for UK Competition Commission remittal announced
07-01-2014	Tribunal's judgment not appealed
17-12-2013	Financial calender 2014
16-12-2013	Summary of extraordinary general meeting
04-12-2013	Tribunal requires further review of UK Competition Commission's ruling
02-12-2013	Ruling concerning the channel to be announced on 4 December
20-11-2013	Notice of extraordinary general meeting
20-11-2013	Progress continued in Q3
20-11-2013	DFDS to distribute excess capital to shareholders
09-09-2013	Reporting of transactions in DFDS' shares and associated securities by senior employees and their related parties
06-09-2013	Purchase of own shares from A.P. Møller – Maersk completed
05-09-2013	DFDS commits to buy own shares from A.P. Møller – Maersk
22-08-2013	DFDS made progress in Q2
11-07-2013	Baltic & Russian logistics network expanded through acquisition
24-06-2013	DFDS no longer part of Scandlines sales process
06-06-2013	Ruling by UK Competition Commission
23-05-2013	Upgrade of Copenhagen-Oslo route in 2014
22-05-2013	Result as expected in stagnating market
17-05-2013	Logistics Division: new comparison figures 2012
03-05-2013	Information concerning a possible transaction
22-03-2013	DFDS A/S – summary of annual general meeting, 22 March 2013
15-03-2013	DFDS A/S – election of employee representatives to the Board of Directors
12-03-2013	New corporate bond issue of NOK 700m completed
11-03-2013	DFDS contemplates bond issue
07-03-2013	Renewal & expansion of Swedish customer agreement
28-02-2013	Notice to convene the annual general meeting of DFDS A/S
28-02-2013	DFDS maintains strong position despite headwind
15-02-2013	Two newbuilding contracts finalized
05-02-2013	Award of share options
03-01-2013	Negotiations on newbuilding contracts ongoing

CR REPORT

DFDS AND CORPORATE RESPONSIBILITY (CR)

SOCIAL RESPONSIBILITY INSPIRES VALUE CREATION FOR OUR STAKEHOLDERS AND OUR COMPANY

CHALLENGING TRANSITION TO GREENER INFRASTRUCTURE IN 2015

New rules regulating the permitted level of sulphur in bunker fuel are set to increase fuel costs by 40-50%. The new rules, coming into force on 1 January 2015, represent a considerable challenge for DFDS and the rest of the ferry industry in Northern Europe.

In line with our environmental policy, we support initiatives to make our world greener – as long as it happens in a sensible way and on a level playing field versus our competition, including other transport modes.

From the outset, we took on the responsibility of adapting our business to the new rules and contributing to making society greener. We are, however, responsible for protecting the interests of all our stakeholders and have, therefore, worked actively to achieve some mitigation or financial support concerning the transition to the new rules – so far without any success.

What is important now is that the rules are implemented as announced without any last minute concessions that would change the level playing field. Ferry operators, like DFDS and others, who in good faith have made substantial investments should be rewarded (over the course of time) for acting responsibly to contribute to a greener infrastructure.

Our strategy for overcoming the challenge of the new rules has three elements: installation of scrubbers on up to 20 ships at a cost of DKK 750m, preparing customers for the transition to a higher shipping cost and analysing requirements for consolidation of routes.

For DFDS, and all other ferry operators, the new rules will entail a substantial negative financial impact. Prices to customers will increase, shifting some volumes from sea to land. We foresee that several ferry routes in Northern Europe will close and jobs will be lost across the ferry industry. Another potential negative impact is increased road congestion. The resulting economic impact is, of course, not a desirable scenario for our shareholders either.

To adapt and facilitate the transition to a greener infrastructure, we successfully initiated testing of scrubber technology in 2009, and became a front-runner by successfully operating a scrubber onboard one of our ro-ro freight ships. Today, DFDS is considered by many experts to be the leading shipping company when it comes to applying the scrubber technology.

On another positive note, we have expanded the section on community work in the report. Supporting local communities within our network is an important way for DFDS to give back to society. The activities also involve voluntary work by our employees, for example when serving homeless people in Oslo and Copenhagen a Christmas lunch on board our passenger ships.

Enjoy the report!

NIELS SMEDEGAARD,
PRESIDENT & CEO

Our approach to corporate responsibility

DFDS is responsible for a large number of employees and their working conditions, and for health and safety at work. We area vital part of Europe's infrastructure as we operate the largest ferry route network in Northern Europe and provide transport and logistics solutions across Europe. We are responsible for passenger safety, for customers' freight and for the environmental impact of our activities. We are also responsible for creating a return on shareholders' investment in DFDS – and much more.

We manage our corporate responsibilities through the implementation of policies and standards. In several areas, specific targets are set for CR actions – for example, reducing emissions – and this year we are introducing customer satisfaction targets.

In addition to policies, DFDS lives by 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.

Our CR strategy

Our CR strategy aims to create and protect value for all 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. Stakeholders and their expectations are listed on pages 36–37. CR perspectives are embedded in the organisation through internal initiatives and action plans, but also through actively involving stakeholders in relevant working processes.

The strategy also involves communication of our goals and actions to stakeholders and ongoing improvements to our CR reporting.

Managing CR

The CR strategy, and overall goals and policies, are set by the CR Committee, which reports to Executive Management. The Committee is composed of managers with direct responsibility for implementing CR in business areas and Group functions. Niels Smedegaard, CEO, has overall responsibility for the CR Committee.

The Committee meets at least once every three months. The intention is that external stakeholders are invited to participate in at least two meetings per year. Twice a year, the chair of the Committee will report to Executive Management, and once a year to the Board of Directors. An important task

for the CR Committee is to promote the decentralisation of CR to business areas and Group functions. One Executive Management meeting per year is focused on opportunities and issues related to CR.

The CR Committee is responsible for developing the scope and content 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. Our processes for collating and quantifying CR data are still being developed and we foresee the scope of our reporting, including external auditing, will increase over the coming years.

Working with stakeholders:
Value creation through CR requires the involvement of stakeholders. We define stakeholders as any individual or organisation that DFDS affects or that affects DFDS. This includes stakeholders without 'voices', such as the environment and future generations.

Pages 36-37 list DFDS' stakeholders, processes for dialogue and collaboration, what is expected of us, and our actions and plans.

About this report
The information and data in this report on corporate responsibility concerns DFDS' activities in Northern Europe, including the operation of ships, port terminals and offices, including the head office in Copenhagen. CO_2 data is based on documentation of bunker consumption and energy and 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 2013. 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).

The table shows our stakeholders, how we cooperate, and progress on CR related activities

Stakeholders	Who are they?	How do we work together?	What do they expect of us?	Progress in 2013	Plans for 2014/2015
• **Freight customers** • **Passengers**	• Freight forwarders and hauliers • Producers of heavy industrial goods • Food producers • Producers of consumer goods • Retailers • Individuals, families and groups • Coach operators and travel agencies	• Customer satisfaction surveys, including online • Service calls and contact by letter before departure • Ongoing relationship, including meetings and follow-up with customers • Town hall customer meetings • Via freight and ticket booking agents	• 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 • Ongoing adaptation of on-board facilities to meet customer requirements • Clear understanding of customer requirements	• Continued roll-out of Customer Focus Initiative launched • Regular customer satisfaction surveys • New passenger sales & marketing organisation in UK • Continuous improvement of online booking interface • Sales training of over 200 sales managers	• Continuation of Customer Focus Initiative • Upgrading of InfoBridge, freight booking and information system • Upgrading of the passenger areas on passenger ships during docking • Continued sales training • Cargo Care, further development of damage prevention • New CRM system • Further roll-out of new booking system for passengers
• **Employees** • **Trade unions**	• 6,000 employees, on shore and at sea (year-end 2013) • 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 (Bearing) • Regular meetings and courses • Zoom (management development programme) • Town hall meetings	• Healthy and safe working environment • Reasonable terms and conditions of employment • Rewarding extra effort • Career development paths • Option of on-the-job learning • Ethical and consistent management and working conditions • Diversity	• Diversity study undertaken • Diversity policy development • 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
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 • Processes for compliance with regulations • Campaigning • Investigation of incidents • Meetings with national governments and ministers • Promoting tourism in regions/countries	• 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	• Installation of three sulphur scrubbers • Development of systematic management of safety processes	• Installation of additional sulphur scrubbers • Implementation of system for managing security-related processes

The table shows our stakeholders, how we cooperate, and progress on CR related activities.

Stakeholders	Who are they?	How do we work together?	What do they expect of us?	Progress in 2013	Plans for 2014/2015
Finance	• Shareholders including main shareholder, the Lauritzen Foundation • Investors • Financial institutions • Insurance companies and brokers	• Quarterly reports • Company announcements • Public conference calls • Investor meetings • International 'roadshows' • Regular dialogue with analysts • Regular dialogue with banks • Online updates • Regular dialogue with insurance brokers/ companies, company visits	• Transparent, consistent and accurate reporting • Access to management • Responsibility and reliability • Security and active risk management	• Investor meetings in Denmark and abroad • Increased free float of the DFDS share • New distribution policy adopted	• Greater frequency of international roadshows • Initiation of share buy-back programme
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	• Reduction of emissions, including the introduction of fuels with low sulphur content for ships • Continuous improvement of work on health and safety	• Installation of three sulphur scrubbers • Improved safety performance • Tracking of CO_2 emissions extended to logistics activities and offices	• Meeting new target for reducing fuel consumption • Further develop reporting of CO_2 emissions • Additional EURO 5 trucks • Investment in land-based electricity supply
Suppliers	• Catering suppliers • Bunker suppliers • Hauliers, rail operators, container shippers • Suppliers of spare parts and equipment for ships • Shipyards • Manufacturers of transport equipment • Other suppliers	• Ongoing dialogue • Audit of major haulage companies and other providers of carrier services • Mentoring programme for smaller haulage companies	• Accessibility and accountability • Safety-management systems • Risk assessments • Reduction of emissions • Optimal value, including non-financial factors	• Development of vessel sharing agreements • E-auction tools applied • ERFx system applied • Category management developed	• Implementation of a new procurement system • Contract database
Local communities in which we operate	• Neighbours to ports, terminals and routes, warehouses, offices and other facilities • Society in general in local communities	• Contact and dialogue via local employees • Newsletters and notification of changes • Charity, sponsorships	• Employment opportunities • Responsible operations/good neighbour relations • Noise reduction measures	• High Five programme • Christmas lunch for homeless people in Copenhagen and Oslo	• Further develop community with sponsorship in Denmark
Media, NGOs and others	• Media • NGOs (national/international) • International organisations • The Lauritzen Foundation	• Ongoing dialogue • Membership of organisations • Co-operation with specialist organisations, e.g. Carbon Trust • Various publications and commitments	• Accessibility • Transparent, consistent and accurate information • Environmental management and performance, including emissions and responsible scrapping of ships	• DFDS Connect, social media website started • Continuous media dialogue • Environmental initiatives (see above)	• Further development of social media strategy • Environmental initiatives (see above)

SAFETY AND SECURITY

THE SAFETY OF PEOPLE IS OF PARAMOUNT IMPORTANCE TO DFDS

SAFETY AND SECURITY – SEA

Highlights

- One fatality recorded in 2013
- Several fires on board ships
- Continuous improvement of safety and 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 processess 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, the International Ship and Port Facility Security Code (ISPS) and the Maritime Labor Convention (MLC), 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 done 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 crews, 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 on board. 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 on board. 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 practising what we preach, where all managers behave in a way that demonstrates safety and accountability.

Operational Safety Performance is part of "THE DFDS WAY", where the implementation and roll-out of global systems support the DFDS Operating Model in striving for continuous improvements and applying best standards across flags.

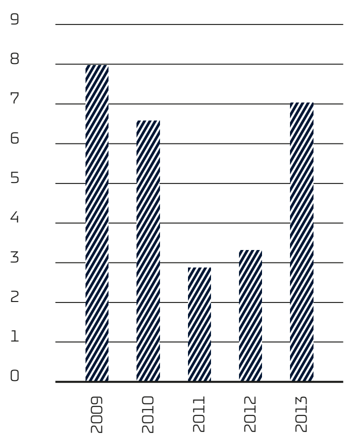
Our security management is governed by the International Ship and Port Facility Security (ISPS) Code, which helps protect against terrorist attacks and other disruptions. Shipping and logistics are subject to security inspections on a regular basis. Audits are held in conjunction with safety audits. 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 ships' 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

Shipping incidents reported*	2013	2012	2011	2010	2009
Near-miss reports (average per ship)	64.5	38.5	31.7	13.4	4.8
Lost time injury frequency (LTIF)	7.0	3.3	2.9	6.6	8.0
Fatalities	1	0	0	0	0

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

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



The following ships recorded no lost time accidents for 365 days or more by the end of December 2013	
Ficaria Seaways	1,337
Anglia Seaways	1,046
Flandria Seaways	1,010
Begonia Seaways	849
Magnolia Seaways	847
Lysblink Seaways	569
Petunia Seaways	483
Primula Seaways	408
Dover Seaways	402

& Ships VPs and CEO meet to formally review the ships' 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 such reviews are published to all ships and key shore-based managers.

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 attend 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. As we have had three fires on board our ships in 2013, crew training is highly important to maintain a high safety vigilance.

Important events in 2013

All ships 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 April 2013 all former LD Lines ships on French flag changed their Safety Management Systems to the common platform of DFDS.

During an interim implementation period, all systems were implemented on board and DFDS A/S was fully certified and granted a French Document of Compliance in December 2013.

On 20 August 2013, the ILO Maritime Labour Convention came into force in all ratifying countries. DFDS manages ships in several of these countries. The new convention applies minimum standards on an international level in terms of crew welfare, Food and Hygiene Safety and safety related issues. All ships in the DFDS fleet flying flags of ratifying countries were certified in due course, and well before 20 August 2013. For the rest of the fleet, managed in countries that have not ratified the MLC convention, no exceptions are made and they comply to identical principles as the ships of the ratifying countries.

In April 2013, a fire broke out in a car transporter on the car deck onboard VICTORIA SEAWAYS. The fire was caused by an electrical malfunction in a second-hand car onboard the car transporter. The fire was quickly extinguished by the ship's drencher system, and no injuries were incurred.

In November 2013, a fire broke out in cargo on the weather deck on board BRITANNIA SEAWAYS. The fire was caused by leaking aviation fuel ignited by sparks from shifting cargo due to extreme weather conditions with significant wave height, above 10 metres. The fire was brought under control and eventually extinguished by the ship's crew during 10 hours of fire fighting. No injuries were sustained.

Tragically, an accident on board PATRIA SEAWAYS in November 2013 cost the life of one of our crew members. The accident occurred during repair works in an elevator shaft, and DFDS immediately informed all ships about the accident and preliminary precautions to avoid similar accidents in the future. The precautions will be evaluated as soon as the authorities have completed their report about the accident and the cause of it has been established. Psychological assistance was provided for the ship's crew following the accident. DFDS has provided the bereaved family with necessary assistance.

In December 2013, a fire broke out in a car transporter on the car deck on the time chartered ship CORONA SEAWAYS. The fire was caused by an electrical malfunction in a second-hand car onboard the car transporter. The fire was extinguished by the ship's CO_2 system and a fire brigade from shore side. No injuries were sustained.

In December 2013, a fire in a cabin on board KING SEAWAYS occurred. The cause of the fire is under investigation as either arson or an extreme reckless act by a passenger. The fire was extinguished due a quick response by the ship's crew. Two passengers and four crew members were evacuated by helicopter due to smoke inhalation.

In 2013, the Lost Time Injury Frequency (LTIF)1 was 7.0, up from 3.3 in 2012. The increase is due to more crew-related accidents on board the French flagged ships.

Near-misses on average per ship were recorded at 64.5, up from 38.5 in 2012. The increase reflects a continued higher level of awareness on safety issues. The number of near-misses reported is expected to keep on rising in the coming years based on our continuous focus to improve.

Future steps / commitments 2014/15

- Finalize roll out of global platform to facilitate Operational Safety Performance across entire fleet
- Reduce the number of crew accidents on board French flagged ships
- Maintain progress towards zero lost time accidents across the rest of the fleet
- Continue improvement in active safety related performance
- Report group-wide safety data in 2014

HEALTH & SAFETY – LAND

Highlights

- No fatalities and no events with a 'high severity' rating recorded in 2013
- Zero penalties and zero fines imposed by regulators
- Safety performance improved compared to 2012 on a like-for-like basis
- Group-wide network of safety data responders providing monthly safety performance KPI data; allows trend monitoring and injury event causal analysis
- E-learning safety modules has been piloted in the UK with potential for application across the Group
- Regular, periodic engagement with Port Skills & Safety Ltd.

DFDS' Safety Management System
Safety management continues to be operated by the local management teams of each individual operating entity to maintain flexibility and proportionality of response based on risk. Thus, more safety controls are operated for higher risk activity (port terminals) than lower risk activity (offices), e.g. 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's '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 and 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 2014, again, on a risk-prioritised basis.

A basic risk survey was completed in 2013 to form the basis of a more formalised audit programme for 2014. Risk rating factors included annual safety performance, previous audit history and the risk profile (e.g. higher-risk port terminal, lower-risk office activity). The audit programme commenced in the last quarter 2013 and will be continued into 2014.

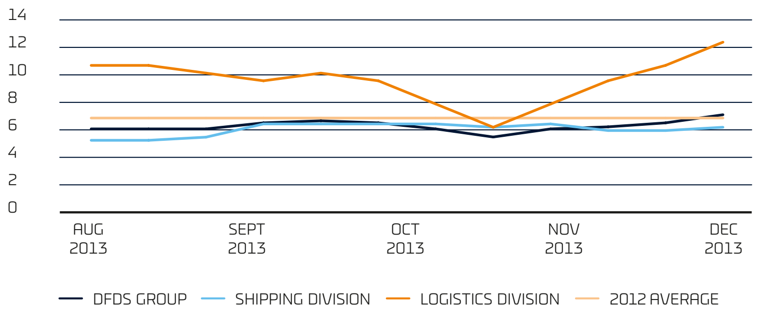
Reporting
The network of 'data responders' covering 55 operational sites continued to develop in 2013 with the addition of a port terminal in Gothenburg and additional Channel ports (Newhaven, Portsmouth, Le Havre and Dieppe). The safety performance of newcomers to the DFDS Group is monitored but only included in Group safety performance statistics at the start of each full reporting year. Thus, safety performance for a Swedish transport company, Karlshamn Express Group, acquired during 2013 has not been included in 2013 safety statistics but will be included from 1 January 2014 along with the relocation of a finance service centre from Belfast to Poznan.

Due to the wide variance across operational entities/sites, the reporting system is both simple so as to not overburden 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.

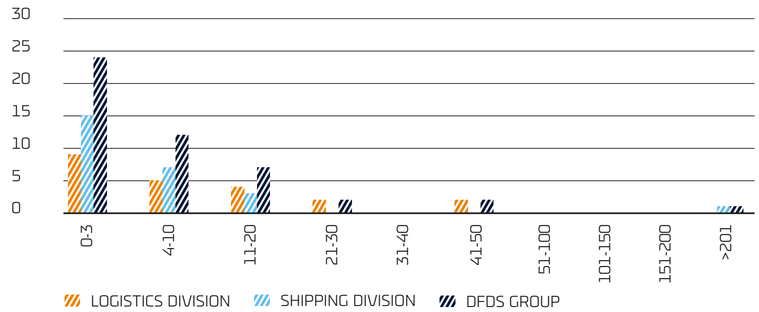
Safety performance data is collated into a monthly report made available to management. The reporting system has been developed to seek increased causal understanding by the identification of 'unsafe acts' and 'unsafe conditions'. Data on non-injury 'accident potential', near-misses and hazard observations, is part of this development. The modified reporting system will begin from January 2014.

Manual handling, slip/trip and tug-driving have been identified as major causes of injury accidents (both lost-time and minor) in 2013 (as in 2012). As these causes are largely within the control of the individual, the main thrust of safety performance improvement in 2013 was the development of an 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, which among other things promotes continuous improvement and sharing of best practices. Increased awareness has led to changes

ACCIDENT FREQUENCY RATE MOVING ANNUAL TOTAL 2013
(AFR)



LOST-DAYS DISTRIBUTION CHART
(EVENTS)



[1] 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 PERFORMANCE LTAS[1] 2013
(2012 data for comparison)

DFDS Element	2012 Actual LTAs (Jan-Dec)	Headcount, dry (Ann. Av.)	Man Hours (est.)	Annualised AFR 'less is more' Ideal is zero
Logistics Division	22	878	1,777,072	12.38
	(17)	(857)	(1,727,712)	(9.84)
Shipping Division	26	2076	4,201,824	6.19
	(22)	(1,578)	(3,181,248)	(6.92)
DFDS Group[2]	48	3338	6,756,112	7.10
	(39)	(2,821)	(5,687,136)	(6.86)

[1] Lost-Time Injury Accident Frequency Rate
[2] DFDS Group consists of (i) Logistics Division, (ii) Seaways Division and (iii) Group Services (Headquarters function & FSC)

INJURY SEVERITY (LOST-DAYS) 2013
(2012 data for comparison)

DFDS Element	LTAs	Actual Lost-Days	Average Lost-Days per LTA	% Reduction in Average Lost-Days Per LTA
Logistics Division	22	250	11.36	43%
	(17)	(344)	(20)	
Shipping Division	26	333	12.81	47%
	(22)	(528)	(24)	
DFDS Group	48	583 +	12.14	45%
	(39)	(872)	(22)	

\+ 33% reduction in total lost-day tally

in attitudes and behaviour which have manifested themselves in improved safety performance in 2013.

Safety performance

The DFDS Group of 2013 is different from that of 2012; addition of a port terminal in Gothenburg and additional Channel ports (Newhaven, Portsmouth, Le Havre and Dieppe) complicate a direct performance comparison, year-on-year.

The key safety performance indicator used is 'Lost-Time Injury Accident Frequency Rate' 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).

Overall, safety performance on a like-for-like basis improved in 2013 with AFR falling from 6.86 in 2012 to 6.22 in 2013.

The Accident Frequency Rate (AFR) chart uses 2012 safety performance data as a baseline for performance comparison/improvement target setting. The 2013 Group AFR of 7.1 closely matches the 2012 AFR of 6.86 despite the significant changes to the Group. The 2012 reference baseline will continue to be referenced in 2014, along with a 15% improvement target.

Importantly, injury severity was greatly reduced across the expanded Group in 2013. 'Reportable' injuries fell from 74% to 52% and average lost-days-per-injury-accident fell from 22 days to 12 days with 30 out of 47 (64%) reporting operational entities logging 'no injuries' at all (representing 28% of average headcount).

Data on minor injury accidents is also collated centrally whilst detail of Accident Potential (non-injury events, i.e. near-misses and hazardous observations) is maintained within individual operational entities. The Group reporting system has been modified to collate general data on accident potential in 2014.

The main causes of injury accidents are manual handling and slip/trip; these two causes combined account for 45% of all injury accidents. Injuries caused by both manual handling and slip/trip (and hand-tool usage and tug driving) are largely due to human factors (individual mistakes and errors) by individuals, who have a large element of personal responsibility for safety.

Thus, whilst improved performance shows that safety culture has improved, this has to be continued in 2014 to reduce the number of injury accidents, i.e. 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 2014 by the continued provision of specialist safety training and increased auditing.

Safety training in 2013

A 'Safety Workshop' was 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. It also aimed to develop data responders into the role of 'site safety champions' as part of the overall development of safety culture within the DFDS Group.

A two-day insurance conference was held in October 2013 hosted by Tyser Insurance Brokers and the TT Club; this referenced the functional overlap/integration between the two functions of safety and insurance, with several attendees being both safety data responders and insurance claims processors.

Safety E-training was used extensively in the UK in 2013 with 570 users completing a total on 4,531 safety modules; subjects varied but included Risk Assessment, Manual Handling, Slip/Trips, Fire Safety and Display Screen Equipment. Roll-out of this system of 'core' modules is planned for Denmark and The Netherlands during early 2014, with Germany and France following.

This methodology provides a very flexible, resource-effective approach to safety training. Supported by the provision of short, in-house, training courses on a variety of safety topics, such as risk assessment and event investigation, made available as a form of mentoring to personnel to assist in developing skills in operating the Group safety management system.

DFDS has the capacity for in-house specialist safety training with four qualified trainers, three at Immingham and one at Dover, for the delivery of IOSH (Institution of Occupational Safety & Health) Managing Safely training. This is high quality, externally approved, specialist safety training.

In 2013, the Immingham Seaways Terminal delivered 4-day IOSH Managing Safety courses to 51 managers and 1-day IOSH Working Safely courses to 230 personnel. This training programme will continue in 2014 until all personnel have received the requisite type of training.

Specialised IMDG (International Maritime Dangerous Goods Code) code training is also provided in-house.

Next steps/commitments 2014

- Reporting to be extended to capture accident potential for causal analysis
- Risk-prioritised auditing programme to continue
- Roll-out programme for on-line training modules
- Support improvement actions at individual sites based on causal analysis
- 15% improvement target from 2013 performance level has been set for 2014

COMBINED INJURY CAUSAL ANALYSIS (LTAS & MINOR)

Cause	LTAs (48 Total)	Minors (118 Tot.)	Combined (166 Total)
'E' Manual Handling	12 (25%)	29 (25%)	41 (25%)
'F' Slip/Trip	10 (21%)	23 (19%)	33 (20%)
'T' Tug Driving	12 (25%)	10 (8%)	22 (13%)
'D' Struck something fixed/stationary	0 (--)	16 (14%)	16 (10%)
'B' Struck by a moving/falling object	3 (6%)	12 (10%)	15 (9%)
'O' Other	4 (8%)	10 (8%)	14 (8%)
'G' Fall from height	4 (8%)	3 (3%)	7 (4%)
'C' Struck by a moving vehicle	3 (6%)	4 (3%)	7 (4%)
'N' Handtool	0 (--)	5 (4%)	5 (3%)
'A' Contact with moving machinery	0 (--)	4 (3%)	4 (2%)
'H' Trapped by collapse/overturn	0 (--)	1 (1%)	1 (1%)
'M' Injured by an animal	0 (--)	1 (1%)	1 (1%)

SAFETY CULTURE DEVELOPMENT AS PART OF THE DFDS WAY

The DFDS Way operating model	Safety Culture
Customer Driven	Customers want to use reputable organisations; this requires good Health & Safety practices and records
Continuous Improvement	SMS (Safety Management System) drive is to zero injury accidents and healthy workforce
Best Practice	Performance comparison identifies good practice for promoting best practice between business areas 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 and behaviours; DFDS is becoming a learning organisation

PEOPLE

OUR PEOPLE ARE ESSENTIAL IN BUILDING AND SUSTAINING OUR SUCCESS

Highlights
- 6,000 employees in 20 countries
- New Employee Engagement Survey – Bearing
- Sales Training completed for over 200 sales managers
- New analysis of diversity

HR in DFDS
DFDS' results and our employees' competences and commitment are tightly connected – we cannot have one without the other. Our employees are therefore the essence of The DFDS Way. It is vital for DFDS' continued development to be a preferred employer that attracts and retains employees in all kind of jobs, in all the countries where we have activities.

The purpose of the HR activities we conduct in DFDS is to support the business in making the right decisions when it comes to recruitment, employee & management development, talent spotting, performance management, compensation & benefit and organisational efficiency. In this manner, HR contributes to the continued growth and development of DFDS.

Diversity
In February 2013 we announced our policy for Diversity & Inclusion. Our value proposition is:

We will lead an international and competent workforce that consistently understands our customers' needs.
A workforce that shows passion and thrives in an environment with inclusive behaviours

DFDS will at all times seek to ensure we have the right candidate for a position regardless of gender, age, religion or ethinicity.

Our target for female representation on our board of directors, excluding employee elected members, is a minimum of 33% which is achieved with current composition. We are planning to further increase the number of women in senior management positions during the next couple of years.

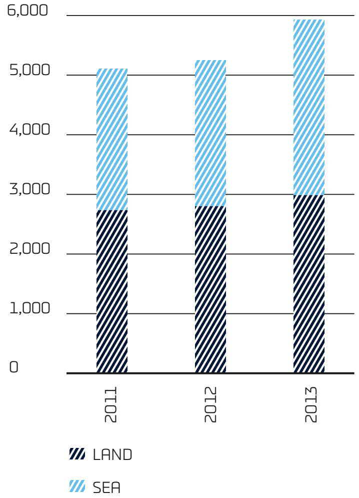
As a direct continuation of our Diversity & Inclusion policy, we employed a HR intern to analyze gender diversity in DFDS. The project consisted of data collection, in-depth interviews with both women and men in DFDS as well as focus group sessions, all aimed at gaining a better understanding of what drives our female employees in DFDS. Project objectives were to address the issue of a relatively small number of females in DFDS' management group; to present an overview of the current status of gender diversity among DFDS' employees with emphasis on our target group 'Women in DFDS' and to suggest how DFDS should work with gender diversity in the future in order to reach our goals on diversity.

The data show that women form a total of 28% of DFDS' workforce, but only form 10% of all employees on higher management levels (Executive Vice President, Vice President and Director level).

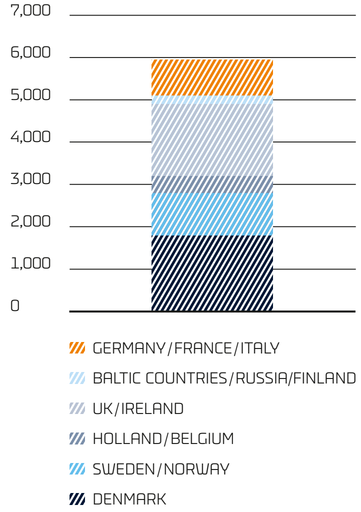
Some of the findings from the project are that, when we employ directly into a management position, it is more likely to be a male than a female; male employees with shorter seniority are more likely to reach higher management levels than female employees; the number of male employees with long seniority (>15 years) is much higher than female employees. In 2014, we will act on the findings to move closer to our goal of employing a diverse workforce.

Employee Engagement Survey
In November, we launched our Employee Engagement Survey – Bearing – with access for all DFDS employees to participate. Bearing is important to analyse where we are doing well and where we can improve in order to continuously improve as an organization. The response rate was 76%, which was a slight increase from 2011.

DISTRIBUTION OF EMPLOYEES ON LAND AND SEA
(NO. OF EMPLOYEES)



AVERAGE EMPLOYEES PER COUNTRIES, 2013
(NO. OF EMPLOYEES)



On an overall level, the survey showed that DFDS is a good place to work. This is reflected by a score of 5.3 out of 7 for staff satisfaction and motivation, although slightly lower than in 2011. Naturally, we would always like to register increasing satisfaction, but scores are impacted by the level of challenges in a given period. The recession in Europe in 2012 and 2013 was challenging for DFDS and many operational adjustments have been made in this period. In this perspective, a score above five is acceptable.

Our primary concerns are directed at the few areas scoring below five. These are the areas where improvement is required and the report is useful in pinpointing where our resources should be spent.

Talent and capability development
During the year our employees continued to perform at a high level. We are committed to helping our people perform at their best and achieve their full potential through ongoing training and development. People review and agree on development objectives during their annual appraisal with their manager. We continue to develop and strengthen our internal training programmes, such as ZOOM (leadership programme) and FOCUS (specialist programme).

Continued growth of our leadership pipeline and focus on succession planning are important for DFDS' future development. Hence, one of our priorities for 2014 is to design and implement an internal programme for our High Potentials. The participants for this programme are talented employees with a potential to grow, eventually, into senior management positions. As a natural derivation of this, we aim to conduct a more structured approach to succession planning in DFDS. An identification process of the development needs of successors will be established in H1 2014.

Based on the analysis of required needs, a structure of relevant career paths and development initiatives will be determined and designed.

To ensure relevant development for the level of Vice Presidents and above, a process of developing a programme will begin in 2014. The programme will be launched during H2 2014.

We have implemented the "DFDS Way of Selling" during 2013. This requires further training and coaching throughout 2014 and will primarily be done at local destinations, including both sales representatives and managers. Furthermore, centralized training will be offered twice a year (February and October) to new employees.

In 2013 we hired the second batch of Shipping & Logistics trainees. We now have 11 trainees in our pool, who all are located in DFDS businesses across the group. We will continue to hire young trainees into the company. DFDS is now also approved as a place of education for Danish waiters and makers of Danish open sandwiches.

Employment policies and employee relations
Our employment policies are developed to reflect local, legal, cultural and employment requirements. We aim to be recognized as an employer of choice and therefore seek to maintain high standards and good employee relations wherever we operate.

In addition, an important area of focus is to meet and comply with internationally recognised human rights. A policy to support DFDS' commitment not to violate such rights is under preparation.

In 2013, with one exception, no fines, lawsuits or breaches of rules were registered in the HR area.

Local communities
Our UK Apprentice Scheme (Seafarers) has turned out to be an extremely positive project, as apart from generating a high level of interest in the local community, it received national news coverage of the shipping community. The scheme is seen by industry experts as 'setting the standards' in seafarer training and making a real attempt to regenerate the British Merchant Navy. Out of the six original candidates, four are on track to complete their EDH (Efficient Deck Hand) Tickets in January 2014.

Further to this, a major 'side benefit' is an improvement in morale, and increased engagement and commitment from our existing workforce on board as they recognise the Apprenticeship Scheme as a firm example of DFDS "walking the walk" – when we talk about our commitment to both the British Flag and British Seafarers.

It has considerably enhanced DFDS' profile in the local community, leading to a substantial increase in the number of applications for our Seasonal Catering Crew for 2014 as many people had read in the newspaper that DFDS is a good place to work.

And it doesn't stop here. In January 2014, the scheme will be expanded to include Engine Rating Apprentices and at the end of 2014 another two-year programme for an additional six deck apprentices will be initiated. The result of these initiatives is that for every retirement over the coming years, a newly qualified Able Bodied Seafarer Deck or Engine hand will be waiting in the wings.

When we seek to attract new entrants, we cannot promise a job for life in DFDS. We say: come to DFDS and we can start you on the path of a Career for Life. Having gained any one of our Ratings, apprentices can, if they have the right competence and aptitude, become a Captain or Chief Enginer within a space of 15 years. This is made possible through the long-standing Rating to Officer conversion courses that are available in Nautical Colleges around the UK.

Looking ahead, in 2014 we intend to explore the development of a Europe-an-wide DFDS Apprenticeship scheme – aiming to attract bright young people into all areas of our business at the very ground level.

HR organisation: People & Ships
Responsibility for HR lies with People & Ships. People & Ships is responsible for employees 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 who 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.

Future steps/commitments 2014/15
- Align HR processes across the Group
- Further development of internal training programmes
- Implement diversity policy
- Report on diversity targets and progress
- Create career paths for employees

COMMUNITY ENGAGEMENT

AT DFDS WE VALUE CLOSE CONTACT AND CO-OPERATION WITH THE COMMUNITIES OF WHICH WE ARE A PART. WE AIM TO SUPPORT PEOPLE AND ACTIVITIES IN VARIOUS WAYS BY ENGAGING AND CONTRIBUTING ON MANY LEVELS TO THE COMMUNITIES WE ARE ASSOCIATED WITH

Inspiration from the Lauritzen Foundation
In our community work, we are inspired by our major shareholder, the Lauritzen Foundation, that contributes funds back to society every year. Support is given to both cultural and social activities, including one of Denmark's most prestigious acting awards. Social initiatives include helping people in need in developing countries, and in 2013 special assistance was granted to Philippine employees of DFDS and J. Lauritzen whose families had suffered, and are still suffering, as a result of a devastating storm in November 2013. DFDS likewise supported Philippine colleagues whose families were in acute need with immediate cash support and leave to go home and help their families.

In total, the Lauritzen Foundation annually donates around DKK 25m.

Employee welfare
In partnership with a Danish union, we have established a joint foundation to provide financial support to employees enabling them to work part-time if they are unable to work full-time for health reasons. DFDS also actively participated in the ensuing public debate about the Danish welfare system that this socially innovative agreement prompted, in order to share our experiences with society and promote social responsibility through collaboration between private companies and unions.

Job creation for young criminals
DFDS is engaged in a special project that aims to employ young people with criminal records in normal jobs. We co-operate with the High Five project, which organises these partnerships, and at any given time we employ about 10 young people on our ships and in our main office through this co-operation. The aim is to help these young people back to a normal life, and there has been a very high success rate of about 80% for those employed by DFDS. As our shipping operations constitute a working environment that fits well with the High Five programme, we have taken a leading role: Henrik Holck, EVP of DFDS' People & Ships Division, has stepped in as chairman of High Five.

As a result of these and other social initiatives, DFDS has been awarded a seat on the Danish government's advisory committee for corporate social responsibility, where we can share our experiences and contribute to developing social initiatives.

We also implement social initiatives at local or regional level, including:

- Taking a leading role in a joint UK project to create apprenticeships targeting a career at sea for young people. This has contributed to the creation of new training programmes and jobs in the area around Dover where unemployment is high and job prospects for young people are bleak. This initiative has been acclaimed both by unions and the public. Six apprentices are currently being trained and the project will continue in the years to come
- Serving free Christmas lunches for homeless people onboard our passenger ships in Oslo and Copenhagen, in close co-operation with other charitable organisations
- A project to offer travel worth DKK 60,000 to a national charity fundraising day in Denmark for projects in Asia and Africa. In partnership with a Danish radio station, the travel offers were sold on the radio for DKK 245,000, which was added to the national funding result
- Sponsoring local events such as DFDS Seaways' annual free transport of a Christmas tree from Norway to the UK, where it is placed in Trafalgar Square in London
- Sponsoring local sports events throughout the company
- Arranging an event for Children in need from the Ijmuiden region, in collaboration with the Dutch food aid organisation,on our ship Princess Seaways in Ijmuiden
- DFDS' Channel business area sponsored the Polish Festival in London

Many other local initiatives including co-operation with local people who want support or help for local initiatives such as concerts, meetings or charity projects where a trailer is needed as a stage, complimentary transport or funding. In addition to the company's activities, many employees throughout the group undertake their own initiatives to raise funds for charity such as:

- The crew on King Seaways collected money for victims of the typhoon in the Philippines
- Newcastle employees donated toys to a hospital
- Blankets donated to the Philippines
- A DFDS team in Cuxhaven helped raise EUR 5,000 in a charity dodgeball tournament to support local children in need
- Comic Relief
- Children in Need
- Movember (Men's Cancer Charity)
- Christmas Jumper day will be help to raised money for the Royal Lifeboat Society in Dover.

ENVIRONMENT

DFDS SHOULD BE RECOGNISED AS AN ENVIRONMENTAL LEADER IN OUR SECTOR. FOCUSED ON REDUCING EMISSIONS, A RESPONSIBLE RECYCLING POLICY AND, IN PARTNERSHIP WITH STAKEHOLDERS, CONTRIBUTING TO EFFECTIVE AND CONSIDERED DEVELOPMENT OF ENVIRONMENTAL REGULATIONS

Highlights

- On track to reduce bunker consumption by 5% in 2017
- Strategy and plans for transition to fuel with lower sulphur content in 2015 are in place
- Consolidated measurement of non-ship related CO_2 emissions initiated
- Non-ship related CO_2 emissions amount to less than 10% of total emissions

Our approach

DFDS' environmental work is governed by our environmental policies, which have been drawn up by the company's management and approved by the Board of Directors.

The framework for environmental work and reporting is driven and managed by DFDS' CR Committee, which is chaired by the company's Director of Environment & Sustainability. Day-to-day environmental initiatives are primarily driven by the Technical organisation and by the Environment & Sustainability department. Both departments are part of the People & Ships organisation.

The work is also driven by local initiatives and individual departments and employees according to The DFDS Way's goals of continuous improvement and sharing of 'Best Practices'.

DFDS' environmental report covers initiatives both at sea and on shore.

At sea

The work to reduce fuel consumption and therefore CO_2 emissions at sea consists of three main focus areas:

A: The interface between ship and shore

This involves sailing plans, arrival and departure times, coordination between ship and shore on arrival and departure, load planning and stevedoring, etc. The aim is to ensure that the ship spends as little time as possible in port with a view to spending as much time as possible at sea so that speed can be lowered and fuel consumption reduced.

B: Technical optimisation

Technical optimisation covers e-navigation, including IT programmes, which plan optimal sailings on the basis of detailed information about the ship and route plus continuous information about current, water depth, wave direction and height, wind, optimisation of the ship's trim, etc. It also includes the optimisation of engines, use of more energy-optimised propellers and rudders, cleaning the bottoms of ships and saving energy consumption on board. This covers hundreds of initiatives for pumps, heating, lighting, etc.

C: Behaviour on board

Individual employees and teams can significantly influence energy consumption through their behaviour on board. There has already been a significant change in attitude, resulting in every individual having a target of contributing to a reduction in energy consumption to a greater degree.

Laws and regulations

Shipping's environmental work is controlled by international, national and regional conventions and environmental legislation which are continuously being approved and implemented for shipping. For DFDS, this particularly involves conventions and legislation introduced by the United Nations' International Maritime Organization, the EU and governments of individual countries. The majority of the regulations which are of significance for shipping's efforts to limit pollution from ships are part of the so-called MARPOL Convention.

The MARPOL Convention regulates the use of environmentally hazardous substances, the handling and discharge into the marine environment of potentially environmentally damaging substances (for example ordinary waste water, water containing oil or ballast water), plus emission of potentially environmentally damaging substances such as CO_2, NOx and sulphur dioxide into the atmosphere from ships' engines.

Furthermore, the so-called AFS Convention controls the use of anti-fouling bottom paints on ships.

The routines and processes required in order to comply with these regulations are described and documented in the company's ISM (International Safety Management) safety control system, a complete, updated edition of which is available on all ships and which is maintained and updated by the Marine Standards Department.

The company and the individual ships are continuously audited, both by the authorities and internally, in order to ensure that the regulations and necessary routines are known and complied with.

Ashore

Legislation regulating land-based activities is mainly national, parts of which are derived from EU directives.

Environmental efforts ashore are partly initiated by a department for Environment & Sustainability in the People & Ships Division. There are also initiatives implemented by local management.

Ashore, we are obliged to comply with legislation regarding climate change, for example Carbon Reduction Commitment (CRC) in the United Kingdom – a government scheme to improve the energy efficiency of medium-sized and large energy consumers. We work in a targeted manner to improve the energy efficiency of buildings, facilities and equipment in ports and terminals.

As part of our customer service, the logistics activities in Ghent, Gothenburg, Belfast and Hamburg are ISO 14001 and/or ISO 9001 certified. DFDS Seaways PLC is ISO 9001 certified.

Environmental risks

The most important commercial risk factors are changes to environmental regulations and rises in energy prices. The environmental policy includes guidelines for analysing the costs linked to new regulations and their implementation, plus the costs of any solutions.

Legislation on the sulphur content of bunkers
The introduction in 2015 of IMO and EU rules limiting acceptable fuels to those containing 0.1% sulphur within the specific control area of the Baltic Sea, North Sea and the English Channel represents a special risk.

DFDS is following an innovative course to meet this challenge and will install a number of scrubbers on up to 20 ships. The expected investment is approximately DKK 750m in the period 2013–2017. The scrubber removes sulphur dioxide and, to some extent, particulate matters from ships' exhaust gases. In the course of the summer of 2013, scrubbers were installed on three freight ships and scrubber installation is planned for a further seven ships during 2014. Work is being done in parallel to these initiatives at both national and international level to clarify the outstanding points in legislation regarding the certification and use of scrubbers.

Despite the good results on FICARIA SEAWAYS, where the first scrubber was installed in 2009, a range of factors place limits on the use of scrubbers, including the size and weight of the scrubbers, the complexity of the installation and the effect on stability such installations may have and age of the ship. There is ongoing dialogue with the EU regarding financial support for these substantial environmental investments.

Alternative fuels are also being considered. Liquid natural gas (LNG) may be suitable for certain new ships, but the supply chain, price and practical implementation require further investigation and development.

Requirement for cleaning of ballast water
In December 2013, the IMO approved new regulations for the cleaning of ballast water to safeguard against the spread of invasive species via ballast water. The convention is expected to be ratified in the course of 2014, after which the rules will come into force 12 months later. We therefore expect these to come into force in the autumn of 2015. Like the new sulphur regulations, the ballast water convention will involve significantly increased expenditure for shipping, including for DFDS, over the next few years.

The final rules on ballast water management are likely to include some exemption options. To what extent DFDS' tonnage can qualify for exemptions is uncertain and a worst case scenario thus includes installing ballast water management systems on the entire fleet.

CO_2
Rules regarding obligatory reporting on CO_2 emissions for ships, the so-called MRV regulation (Measuring, Reporting and Verificating), are being drawn up under the auspices of the EU. Even though discussions about which ships will be subject to the rules are continuing, we expect all DFDS ships to be covered by this reporting requriement from 2018. DFDS actively participates in various working groups covering the final wording of the rules and reporting formats.

PROGRESS IN 2013

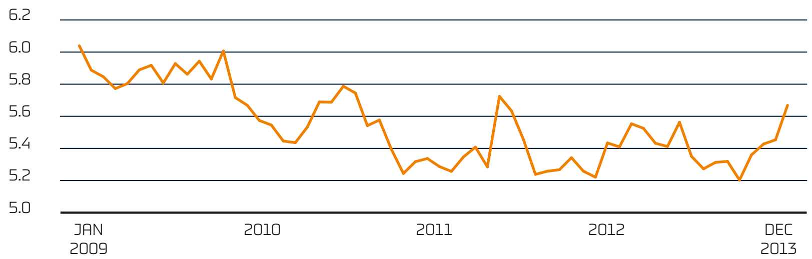
CO_2 intensity
Measuring a company's total CO_2 emissions is a difficult process, not least for a company as complex as DFDS. We have begun exploring a suitable system which is capable of measuring CO_2 from activities as diverse as ships, port terminals, warehouses, cargo carrying equipment and offices.

The main source of DFDS' CO_2 emissions is the ships' consumption of fuel (bunkers). The total absolute consumption changes over time, in line with changes in the fleet. In order to be able to monitor the trend on a transparent and objective basis, consumption is therefore measured in grams per gross ton (GT) per nautical mile (g/GT/nm).

In 2012, the DFDS Group's total CO_2 emissions were approximately 1.9 million tons, of which approximately 92% came from the ships. The total figure for 2013, including non-ship emissions, is not yet compiled.

On 1 October 2013, France introduced a legal requirement to state CO_2 emissions when selling transport services. DFDS has of course implemented systems so that these requirements are

AVERAGE FUEL CONSUMPTION OF THE DFDS FLEET
(FUEL CONSUMPTION (G/GT/NM))



FLEET BUNKER CONSUMPTION

2012 is the new baseline year for DFDS' targeted reduction of bunker consumption by 5% over the next five years, 2013-2017. Average consumption increased in 2013 by 0.4% due to the addition of ships from LD Lines in Q4 2012. Adjusted for these ships, the fleet's average consumption was reduced by 1.9% in 2013 compared to 2012.

	2012	2013
Average bunker consumption, g/GT/Nm	5.38	5.40
Change vs 2012, %		0.4

fulfilled, both for our shipping and our logistics activities.

It is, however, a concern that national authorities introduce their own regulations in this area, when work is being done on corresponding regulations at EU level, for example the MRV regulations mentioned previously. The MRV regulation will determine the measuring and reporting methods for all shipping activities in the EU and is expected to be approved so that 2018 becomes the first reporting year.

In the spring of 2013, CROWN SEAWAYS became the first ship in the DFDS fleet to be issued with the International Energy Efficiency Certificate by DNV.

Target for reduction in CO_2 emissions
DFDS' target of reducing the ships' CO_2 emissions in the period 2007–2012 by 10% was achieved in 2012. A new target of a further 5% reduction for the period 2013–2017 has now been set. In this context, it is a paradox that the measures which are required to comply with the forthcoming SOx emissions requirements will have a direct negative effect on a ships's CO_2 footprint emissions.

In 2013, we have made progress on setting a specific target for CO_2 emissions from activities other than ships. This work is expected to be completed in 2014.

Environmental improvements to ships' activities
In 2013, average bunkers consumption in g/GT/Nm was 1.9% lower than in 2012 adjusted for the addition of ships from LD Lines in Q4 2012.

In 2013, the Port of Gothenburg approved ships equipped with scrubbers to be treated equally to ships fuelled by MGO alone. This implies that ships installed with scrubbers are now also entitled to environmental discounts on port fees. Four of DFDS' ships, which already have scrubbers installed, will therefore benefit from this in 2014.

Many initiatives have been implemented or extended in the course of 2013, including:

- Installing energy-optimised propellers and rudders on a range of ships
- Frequency control and optimising ventilation on ships
- Energy-saving lighting

Improvements to activities ashore
Ashore, port and terminal facilities and distribution hubs are also being made more energy-efficient, including through the establishment of Energy Management Teams (EMTs).

Replacing the fleet of trucks with the more energy-efficient and environmentally-friendly EURO 5 trucks has been completed, so the entire fleet of own trucks now conforms to the EURO 5 standard. In the course of the year, a number of electric-powered vans have been acquired for local transport in Denmark. In addition, at Immingham the following measures have been adopted:

- Invested in Telematic systems for monitoring fuel consumption on the managed truck fleet
- Reduced the top speed to 85 km per hour for trucks
- Use of Telematic system information to decide which lorries are best at specific operations

These initiatives are expected to collectively reduce diesel consumption by approximately 5%.

Our fleet of trailers is also being upgraded continuously. The fleet of UK-based, extra-long, environmentally friendly trial trailers is being increased and, similarly, 100 extra "Huckepack" trailers have been acquired, which are particularly suitable for combined road and rail transport.

Electricity consumption is a key area for our terminals and warehouses, and significant measures have also been implemented here in 2013.

New low-energy lighting at our warehouses in Immingham is estimated to save 200 tons of CO_2 per year.

Improved refrigeration systems and low-energy lighting at our warehouses in Belfast and Larkhall have reduced consumption by approximately 10%.

A multi-year contract for the supply of "green" electricity has been entered into for the terminal in Vlaardingen.

Land power
The project mentioned in the 2012 report to develop land power in the ports of Ghent, Immingham and Gothenburg, and on the six ships which dock at these ports, has been discontinued. This is due partly to greatly increased costs and partly to a lack of commitment by the other external partners involved. DFDS is, however, continuously investigating similar projects. It must be noted here that several countries are working on legislation which may make cheaper power possible for precisely such purposes.

Waste processing
Waste is produced by most activities on board ships, in logistics centres, in ports and by our offices. We are developing particularly effective and environmentally friendly plans for the processing and removal of waste in partnership with an external company and in accordance with the regulations which apply in the countries in which we operate. A total of nine locations and ships were covered by this plan in the course of 2013 and the work to extend the system will continue in the years to come. In the locations and ships covered by this programme, the share of recycled materials rose from 22% in 2012 to 47% in 2013.

Scrapping ships
As the IMO's draft Hong Kong Convention from 2009 on the environmentally friendly scrapping of ships has still not been ratified, in 2013 DFDS has adopted its own set of rules which resemble the proposed text of the Hong Kong Convention on all significant points. DFDS will comply with these rules for the scrapping of ships until the IMO's convention has been adopted. DFDS had no scrapping activities in 2013.

Next steps/commitments 2014/15
- Further development of the plan to reduce bunkers consumption by 5% over the next five years
- Continued focus on reducing energy consumption on board ships through local and central initiatives
- Investing in technical equipment for cleaning exhaust gases of sulphur, including further development of existing systems
- System for improved measuring of the company's total CO_2 emissions

CR CUSTOMERS

WE AIM TO BE RECOGNIZED AS OUR CUSTOMERS' PREFERRED SUPPLIER

Highlights 2013

- Customer satisfaction a high strategic priority
- Group-wide Customer Focus Initiative rolled out to 28 locations
- DFDS served 8,000 freight customers and 5.6 million passengers
- DFDS again voted as 'World's leading ferry operato'"

Our approach

DFDS' aim is to be recognized as the preferred supplier in our dealings with our customers. To continuously achieve this goal our actions are guided by the five principles of DFDS' guiding star for customer focus.

These five principles are enshrined in the daily working life of all DFDS offices and set measureable targets to:

- Deliver superior reliability and schedules
- Constantly bring new solutions to customers
- Be easy to work with
- Deliver customer service by empowered people with can-do attitudes
- Ensure we provide fast communication when it matters.

In an increasingly integrated supply chain our corporate responsibility (CR) principles and practices play a critical role in enabling our customers to serve their end customers in a cost-effective and resource efficient manner.

Designed to create a greater awareness of our customers' needs, the five principles ensure our resources are targeted at delivering effective and timely solutions that make logistics a positive contributor to the success of the supply chain.

A key enabler in this process is for DFDS to fully understand our customers' markets and develop solutions which will minimize the effect on the environment.

Safety, security and how effectively we use the natural resources that we rely on to move goods across Europe, are equally important to our customers. The ability to measure and report on our usage of natural resources and to have proactive targets to improve is therefore an increasingly important element of our service to customers.

Our freight customers (B2B)

DFDS Seaways' networks operate across 30 routes. For the logistics industry our main activity is shipping accompanied and unaccompanied trailers using our network of shipping routes to minimize road use. For industrial customers we offer a comprehensive range of logistics services for a wide variety of companies including automotive, steel, forest produce, chemical and food companies. For these customers, DFDS' services are an integrated part of their supply chain.

DFDS Logistics use a wide range of transport modes to deliver cost-effective environmentally friendly solutions to our customers.

Rail, road and sea based solutions are combined with terminal-based warehousing facilities to create a seamless supply chain linking our major industrial customers with their end customers.

Our ongoing investments in ships, warehousing, cargo carrying equipment, IT systems and training reflects our commitment to the future success of our customers.

ACTIONS IN 2013

The DFDS way of selling

To enable us to deliver on our commitments, DFDS launched an initiative across the business focused on sales training. Over 200 operations and sales staff participated in training designed to develop our ability to identify and add value to our customers' businesses.

The central theme of this training is based on establishing the needs within our customer's businesses and creating solutions to address these needs. This process calls for collective interaction with the customer and investing time to agree and construct proposals that add value to their business.

Spending more time with customers and creating awareness of the needs of their industry and business allows our staff to play an active part in developing effective and sustainable solutions.

CRM Sales Pipeline

Our CRM Sales Pipeline tool is designed to create greater visibility of our existing and new customers. To enhance this transparency further we will invest in a new CRM system in 2014. Based around the principle of delivering value to the business, the focus is on creating awareness of the need and the action plan agreed to deliver solutions to meet these needs. The new system enables us to measure our activities more quickly with customers and ensure we can respond in an efficient and timely manner to changes in business flows.

Tracking tools

Giving customers full visibility of their goods whilst in transit was identified as a key requirement for many customers. DFDS have invested in new technology to give instant access to our vehicles on route and at our customers' premises. Based on an app and using the driver's mobile phone, the system reports arrival time at each delivery and, using an in-built camera, we can download the signed proof of delivery documents to the customer immediately the goods are delivered.

The system saves administration time and improves the utilization of our vehicles through reduced waiting time and empty running as scheduling becomes more effective.

The system is flexible and can be used by both our own fleet and by our freight forwarding partners.

Specialist road trailers

During 2013 DFDS Logistics participated in the trials of 15.65 metre trailers in the UK. These trials were successful, showing that the additional capacity could result in a reduction of road journeys by 15%. This is a direct saving in road congestion and CO_2 and also gives our customers a significant cost saving in their distribution costs.

Working with our major retail customers, we continue to grow our fleet of supercube trailers. Having the ability to deliver up to 50 pallets per site visit creates a significant reduction in congestion on busy sites and offers a reduction in road miles of up to 50%.

CO_2 measurement
DFDS now offer customers a tool to measure CO_2 usage on many routes and also a comparison with other transport modes. Customers can now measure the benefit of switching shipping routes or switching from road to rail and actively track the benefits over the year.

Acknowledgement
DFDS was voted 'Logistics company of the year' by the Irish Exporters Association in 2013.

Next steps/commitments 2014/2015

- Expand cooperation with major customers on health and safety
- Launch of new website focused on best practice in health and safety and driver training
- New driver training programme to ensure both our drivers and subcontractors are fully conversant with our standards
- Explore opportunities to reduce carbon footprint by using bio fuel and/or food customers' waste food oils converted into road fuel
- Reduce miles from source to end customer in food logistics in partnership with major customers by mapping supply chains, including storage locations

Our passengers (B2C)
Passenger travel services are offered on 13 routes in DFDS's route network. More than five million passengers travelled on those routes in 2013. Short crossings between France and the UK across the English Channel recorded the highest passenger volume, with 4.0m passengers. Similar to the English Channel, the passenger routes in the Baltic Sea mainly serve the demand for car transportation and attracted 206,000 passengers in 2013. Meanwhile, some 1.4m passengers were carried on the three overnight cruise ferry routes that connect the Netherlands, the UK, Denmark and Norway.

A key goal for DFDS is to offer its customers throughout Europe an experience that meets or exceeds their expectations. In order to reach that goal, a safe journey for all passengers is of utmost importance. Safety on board is of the highest priority. More information on regulations and initiatives is available in the 'Safety and Security' section of this CR report, on pages 38–41. In addition to taking full responsibility for passenger safety, understanding customer needs is the cornerstone of the DFDS approach to meeting customer expectations.

A special Passenger Competence Centre (PCC) continues foster a customer-centric approach within our organizational structure. The purpose is to increase consistency of passenger operations and to show 'one face to the customer'. The goals and tasks of the PCC include a unified level of customer service, making sure that all activities and services meet DFDS standards, conformity in marketing communication and an overall travel experience that meets the highest standards on all DFDS routes.

Customer surveys and customer service projects
Over the years at DFDS, we have developed a strong sense of our customers' expectations through our ongoing and comprehensive Customer Satisfaction Surveys (CSS). These surveys give us a deeper understanding of our customers' needs, and we transform those findings into day-to-day operations and services on board. The CSS offers customers the possibility to give feedback to DFDS and contribute to our ongoing process of assuring that their on board experience meets their expectations.

Over 61,000 customers have responded to our extensive questionnaire, resulting in extremely valuable input into how we best can invest our resources.

The upgrade of both ships on Copenhagen-Oslo is an investment of DKK 120m that was shaped by input from guests who have already sailed with us and guests that will be sailing with us in the years to come.

Two important initiatives were continued in 2013 to help us continue our commitment to customer service.

The Customer Focus Initiative (CFI) is a key initiative for DFDS. The project uses further research on customer values that is vital to retaining and improving a high level of satisfaction. CFI's parameters cover many facilities and service areas on board our ships like restaurants, recreational facilities and entertainment on board. More information on CFI is available on page 12.

Our Compax initiative focuses on DFDS passenger operations in the Baltic Sea. By looking for places where service can be improved throughout the entire voyage, from ticket purchase to disembarking, the Compax project team seeks to raise customer satisfaction on the Baltic routes.

Data protection
Our customer improvement projects require addressing customers' needs through analysis of customer information. 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 where we operate. Marketing communication is sent only to individuals who have explicitly agreed to accept it. DFDS further follows the mandates of the proposed "European General Data Protection Regulation" to ensure compliance with new regulation.

Passenger rights
DFDS follows the European Maritime Passenger Rights Regulations (1177/2010) that were put in place in December 2012. In accordance with the regulation, DFDS ensures that assistance is offered to disabled passengers and to those with reduced mobility. From booking to port facilities and, ultimately, their voyage on board a DFDS ship, passengers with special needs are supported and informed every step of the way. Other sections of the Regulations require that DFDS provide transparency in pricing across countries and the entitlement of passengers to certain rights in the event of delays or cancellations.

Communication with passengers
DFDS places a high priority on keeping passengers informed throughout their journey. Much of this communication takes place directly at check-in and on board the ships. However, a significant and increasing proportion of information is being transferred through different channels, including the internet. Developments range from service calls prior to departure to our increased social media presence that helps to fulfill our responsibility of keeping passengers fully informed. Our approach to social media is decentralized and country-specific and supported by an overarching DFDS social media guideline that ensures consistency across markets.

Social responsibility
DFDS continued our tradition of inviting homeless people in Copenhagen on board a ship for a free Christmas dinner. Over 320 guests joined us in Copenhagen. Along with those that came on board in Oslo, more than 500 people enjoyed a Christmas meal. All DFDS employees on hand donated their time to the cause.

Recognition
The DFDS approach towards meeting and exceeding customer expectations has been recognized with several awards. This recognition for superior customer service reflects our efforts to meet or even exceed our customers' 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 worldwide competition acknowledged our strong focus on superior customer service and a genuine experience on board our ships. For the seventh consecutive year, DFDS managed to win one of the prestigious World Travel Awards, known as the 'Oscars' of the travel industry. This is the second consecutive year that DFDS was awarded the trophy for both Europe and the whole world.

DFDS AT THE WORLD TRAVEL AWARDS

- **World Travel Awards Winner**
  'World's Leading Ferry Operator' 2011, 2012 & 2013

- **World Travel Awards Winner**
  'Europe's Leading Ferry Operator' 2007, 2008, 2009, 2010, 2011, 2012 & 2013

- **Best passenger shipping company**
  Along with European and worldwide honours, DFDS received the Danish Travel Award as the best passenger shipping company operating between Denmark and foreign countries. This is the sixth time that DFDS received the award, underlining our commitment to customer satisfaction and our 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 following an extensive survey that included 90 of the biggest customer centres in Norway. DFDS's commitment to finding customer-friendly solutions to ensure a positive experience for the customer was singled out for praise 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 highly on the overall assessment of the journey, including key service dimensions like restaurant service and staff efficiency.

Future steps/commitments 2014/15
- The Customer Focus Initiative will be continued. Several workgroups are running pilot projects and those results will be used to make both short- and long-term improvements.
- The identified improvement potentials for on-board services from the Compax initiative will be integrated into day-to-day operations

SUPPLIERS

WE COOPERATE WITH MORE THAN 1,000 SUPPLIERS IN MORE THAN 13 COUNTRIES

Highlights

- DFDS sources goods and services for around 50 ships, over 30 locations and 7,500 units of cargo carrying equipment
- Around 5,000 purchase orders each month
- All supply contracts include our Supplier Code of Conduct
- New Group Procurement organization in place
- Closer cooperation with business
- New sourcing tools: e-RFx and e-auctions
- Continued consolidation of supplier base

Our approach

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, demands – including CR requirements – and value for money for DFDS.

We cooperate with more than 1,000 suppliers in more than 13 countries and strive to add value to the company through efficient procurement and close cooperation with internal as well as external partners. We value a close dialogue and cooperation with our suppliers in our daily activities.

The Procurement organisation is located in Denmark, France, UK, and Lithuania.

Creating value for the company: Developments 2013

In 2013, Group Procurement welcomed new members to the team in order to ensure we could provide the necessary support to the business.

An important event in 2013 was the initiation of a group-wide project, Project 100. The objective is to achieve a DKK 100m improvement of DFDS' EBIT by 2015 through more efficient procurement. In order to achieve this target, we have started to embrace procurement tools such as e-RFx and e-auctions.

The first e-auction involved suppliers of lubrication oil, of which large volumes are consumed by our ships. The preparation process for e-auctions, as well as other supplier negotiations, include exploration of new ways to enhance cooperation on procurement with the business units in line with our new procurement strategy finalised in 2013. This includes:

- Closer cooperation with business units: before entering into a tender a detailed analysis and documentation of the business unit's supply requirements is made. This identifies the potential for substantial reductions in required volumes and number of articles to be purchased, as well as significant savings. This process also results in less waste being produced.
- Integration of the marine purchasing processes in the maintenance system SERTICA, thus achieving full integration with ships' maintenance planning and the financial and controlling processes. This allows for more transparent and automated processes and more just-in-time deliveries, reducing the need for stocks on board and the amount of cash tied up in stocks.
- Consolidation of volumes across offices and business units to reduce the number of suppliers and improve commercial terms.

Responsible procurement

In accordance with The DFDS Way, collaboration and engagement are central to responsible procurement.

DFDS chooses suppliers who operate in a decent and respectful manner.

Our suppliers must accept to conform to the DFDS Supplier Code of Conduct and all applicable international conventions and national legislation in the country where production or services are performed. Specifically, our suppliers 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 subcontractors and business partners
- Environmental regulations that apply in the country where the product is manufactured or the service performed.

For procurement related to shipping, our internal audit programme validates 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 these criteria. DFDS follows the Global Ship Management System approach to validating that a supplier meets safety and environmental requirements, and that it has achieved its Wheelmark.

We try to protect our commercial value from being negatively affected by issues relating to security, product safety, quality, environmental protection and social responsibility.

Moving ahead

A major focus for Group Procurement in 2014 will be to continue the integration and collaboration process across the DFDS Group to ensure continuous improvement and adaptation of best practices in line with The DFDS Way.

Next steps/commitment 2014/15

- After two successful e-auctions in 2013, DFDS will continue to use e-auctions as an efficient tool for purchasing of products and services that are suited to this method
- Continue to pursue our goal of improving DFDS' EBIT by DKK 100m in 2015 through more efficient procurement processes
- Focus on development and implementation of standard systems and processes
- Implement contract database
- Further development of procurement tools

FINANCIAL REVIEW

CASH FLOW FROM OPERATIONS OF DKK 1,520M BOOSTED BY REDUCTION OF WORKING CAPITAL

Introduction
DFDS' activities are organised in two divisions: the Shipping Division, operating within five business areas, and the Logistics Division, operating within three business areas. Non-allocated items consists of corporate costs not allocated to either division.

In order to make data comparable, large non-recurring items are recognised as special items in the income statement.

Revenue
Revenue increased by 3.4% to DKK 12,097m in 2013, driven by higher revenue in the Shipping Division, while revenue decreased in the Logistics Division.

The Shipping Division's revenue increased by 6.4% to DKK 8,530m, driven by an increase of DKK 471m in Channel and DKK 200m in France & Mediterranean. Channel's revenue increase comprises the full-year impact of the acquisition of LD Lines in September 2012, the full-year impact of the ramp up of capacity on Dover-Calais, after the route opened in February 2012, and market share growth in 2013. The revenue increase of France & Mediterranean solely reflects the full-year impact of the acquisition of LD Lines in September 2012. Lower income from bunker surcharges reduced revenue in North Sea and Baltic Sea offsetting higher revenue from volume growth in North Sea, while revenue in Baltic Sea was further reduced by route changes.

The Logistics Division's revenue decreased by 1.8% to DKK 4,183m in 2013, driven by the full-year impact of the restructuring of the sideport route network in the Nordic business area. Revenue of the Continent and UK & Ireland business areas was on a level with 2012 as overall modest volume growth was offset by lower revenue per unit and a lower pound sterling.

EBITDA before special items
Operating profit before depreciation (EBITDA) and special items increased by 11.4% to DKK 1,213m, mainly driven by higher earnings in the Shipping Division.

The Shipping Division's EBITDA increased by 15.7% to DKK 1,148m as earnings improved in the North Sea, Channel and Passenger business areas. North Sea's profit improvement was mainly due to volume growth as the UK economy came out of recession during 2013 and the return of volume from a major Swedish freight forwarder. Channel's loss was reduced in 2013, mainly due to the addition of activities from LD Lines. Passenger's profit was improved by a lower bunker cost and higher passenger volumes between UK and the Continent. Baltic Sea's result was reduced in 2013, primarily due to a slowdown of activity in the Russian economy during the year.

The Logistics Division's EBITDA increased by 5.7% to DKK 149m, mainly as a result of higher earnings in the Continent business area which offset lower profits in Nordic. Continent's performance was driven by high volume growth for the full load activities between Holland/Northern Germany/Italy and UK and improved margins as cost control measures became more efficient. The margin of the container activity between Holland and Ireland similarly improved following the move to operate as a NVOCC (non-vessel operating container carrier) at the end of 2012. Nordic's performance was adversely affected by the full-year impact of the restructuring of the sideport route network and the loss of some key Norwegian customers in 2012. Rail volumes between Scandinavia and Italy also declined in 2013 as Italian exports slowed down. UK & Ireland's result was on a par with 2012.

REVENUE

DKK m	2013	2012	Δ %	Δ
Shipping Division	8,530	8,015	6.4	515
Logistics Division	4,183	4,259	-1.8	-76
Eliminations etc.	-616	-574	n.a.	-42
DFDS Group	12,097	11,700	3.4	397

OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA) AND SPECIAL ITEMS

DKK m	2013	2012	Δ %	Δ
Shipping division	1,148	992	15.7	156
Logistics division	149	141	5.7	8
Non-allocated items	-84	-44	n.a.	-40
DFDS Group	1,213	1,089	11.4	124
EBITDA-margin, %	10.0	9.3	n.a.	0.7

SPECIAL ITEMS

DKK m	2013
Customer Focus Initiative	-2
Reversal of provision for earn-out agreement related to the purchase of Kapellskär-Paldiski	16
Project ONE Finance costs	-24
Reimbursement of credit insurance premium related to ARK newbuildings	22
Write down on property for sale in Scheveningen	-12
Impairment of goodwill related to LD Lines activities	-18
Total	**-17**

Non-allocated items amounted to a cost of DKK 84m compared to a cost of DKK 44m in 2012. The higher cost level is attributable to an income in 2012 from a reversal of a provision for jubilee liabilities and higher costs in 2013 for bonus schemes, several large acquisition projects and other projects undertaken during the year.

Associates and profit on sale of assets
The share of loss in associates was DKK -6m as operations of the Älvsborg port terminal in Gothenburg were lossmaking in 2013. Profit on the sale of non-current assets amounted to DKK 6m, mainly from the sale of cargo-carrying equipment.

Depreciation, impairment and EBIT
Total depreciation and write-downs increased by 4.6% to DKK 710m, driven by DKK 37m higher ship depreciations in the Shipping Division.

Operating profit (EBIT) before special items was DKK 503m, an increase of 20.3%.

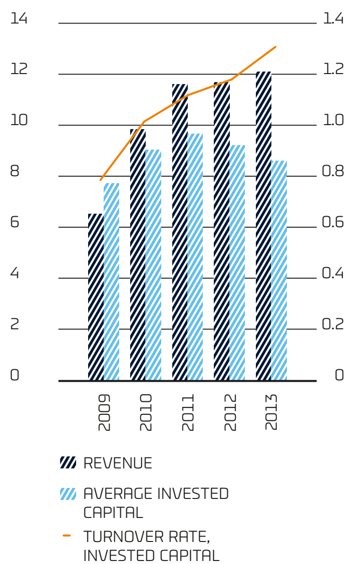
Special items
Special items in 2013 were a net cost of DKK -17m. The individual items are shown on page 53. See also note 7.

Operating profit (EBIT) after special items was DKK 486m, an increase of 64.8% as special items in 2012 was a net cost of DKK -124m.

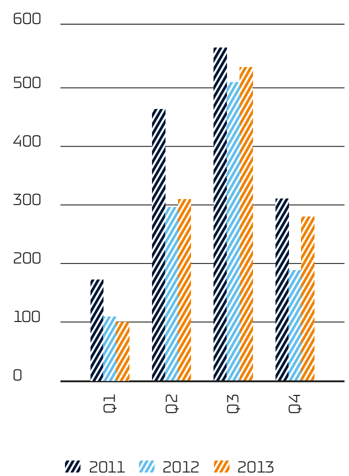
Financing
The net cost of financing was reduced by 8.5% to DKK 136m, primarily due to a reduction in the net interest cost of DKK 9m as the average net interest-bearing debt decreased by 12.9%. A financial receivable related to the sale of a passenger ship, was written down by DKK 7m but more than offset by a positive variance on other financial items.

DFDS GROUP			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	2,713	3,051	3,339	2,994	12,097	2,674	2,971	3,169	2,886	11,700
Operating profit before depreciation (EBITDA) and special items	100	307	529	277	1,213	109	293	503	184	1,089
Share of profit of associates	-2	-1	-5	2	-6	-2	0	3	2	3
Profit/loss on disposal of non-current assets	2	2	2	0	6	2	3	1	0	6
Depreciation and impairment	-173	-185	-175	-177	-710	-163	-171	-167	-178	-679
Operating profit (EBIT) before special items	-73	123	351	102	503	-54	125	340	8	418
Operating profit margin (EBIT), %	-2.7	4.0	10.5	3.4	4.2	-2.0	4.2	10.7	0.3	3.6
Special items, net	-1	-1	-16	1	-17	0	-67	-30	-27	-124
Operating profit (EBIT)	-74	122	335	103	486	-54	58	310	-19	295
Profit before tax	-118	93	307	68	350	-98	22	272	-50	146
Invested capital, average	8,687	8,549	8,619	8,587	8,633	9,452	9,356	9,118	8,898	9,207
Return on invested capital (ROIC) p.a., %	-3.4	5.6	15.5	5.0	5.7	-2.3	3.0	13.7	-0.8	3.4

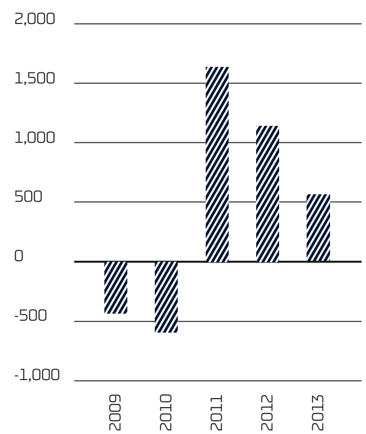
REVENUE AND INVESTED CAPITAL
(DKKm) (TIMES)



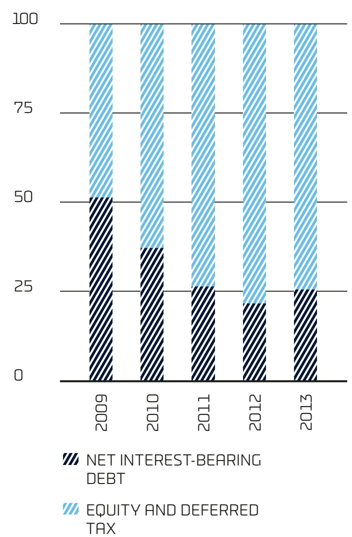
DFDS GROUP – EBITDA BEFORE SPECIAL ITEMS PER QUARTER
(DKK M)



FREE CASH FLOW
(DKK M)



CAPITAL STRUCTURE
(%-SHARE OF CAPITAL)



Tax and the annual result
Profit before tax was DKK 350m. The shipping activities of the DFDS Group are covered by tonnage tax schemes in Denmark, Norway, the Netherlands, Lithuania, England and France. Tax on the annual profit amounted to DKK 23m, of which DKK 18m consisted of tax for the year, while DKK 4m consisted of deferred tax. Adjustment for previous years' taxes amounted to an income of DKK 13m and changes to the rate of corporation tax generated a cost of DKK 5m. Deferred tax assets were written down by DKK 2m in 2013.

The net annual result was DKK 327m compared to DKK 143m in 2012.

Investments
Net investments in 2013 amounted to DKK 943m.

Gross investments in tangible assets amounted to DKK 822m, of which DKK 731m was related to ships. Main investments were DKK 398m in the construction of ARK ships, DKK 120m in scrubber installations and DKK 201m in docking and upgrade of ships. Other gross investments in tangible assets of DKK 91m were mainly cargo-carrying equipment. Investments in intangible assets amounted to DKK 38m, mainly IT systems.

Acquisitions amounted to investments of DKK 99m, primarily related to the acquisition of Karlshamn Express Group. See note 31 for further details.

Assets, invested capital and return
Total assets were on a level with 2012 at the end of the year as investments in newbuildings, scrubbers and a company acquisition were balanced by depreciation of assets and lower other non-current assets and cash funds.

Net working capital, defined as inventory and trade receivables minus trade payables, was reduced by DKK 362m from DKK 606m in 2012 to DKK 244m as a result of project Light Capital started in 2012. The project's goal of a reduction of DKK 300m was thus exceeded. The primary driver of the reduction was an increase of trade payables.

At the end of 2013, invested capital was DKK 8,555m, a reduction of 3.8% compared to the end of 2012. Calculated as an average, invested capital was DKK 8,633m in 2013, a decrease of 6.2% compared to 2012. The average return on invested capital was 5.7% in 2013 and 5.8% adjusted for special items.

Financing and capital structure
At year-end 2013, interest-bearing debt was DKK 3,398m compared to DKK 3,233m at the end of 2012. The loan portfolio was further diversified during 2013 as a second corporate bond of NOK 700m was issued increasing the share of bond loans in the portfolio to 31.2% from 15.7%. The other major component of the portfolio is mortgaged ship loans.

Compared to the year-end of 2012, net interest-bearing debt increased by 13.5% to DKK 2,189m while the average net interest-bearing debt decreased by 12.9% in 2013.

At the end of 2013, the ratio of net interest-bearing debt to operating profit (EBITDA) before special items was 1.8.

Cash flow
Gross cash flow from operations increased by 64.1% to DKK 1,520m due to a higher operating profit (EBITDA) and a release of cash of DKK 381m from changes in total working capital. The latter includes a contribution of DKK 362m generated by the Light Capital project. Cash flow from investment activities amounted to DKK -943m. The free cash flow was DKK 559m.

The positive free cash flow and proceeds of DKK 927m from ship mortgage loans and corporate bonds were applied to fund repayment of debt of DKK 693m, a net cost of financing of DKK 137m, buy-back of shares of DKK 628m and a dividend payment of DKK 203m. The cash flow from financing activities was negative by DKK 462m in 2013.

Impairment test
Based on the impairment tests completed in 2013 for the cash-generating units, no write-downs or reversals of prior years' write-downs are deemed necessary.

VILNIUS SEAWAYS and the former Norfolkline domicile in Scheveningen are classified as held for sale and therefore measured individually at the lower of the carrying amount and the fair value less selling costs. Based on independent ship broker valuations, VILNIUS SEAWAYS has been written down by DKK 3.0m. Based on a real estate broker valuation, the property in Scheveningen has been written down by DKK 11.8m. The write-down of the ship is recognised in the income statement as 'Impairment losses of ships and other non-current assets', whereas the write-down of the property is recognised as 'Special items'.

The impairment tests conducted are described in greater detail in note 37.

Equity
DFDS' equity decreased by DKK 619m to DKK 6,263m at the end of 2013. The decrease was mainly due to the purchase of DKK 628m of own shares in September 2013. The transfer of the profit for the year of DKK 327m was balanced by currency and other adjustments and a dividend payment of DKK 203m. Including minority interests of DKK 55m, equity amounted to DKK 6,318m at the end of 2013.

The equity ratio at the end of the year was 51.3%, a decrease of 5.0 ppt compared to 2012.

Parent company key figures
Parent company, DFDS A/S, revenues were DKK 6,335m in 2013 and the profit for the year was DKK 313m. Total assets at the end of the year amounted to DKK 11,268m and the equity was DKK 4,648m.

FINANCIAL STATEMENTS

CONSOLIDATED

INCOME STATEMENT (1 JANUARY – 31 DECEMBER)

DKK '000

	Note	2013	2012
Revenue	1,2	12,097,088	11,699,925
Costs			
Operating costs	3	-7,524,472	-7,502,138
Charter hire		-582,577	-602,416
Staff costs	4	-2,152,500	-1,955,823
Costs of sales and administration	5	-624,939	-551,047
Total costs		*-10,884,488*	*-10,611,424*
Operating profit before depreciation (EBITDA) and special items		**1,212,600**	**1,088,501**
Share of profit/loss in associates	13	-6,186	2,861
Profit on disposal of non-current assets, net	6	6,376	6,471
Depreciation and impairment	11,12		
Depreciation ships		-568,678	-537,886
Depreciation other non-current assets		-135,474	-140,541
Impairment losses on ships and other non-current assets		-5,625	-1,031
Total depreciation and impairment		*-709,777*	*-679,458*
Operating profit (EBIT) before special items		**503,013**	**418,375**
Special items, net	7	-17,055	-123,521
Operating profit (EBIT)		**485,958**	**294,854**
Financial income	8	19,356	23,781
Financial costs	8	-155,703	-172,820
Profit before tax		**349,611**	**145,815**
Tax on profit	9	-22,928	-2,328
Profit for the year		**326,683**	**143,487**
Profit for the year is attributable to:			
Equity holders of DFDS A/S		325,226	143,527
Non-controlling interests		1,457	-40
Profit for the year		**326,683**	**143,487**
Earnings per share	10		
Basic earnings per share (EPS) of DKK 100 in DKK		23.34	9.90
Diluted earnings per share (EPS-D) of DKK 100 in DKK		23.30	9.90
Proposed profit appropriation			
Proposed dividends, DKK 14.00 per share (2012: DKK 14.00 per share)			

COMPREHENSIVE INCOME (1 JANUARY – 31 DECEMBER)

DKK '000

	Note	2013	2012
Profit for the year		**326,683**	**143,487**
Other comprehensive income			
Items that will not be reclassified subsequently to the Income statement:			
Remeasurement of defined benefit pension obligations	20	-20,957	-2,988
Tax on items that will no be reclassified to the Income statement	9	4,462	1,147
Items that will not be reclassified subsequently to the Income statement		**-16,495**	**-1,841**
Items that are or may be reclassified subsequently to the Income statement:			
Value adjustment of hedging instruments:			
Value adjustment for the year		-144,373	-8,906
Value adjustment transferred to operating costs		14,651	-2,090
Value adjustment transferred to net finance costs		163,518	14,058
Foreign exchange adjustments, foreign enterprises		-134,727	56,643
Unrealized value adjustment of securities		-1,275	-1,089
Realized value adjustment of securities transferred to the Income statement		0	1,491
Items that are or may be reclassified subsequently to the Income statement		**-102,206**	**60,107**
Total other comprehensive income after tax		**-118,701**	**58,266**
Total comprehensive income		**207,982**	**201,753**
Total comprehensive income for the year is attributable to:			
Equity holders of DFDS A/S		206,530	201,052
Non-controlling interests		1,452	701
Total comprehensive income		**207,982**	**201,753**

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)

DKK '000

	Note	2013	2012
Goodwill		424,748	369,862
Other non-current intangible assets		14,740	2,403
Software		74,999	49,721
Development projects in progress		50,101	55,823
Non-current intangible assets	11	**564,588**	**477,809**
Land and buildings		110,672	105,822
Terminals		569,321	603,695
Ships		6,705,730	7,227,716
Equipment, etc.		387,338	376,576
Assets under construction and prepayments		570,789	42,860
Non-current tangible assets	12	**8,343,850**	**8,356,669**
Investments in associates	13	3,783	6,847
Receivables	14	49,840	112,533
Securities	15	19,756	20,668
Deferred tax	18	82,730	95,850
Other non-current assets		**156,109**	**235,898**
Non-current assets		**9,064,547**	**9,070,376**
Inventories	16	149,777	152,266
Receivables	14	1,776,970	1,766,830
Prepayments		91,139	85,700
Securities	15	15,432	15,795
Cash		1,151,008	1,196,994
Current assets		**3,184,326**	**3,217,585**
Assets classified as held for sale	33	61,810	25,365
Total current assets		**3,246,136**	**3,242,950**
Assets		**12,310,683**	**12,313,326**

BALANCE SHEET 31 DECEMBER (EQUITY AND LIABILITIES)

DKK '000

	Note	2013	2012
Share capital	17	1,485,608	1,485,608
Reserves		-351,612	-71,138
Retained earnings		4,943,031	5,259,049
Proposed dividends		186,200	207,985
Equity attributable to equity holders of DFDS A/S		**6,263,227**	**6,881,504**
Non-controlling interests		54,923	54,306
Equity		**6,318,150**	**6,935,810**
Interest bearing liabilities	22	2,297,650	2,406,291
Deferred tax	18	130,204	126,823
Pension and jubilee liabilities	20	277,900	277,892
Other provisions	21	19,951	40,894
Non-current liabilities		**2,725,705**	**2,851,900**
Interest bearing liabilities	22	1,100,065	826,893
Trade payables		1,444,534	1,067,555
Other provisions	21	25,690	49,422
Corporation tax	25	8,501	22,979
Other payables	23	576,517	448,361
Deferred income	24	111,521	110,406
Current liabilities		**3,266,828**	**2,525,616**
Liabilities		**5,992,533**	**5,377,516**
Equity and liabilities		**12,310,683**	**12,313,326**

STATEMENT OF CHANGES IN EQUITY (1 JANUARY – 31 DECEMBER)

DKK '000

		Reserves								
	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 2013	1,485,608	20,621	-56,268	-220	-35,271	5,259,049	207,985	**6,881,504**	54,306	**6,935,810**
Comprehensive income for the year										
Profit for the year						325,226		**325,226**	1,457	**326,683**
Other comprehensive income										
Items that will not be reclassified subsequently to the Income statement:										
Remeasurement of defined benefit pension obligations						-20,957		**-20,957**		**-20,957**
Tax on items that will not be reclassified to the Income statement						4,462		**4,462**		**4,462**
Items that will not be reclassified subsequently to the Income statement	**0**	**0**	**0**	**0**	**0**	**-16,495**		**-16,495**	**0**	**-16,495**
Items that are or may be reclassified subsequently to the Income statement:										
Value adjustment for the year			-144,373					**-144,373**		**-144,373**
Value adjustment transferred to operating costs			14,651					**14,651**		**14,651**
Value adjustment transferred to financial costs			163,518					**163,518**		**163,518**
Foreign exchange adjustments, foreign enterprises		-134,722						**-134,722**	-5	**-134,727**
Unrealized value adjustment of securities				-1,275				**-1,275**		**-1,275**
Items that are or may be reclassified subsequently to the Income statement	**0**	**-134,722**	**33,796**	**-1,275**	**0**	**0**	**0**	**-102,201**	**-5**	**-102,206**
Total other comprehensive income after tax	**0**	**-134,722**	**33,796**	**-1,275**	**0**	**-16,495**	**0**	**-118,696**	**-5**	**-118,701**
Total comprehensive income	**0**	**-134,722**	**33,796**	**-1,275**	**0**	**308,731**	**0**	**206,530**	**1,452**	**207,982**
Transactions with owners										
Disposal, non-controlling interests						614		**614**	-835	**-221**
Proposed dividends						-186,200	186,200 [1]	**0**		**0**
Dividends paid							-203,047	**-203,047**		**-203,047**
Dividends own shares						4,938	-4,938	**0**		**0**
Vested regarding share-based payments						5,702		**5,702**		**5,702**
Purchase of treasury shares					-178,273	-450,139		**-628,412**		**-628,412**
Other adjustments						336		**336**		**336**
Total transactions with owners 2013	**0**	**0**	**0**	**0**	**-178,273**	**-624,749**	**-21,785**	**-824,807**	**-835**	**-825,642**
Equity at 31 December 2013	**1,485,608**	**-114,101**	**-22,472**	**-1,495**	**-213,544**	**4,943,031**	**186,200**	**6,263,227**	**54,923**	**6,318,150**

[1] Proposed dividends for 2013 is based on the nominal share capital of 13,300,000, which is the share capital as of 16 January 2014, where the cancellation of 1,556,081 treasury shares is legally completed. Reference is made to note 17.

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 Parent 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 (1 JANUARY – 31 DECEMBER)

DKK '000

		Reserves								
	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**
Change in accounting policies						-25,440		**-25,440**		**-25,440**
Restated equity at 1 January 2012	**1,485,608**	**-35,281**	**-59,330**	**-622**	**-35,271**	**5,317,377**	**207,985**	**6,880,466**	**57,675**	**6,938,141**
Comprehensive income for the year										
Profit for the year						143,527		**143,527**	-40	**143,487**
Other comprehensive income										
Items that will not be reclassified subsequently to the Income statement:										
Remeasurement of defined benefit pension obligations						-2,988		**-2,988**		**-2,988**
Tax on items that will not be reclassified to the Income statement						1,147		**1,147**		**1,147**
Items that will not be reclassified subsequently to the Income statement	**0**	**0**	**0**	**0**	**0**	**-1,841**		**-1,841**	**0**	**-1,841**
Items that are or may be reclassified subsequently to the Income statement:										
Value adjustment 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 costs			14,058					**14,058**		**14,058**
Foreign exchange adjustments, foreign enterprises		55,902						**55,902**	741	**56,643**
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**
Items that are or may be reclassified subsequently to the Income statement	**0**	**55,902**	**3,062**	**402**	**0**	**0**	**0**	**59,409**	**741**	**60,150**
Total other comprehensive income after tax	**0**	**55,902**	**3,062**	**402**	**0**	**-1,841**	**0**	**57,525**	**741**	**58,266**
Total comprehensive income	**0**	**55,902**	**3,062**	**402**	**0**	**141,686**	**0**	**201,052**	**701**	**201,753**
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 regarding 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**	**20,621**	**-56,268**	**-220**	**-35,271**	**5,259,049**	**207,985**	**6,881,504**	**54,306**	**6,935,810**

The Parent 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.

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.

CASH FLOW STATEMENT (1 JANUARY – 31 DECEMBER)

DKK '000

	Note	2013	2012
Operating profit before depreciation (EBITDA) and special items		**1,212,600**	**1,088,501**
Cash flow effect from special items related to operating activities		-22,259	-18,213
Adjustments for non-cash operating items, etc.	28	-16,962	-47,818
Change in working capital	29	381,055	-51,520
Payment of pension liabilities and other provisions		-34,544	-44,622
Cash flow from operating activities, gross		**1,519,890**	**926,328**
Interest received		88,671	195,527
Interest paid		-225,281	-274,906
Taxes paid		-18,546	-21,416
Cash flow from operating activities, net		**1,364,734**	**825,533**
Investments in ships including dockings, rebuildings and ships under construction		-730,989	-175,241
Cash received due to cancellation of newbuilding contracts		0	559,685
Investments in other non-current tangible assets		-91,455	-103,188
Sale of other non-current tangible assets		15,814	7,561
Investments in non-current intangible assets		-38,289	-43,920
Acquisition of enterprises/associates and activities	31	-98,544	-5,446
Dividend received from associates	13	708	0
Cash flow to/from investing activities		**-942,755**	**239,451**
Proceeds from loans secured by mortgage in ships		238,656	0
Repayment and instalments of loans secured by mortgage in ships		-693,280	-1,034,273
Change in other non-current investments		67,814	8,526
Change in other financial loans, net	30	-10,393	43,219
Payment of financial lease liabilities		-16,096	-16,372
Change in operating credits		93,177	-21,969
Change in loans to associated companies		1,875	-46,610
Proceeds from issuance of corporate bonds		688,348	488,837
Acquisition of non-controlling interests	32	-221	-3,222
Purchase of treasury shares		-628,412	0
Dividends paid		-203,047	-203,047
Cash flow to/from financing activities		**-461,579**	**-784,911**
Net increase (decrease) in cash and cash equivalents		**-39,600**	**280,073**
Securities, cash and cash equivalents at 1 January		1,212,789	931,062
Foreign exchange adjustments of securities, cash and cash equivalents		-6,749	1,654
Securities, cash and cash equivalents at 31 December		**1,166,440**	**1,212,789**

As of 31 December 2013 cash and cash equivalents includes bonds listed at NASDAQ OMX Nordic of DKK 15.4 million (2012: DKK 15.8 million).

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. Management has defined the Groups business segments based on the reporting regularly presented to the Group Executive Management, which also forms the basis for management's decisions.

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 therefore reflect the general functions, which cannot reasonably be allocated to the segments. The costs consist primarily of costs 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, etc. In addition the elimination of transactions between segments is included. Transactions between segments are concluded at arm's length terms.

Segment assets include 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 Divisions activities are divided into five business areas: North Sea, Baltic Sea, Channel, Passenger and France & Mediterranean.

The Shipping Division's activities are operation of ro-ro and ro-pax tonnage, but also operation of the passenger ships. In addition, operations 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 Divisions activities are divided into three business areas: Nordic, Continent and UK & Ireland.

The Logistics Division's activities are full- and part load transportation, and also warehousing and logistics solutions for larger customers. In addition the division operates lo-lo tonnage and also transport on railway. The customers are primarily importers/exporters and manufacturers of heavy industrial goods.

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Note 1 Segment information (continued)

2013	Shipping Division	Logistics Division	Non-allocated	Total
External revenue	7,989,527	4,092,994	14,567	12,097,088
Intragroup revenue	540,899	90,064	275,761	906,724
Revenue	8,530,426	4,183,058	290,328	13,003,812
Operating expenses, external	-7,078,886	-3,468,799	-336,803	-10,884,488
Intragroup operating expenses	-303,155	-565,357	-38,212	-906,724
Operating profit before depreciation (EBITDA) and special items	**1,148,385**	**148,902**	**-84,687**	**1,212,600**
Share of profit/loss in associates	-6,825	639	0	-6,186
Profit on disposal of non-current assets, net	1,963	4,413	0	6,376
Depreciation of ships and other non-current assets	-618,628	-62,123	-23,401	-704,152
Impairment losses on ships and other non-current assets	-3,023	686	-3,288	-5,625
Operating profit (EBIT) before special items	**521,872**	**92,517**	**-111,376**	**503,013**
Special items, net	-1,609	0	-15,446	-17,055
Operating profit (EBIT)	**520,263**	**92,517**	**-126,822**	**485,958**
Financial items, net				-136,347
Profit before tax				**349,611**
Tax on profit				-22,928
Profit for the year				**326,683**
Total assets	9,441,242	1,822,897	1,046,544	12,310,683
Investments in associates	0	3,783	0	3,783
Capital expenditures of the year	756,453	180,852	42,589	979,894
Assets held for sale, reference is made to note 33	48,270	0	13,540	61,810
Liabilities	2,007,114	1,081,684	2,903,735	5,992,533

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Note 1 Segment information (continued)

2012	Shipping Division	Logistics Division	Non-allocated	Total
External revenue	7,481,930	4,190,098	27,897	11,699,925
Intragroup revenue	533,041	68,701	275,450	877,192
Revenue	8,014,971	4,258,799	303,347	12,577,117
External operating expenses	-6,747,072	-3,552,545	-311,807	-10,611,424
Intragroup operating expenses	-276,300	-565,632	-35,260	-877,192
Operating profit before depreciation (EBITDA) and special items	**991,599**	**140,622**	**-43,720**	**1,088,501**
Share of profit/loss in associates	3,598	402	-1,139	2,861
Profit on disposal of non-current assets, net	841	5,630		6,471
Depreciation on ships and other non-current assets	-580,974	-66,423	-31,030	-678,427
Impairment losses on ships and other non-current assets	93	-1,124	0	-1,031
Operating profit (EBIT) before special items	**415,157**	**79,107**	**-75,889**	**418,375**
Special items, net	-42,738	-80,199	-584	-123,521
Operating profit (EBIT)	**372,419**	**-1,092**	**-76,473**	**294,854**
Financial items, net				-149,039
Profit before tax				**145,815**
Tax on profit				-2,328
Profit for the year				**143,487**
Total assets	9,369,304	1,681,125	1,262,897	12,313,326
Investments in associates	3,692	3,155	0	6,847
Capital expenditures of the year	315,701	69,446	53,255	438,402
Assets held for sale, reference is made to note 33	0	0	25,365	25,365
Liabilities	1,376,784	1,103,847	2,896,885	5,377,516

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, English Channel, Continent, Nordic, UK/Ireland and Mediterranean. As a consequence of the Group's business model the routes do not directly own the ships, but solely charters the ships from a vessel pool. The ships 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.

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Note 1 Segment information (continued)

	North sea	Baltic sea	English Channel	Continent	Nordic	UK/ Ireland	Mediterra-nean	Total
2013								
Total revenue	4,698,218	1,354,711	1,828,916	1,706,353	1,273,108	1,114,688	121,094	12,097,088
Non-current assets	5,532,290	1,495,916	1,309,236	138,321	346,491	240,159	2,134	9,064,547
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	5,396,588	1,656,107	1,367,927	112,520	280,856	254,558	1,820	9,070,376

Information on significant customers

The Group does not have any customers, that individually or seen as a group, represents more than 10% of the Group's net revenue.

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Note 2 Revenue	**2013**	**2012**
Sale of goods on board ships	1,168,902	1,114,754
Sale of services	10,680,380	10,358,616
Rental income from timecharter and bareboat of ships and operating equipment	247,806	226,555
Total revenue	**12,097,088**	**11,699,925**

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Note 3 Cost of sales	**2013**	**2012**
Cost of sales included in operating costs	2,469,742	2,641,929
Change in inventory write-downs for the year	-1,237	1,954
Total cost of sales	**2,468,505**	**2,643,883**

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

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Note 4 Staff costs	2013	2012
Wages, salaries and remuneration	1,715,292	1,583,008
Defined contribution pension plans	82,524	68,714
Defined benefit pension plans, reference is made to note 20	2,553	4,577
Other social security costs	192,519	166,285
Share-based payment, reference is made to note 19	5,702	4,736
Other staff costs	153,910	128,503
Total staff costs	**2,152,500**	**1,955,823**
Of this, remuneration to the Executive Board:		
Wages and salaries	10,160	9,896
Bonus	8,114	0
Defined contribution pension plans	1,014	989
Share-based payment, reference is made to note 19	2,716	2,354
Other staff cost	533	554
Total remuneration to Executive Board	**22,537**	**13,793**
Remuneration to the Board of Directors and Audit Committee:		
Chairman	750	750
Deputy chairmen	950	950
Other members of the Board of Directors	2,325	2,550
Total remuneration, Board of Directors and Audit Committee	**4,025**	**4,250**
Full time equivalents (FTE), average	5,930	5,239

Remuneration to the chairman of the Audit Committee amounts to DKK 100k (2012: DKK 100k) and remuneration to other members of the Audit Committee amounts to DKK 50k (2012: DKK 50k) each. No remuneration is paid to members of other committees.

In connection with a change of control of the Group, the members of the Executive Board can - within the first 12 months of the event - trigger termination of their employment on similar terms as if the Company had terminated the employment of the members of the Executive Board, however, with an increased redundancy payment of up to 12 months salary.

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Note 5 Auditor's fees	2013	2012
Audit fees	7,649	7,255
Other assurance engagements	238	229
Tax and VAT advice	3,511	2,673
Non-audit services	1,769	1,089
Total fees to KPMG	**13,167**	**11,246**

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Note 6 Profit on disposal of non-current assets, net	2013	2012
Profit on disposal of property, plant and equipment		
Equipment, etc.	6,746	4,894
Other	0	1,840
Profit on disposal of property, plant and equipment	*6,746*	*6,734*
Loss on disposal of property, plant and equipment		
Equipment, etc.	-370	-263
Loss on disposal of property, plant and equipment	*-370*	*-263*
Total profit on disposal of non-current assets, net	**6,376**	**6,471**

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Note 7 Special items, net	**2013**	**2012**
Reimbursement of various financing costs that were expensed in 2012 when newbuilding contracts were terminated, which also entailed termination of the financing established. 2012: 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	22,243	-28,967
Adjustment of estimated net present value of earn out to seller regarding the route Kapellskär-Paldiski acquired in 2011	16,075	-10,540
Cost related to designing and implementing one group wide finance service centre, including advisor costs, redundancies etc.	-23,605	0
Total effect regarding adjustment of purchase price in connection with final approval of acquisition balances etc. related to the acquisition of LD Lines' freight and passenger routes in 2012 (impairment of goodwill)	-17,684	0
Impairment of the former Norfolkline domicile in Scheveningen, NL	-11,820	0
Cost related to restructuring and efficiency improvements of processes in connection with project Customer Focus Initiative	-2,264	-17,897
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	0	23,509
Adjustment of gain regarding the ship LISCO GLORIA as a result of clarification of further insurance circumstances	0	15,635
Impairment of three side port ships in the business unit Nordic Contract, reference is made to note 37	0	-75,000
Impairment of two passenger ships in the business unit Passenger, reference is made to note 37	0	-27,000
Impairment of investments/goodwill in associates, reference is made to note 37	0	-3,261
Special items, net	**-17,055**	**-123,521**
If special items had been included in the operating profit before special items, they would have been recognized as follows:		
Operating costs	0	23,509
Staff costs	-9,355	0
Costs of sales and administration	-16,514	-17,897
Operating profit before depreciation (EBITDA) and special items	**-25,869**	**5,612**
Profit on disposal of non-current assets and securities	0	-13,332
Impairment of ships and other non-current assets	-13,429	-115,801
Financial income	22,243	0
Special items, net	**-17,055**	**-123,521**

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Note 8 Financial items, net	**2013**	**2012**
Financial income		
Interest income from banks, etc.	15,401	21,418
Foreign exchange gains, net [1]	0	0
Dividends	3,955	2,363
Total financial income	*19,356*	*23,781*
Financial costs		
Interest expense to banks, credit institutions, etc.	-120,341	-134,027
Foreign exchange losses, net [1]	-5,409	-7,498
Realized loss on securities	0	-1,491
Defined benefit pension plans, reference is made to note 20	-10,491	-11,837
Loss on loan receivable [2]	-6,432	0
Other financial costs	-23,079	-26,151
Transfers to assets under construction [3]	10,049	8,184
Total financial costs	*-155,703*	*-172,820*
Financial items, net	**-136,347**	**-149,039**

1 Foreign exchange gains 2013 amounts to DKK 237 million (2012: DKK 180 million) and foreign exchange losses amounts to DKK 242 million (2012: DKK 187 million) for The Group.
2 Realized loss on loan granted to purchasers of the ship Queen of Scandinavia in connection with final transfer of legal ownership of the ship.
3 Interest capitalized on two newbuildings (2012: Interest capitalized until cancellation of newbuilding contracts on two freight ships (ro-ro)). The interest for the year is calculated by using a mix of a specific interest rate and a general interest rate of approximately 1.7 - 5.4% p.a. (2012: 1.6 - 3.2% p.a.).

Interest income and interest expense relates to financial instruments measured at amortized cost.

Other financial costs contains bank charges regarding conversion of loans, including amortization of capitalized bank charges related to borrowings, administrative fees, etc.

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Note 9 Tax	2013	2012
Current tax	-17,898	-14,091
Current joint tax contributions	-2,000	-12,894
Deferred tax for the year	-3,975	24,879
Adjustment to corporation tax in respect of prior years	12,938	17,276
Adjustment to deferred tax in respect of prior years	-1,168	6,957
Adjustment of corporate income tax rate	-4,814	18,339
Write-down of deferred tax assets	-1,549	-41,647
Tax for the year	**-18,466**	**-1,181**
Tax for the year is recognised as follows:		
Tax in the income statement	-22,928	-2,328
Tax in other comprehensive income	4,462	1,147
Tax for the year	**-18,466**	**-1,181**
Tax in the income statement can be broken down as follows:		
Profit before tax	349,611	145,815
Of this, tonnage taxed income	-314,374	-176,527
Profit before tax (corporate income tax)	**35,237**	**-30,712**
25% tax of profit before tax	-8,809	7,678
Adjustment of calculated tax in foreign subsidiaries compared to 25%	-2,442	-292
Tax effect of:		
Non-taxable items	-16,177	11,471
Tax asset for the year, not recognised	-8,750	-21,673
Utilisation of non-capitalized tax asset	10,878	2,651
Adjustments of tax in respect of prior years	5,407	925
Corporate income tax	-19,893	760
Tonnage tax	-3,035	-3,088
Tax in the income statement	**-22,928**	**-2,328**
Effective tax rate	6.6	1.6
Effective tax rate before adjustment of prior years' tax	8.1	2.2
Tax in other comprehensive income can be broken down as follows:		
Deferred tax	4,462	1,147
Total tax in other comprehensive income	**4,462**	**1,147**

Note 9 Tax (continued)

The majority of 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 passengers and freight is calculated based on the tonnage deployed during the year. Taxable income related to other activities is taxed according to the normal corporate income tax rules.

DFDS A/S and its Danish subsidiaries and Danish taxed branches are within the Danish Act of compulsory joint taxation with LF Investment ApS and J. Lauritzen A/S and these two companies' Danish controlled enterprises. In accordance with the Danish rules on joint taxation, DFDS A/S' 100% owned Danish subsidiaries are jointly and severally liable for DFDS A/S' corporation tax liabilities towards the Danish tax authorities while DFDS A/S and its Danish subsidiaries only are subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other companies that are part of the Danish joint taxation. LF Investment ApS is the administration company in the joint taxation and settles all payments of corporation tax with the tax authorities.

Adjustment of prior years' tax in 2013 primarily relates to the final settlement and utilisation of tax losses between the English companies and between the Danish companies in the Group.

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

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Note 10 Earnings per share	2013	2012
Profit for the year	326,683	143,487
Attributable to non-controlling interests	-1,457	40
Attributable to DFDS Group	**325,226**	**143,527**
Weighted average number of issued ordinary shares	14,856,081	14,856,081
Weighted average number of treasury shares	-924,164	-352,714
Weighted average number of ordinary shares	13,931,917	14,503,367
Weighted average number of share options issued	23,577	0
Weighted average number of ordinary shares (diluted)	**13,955,494**	**14,503,367**
Basic earnings per share (EPS) of DKK 100 in DKK	23.34	9.90
Diluted earnings per share (EPS-D) of DKK 100 in DKK	23.30	9.90

When calculating diluted earnings per share for 2013, 52,406 share options (2012: 254,802) have been omitted as they are out-of-the-money, but potentially the share options might dilute earnings per share in the future.

DKK '000

Note 11 Non-current intangible assets

	Goodwill	Other non-current intangible assets	Software	Devel-opment projects in progress	Total
Cost at 1 January 2013	493,027	63,668	196,510	55,823	809,028
Foreign exchange adjustments	-11,621	-528	-25	-7	-12,181
Additions	64,465 [1]	15,466	14,489	23,228	117,648
Disposals	0	-55,398	-1,273	0	-56,671
Transfers	0	-2,409	28,851	-25,656	786 [2]
Cost at 31 December 2013	**545,871**	**20,799**	**238,552**	**53,388**	**858,610**
Amortisation and impairment losses at 1 January 2013	123,165	61,265	146,789	0	331,219
Foreign exchange adjustments	-4,235	-60	1,063	0	-3,232
Amortisation charge	0	416	16,024	0	16,440
Impairment charge	2,193	0	0	3,287 [3]	5,480
Disposals	0	-55,398	-1,273	0	-56,671
Transfers	0	-164	950	0	786 [2]
Amortisation and impairment losses at 31 December 2013	**121,123**	**6,059**	**163,553**	**3,287**	**294,022**
Carrying amount at 31 December 2013	**424,748**	**14,740**	**74,999**	**50,101**	**564,588**

[1] Addition of goodwill relates to the purchase of Karlshamn Express Group (DKK 64 million) and increased ownership in Oslo Container Terminal (DKK 0.5 million).

[2] Transferred to non-current tangible assets.

[3] In 2013 DKK 3.3 million regarding the development of a procurement system was written down as it was decided to stop the project, (2012: no write-downs).

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Note 11 Non-current intangible assets (continued)

	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Cost at 1 January 2012	483,678	60,957	186,486	22,558	753,679
Foreign exchange adjustments	7,161	76	-4	13	7,246
Addition on acquisition of enterprises	0	2,791	45	0	2,836
Additions	2,188	0	37	43,888	46,113
Disposals	0	-156	0	0	-156
Transfers	0	0	9,946	-10,636	-690 [1]
Cost at 31 December 2012	**493,027**	**63,668**	**196,510**	**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.

Recognised goodwill is attributable to the following cash generating units:

DKK million	2013	2012
Shipping:		
North Sea and Baltic Sea	201.0	203.6
Channel	0.0	2.2
Logistics:		
Continent	151.3	155.7
Nordic	64.0	0.0
UK & Ireland	8.4	8.4
Total	**424.7**	**369.9**

Regarding impairment tests and impairment losses of goodwill, reference is made to note 37.

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

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Note 12 Non-current tangible assets

	Land and buildings	Terminals	Ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2013	127,937	826,454	11,762,554	952,493	42,860	13,712,298
Foreign exchange adjustments	-3,050	-5,842	-207,544	-15,124	-2,172	-233,732
Addition on acquisition of enterprises	13,505	0	0	16,191	58	29,754 [1]
Additions	844	2,057	66,254	88,525	674,812 [2]	832,492
Disposals	0	0	-52,499	-61,468	-125	-114,092
Transfers	82	-82	140,056	3,802	-144,644	-786 [3]
Transferred to assets classified as held for sale	0	0	-85,545 [4]	0	0	-85,545
Cost at 31 December 2013	**139,318**	**822,587**	**11,623,276**	**984,419**	**570,789**	**14,140,389**
Depreciation and impairment losses at 1 January 2013	22,115	222,759	4,534,838	575,917	0	5,355,629
Foreign exchange adjustments	841	-2,712	-94,920	-10,304	0	-107,095
Depreciation charge	5,690	33,219	568,678	80,148	0	687,735
Disposals	0	0	-52,499	-52,155	0	-104,654
Transfers	0	0	-4,261	3,475	0	-786 [3]
Transferred to assets classified as held for sale	0	0	-34,290 [4]	0	0	-34,290
Depreciation and impairment losses at 31 December 2013	**28,646**	**253,266**	**4,917,546**	**597,081**	**0**	**5,796,539**
Carrying amount at 31 December 2013	**110,672**	**569,321**	**6,705,730**	**387,338**	**570,789**	**8,343,850**
Hereof assets held under finance leases	0	0	0	48,506	0	48,506

[1] Addition on acquisition of entreprises relates to the purchase of Karlshamn Express Group.
[2] Primarily relates to construction of two newbuildings (ro-ro ships).
[3] Transferred to non-current intangible assets.
[4] The transfer relates to the ship VILNIUS SEAWAYS, which is classified as held for sale.

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Note 12 Non-current tangible assets (continued)

	Land and buildings	Terminals	Ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost 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
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
Transfers	0	516	66,522	12,417	-78,765	690 [1]
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**
Hereof assets held under finance leases	0	0	0	60,797	0	60,797

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

On the basis of the impairment test performed in 2013 there has been no impairment loss on ships (2012: DKK 27 million on two passenger ships and DKK 75 million on three sideport ships, a total of DKK 102 million). For further information regarding the impairment tests reference is made to note 37.

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Note 13 Investments in associates	**2013**	**2012**
Cost at 1 January	1,247	29,448
Foreign exchange adjustment	-318	95
Additions	1,189	28
Disposals	-223	-28,324
Other equity movements	3,172	0
Cost at 31 December	**5,067**	**1,247**
Value adjustments at 1 January	5,600	-23,328
Foreign exchange adjustment	-213	149
Disposals	223	29,179
Share of profit for the year	-6,186	2,861
Impairment charge	0	-3,261
Dividends received	-708	0
Value adjustments at 31 December	**-1,284**	**5,600**
Carrying amount at 31 December	**3,783**	**6,847**

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							The Groups Share	
2013	**Domicile**	**Ownership**	**Revenue**	**Result for the year**	**Assets**	**Liabilities**	**Equity**	**Profit for the year**
Oslo Container Terminal AS	Oslo	50.0% [1]	77,953	622	16,367	9,833	3,267	311
DFDS Suardiaz Line Ltd.	Immingham	50.0% [2]	162,340	641	26,910	77,604	-25,347	321
Seafront Port Services AS (Former KST Terminal AS)	Oslo	40.0%	29,766	820	5,255	3,965	516	328
Bohus Terminal Holding AB	Gothenburg	65.0% [3]	385,251	-10,502	152,665	158,133	-3,554	-6,825
							-25,118	-5,865
Of which investments in associates with negative value, where DFDS is not committed to cover the negative equity							28,901	-321
							3,783	**-6,186**

[1] Additional ownership was acquired in 2013.
[2] Owned by the Parent Company.
[3] Due to minority protection in the shareholders' agreement the DFDS Group does not have controlling interest, despite of 65 % ownership.

DKK '000

Note 13 Investments in associates (continued)

							The Groups Share	
2012	**Domicile**	**Ownership**	**Revenue**	**Result for the year**	**Assets**	**Liabilities**	**Equity**	**Profit for the year**
Suardiaz DFDS Autologistics NV	Ghent	0.0% [1]	0	0	0	0	0	0
Oslo Container Terminal 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 committed 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 liquidated.
[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

Note 14 Receivables	**2013**	**2012**
Other non-current receivables	49,840	112,533
Total non-current receivables	**49,840**	**112,533**
Trade receivables	1,538,800	1,521,279
Receivables from associates	49,321	54,366
Corporation tax and joint taxation contribution, receivable	5,602	6,373
Fair value of derivative financial instruments, forward transactions and bunker hedges	2,703	32,987
Other receivables and current assets	180,544	151,825
Total current receivables	**1,776,970**	**1,766,830**
Total current and non-current receivables	**1,826,810**	**1,879,363**

The carrying amount of receivables is in all material respects equal to the fair value.

None of the trade receivable with collateral are overdue at 31 December 2013 (2012: none). The collateral is bank guarantees.

DKK '000

Note 14 Receivables (continued)	2013	2012
Receivables that are past due, but not impaired:		
Days past due:		
Up to 30 days	382,680	317,550
31-60 days	30,119	75,280
61-90 days	16,468	23,736
91-120 days	12,441	8,090
More than 120 days	18,680	39,106
Past due, but not impaired	**460,388**	**463,762**

Movements in write-downs, which are included in the above trade receivables:		
Write-downs at 1 January	46,673	40,764
Foreign exchange adjustment	-2,127	918
Addition on acquisition of enterprises	6,537	0
Write-downs	3,573	14,379
Realized losses	-9,587	-8,288
Reversed write-downs	-561	-1,100
Write-downs at 31 December	**44,508**	**46,673**

Age distribution of write-downs:		
Days past due:		
Up to 30 days	2,899	1,955
31-60 days	2,842	2,913
61-90 days	575	838
91-120 days	750	1,249
More than 120 days	37,442	39,718
Write-downs at 31 December	**44,508**	**46,673**

Write-downs and realized losses are recognised in operational cost in the income statement.
Write-downs on trade receivables are caused by customers bankruptcy or uncertainty about the customers ability and willingness to pay.

Financial leasing receivables (lessor)
End of 2012 a part of 'Other non-current receivables' and 'Other receivables and current assets' included a receivable regarding a financial lease out contract. The financial lease receivables were related to the ship Queen of Scandinavia, which accounting wise was sold to former lessee in 2011. The receivable have been settled in 2013 in connection with the charterer taking full and final legal ownership over the ship.

DKK '000

Note 14 Receivables (continued)

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

DKK '000

Note 15 Securities	2013	2012
Listed bonds	15,432	15,795
Listed shares	1,243	2,155
Other shares and equity investments	17,782	17,782
Other investments	731	731
Total securities	**35,188**	**36,463**
Classified as follows:		
Non-current securities	19,756	20,668
Current securities	15,432	15,795
Total securities	**35,188**	**36,463**

Securities are 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 investments are not remeasured to fair value because the fair value cannot be measured reliably. Instead the securities are recognised at cost reduced by write-downs, if any.

DKK '000

Note 16 Inventories	2013	2012
Bunkers	86,859	82,897
Goods for sale and raw materials for restaurants	65,609	73,297
Write-down of inventories	-2,691	-3,928
Total inventories	**149,777**	**152,266**

DKK '000

Note 17 Treasury shares (number of shares)	2013	2012
Treasury shares at 1 January	352,714	352,714
Acquisition of treasury shares	1,782,730	0
Treasury shares at 31 December	**2,135,444**	**352,714**
Market value of treasury shares at 31 December	933,189	90,118

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

DFDS A/S has during financial year 2013 acquired treasury shares for a total payment of DKK 628.4 million (2012: DKK 0 million).

The Parent Company's holding of treasury shares at 31 December 2013 is 2,135,444 shares (2012: 352,714 shares), corresponding to 14.37% (2012: 2.37%) of the Parent Company's share capital. Treasury shares have originally been acquired to cover a share option scheme for employees.

On an Extraordinary General Meeting in December 2013 it was decided to cancel 1,556,081 of the treasury shares. This results in a reduction of the Company's share capital by nominally DKK 155,608,100. The cancellation was legally completed on 16 January 2014. Accordingly, the cancellation of the Parent Company's treasury shares is not effective at 31 December 2013, and thus not included in the financial statements for 2013.

DKK '000

Note 18 Deferred tax

2013	Ships	Land and buildings, terminals and other equipment	Provisions	Tax loss Carried forward	Other	Total
Deferred tax at 1 January	119,173	8,160	-56,246	-39,755	-359	30,973
Foreign exchange adjustments	-5,653	-70	1,298	1,794	122	-2,509
Impact from change in corporate income tax rate	0	296	4,101	408	9	4,814
Addition on acquisition of enterprises	0	2,372	0	0	4,131	6,503
Recognised in the Income statement	2,356	-3,220	3,439	6,677	-815	8,437
Recognised in other comprehensive income	0	0	-4,462	0	0	-4,462
Utilisation of tax losses between jointly taxed companies	0	0	0	1,001	0	1,001
Adjustment regarding prior years recognised in the income statement	-73	689	115	437	0	1,168
Write-down of deferred tax assets	0	0	0	1,549	0	1,549
Deferred tax at 31 December	**115,803**	**8,227**	**-51,755**	**-27,889**	**3,088**	**47,474**
2012						
Deferred tax at 1 January	160,125	15,471	-59,854	-78,206	-2,011	35,525
Foreign exchange adjustments	7,055	160	-1,591	-2,494	-102	3,028
Impact from change in corporate income tax rate	-25,946	46	6,296	1,650	-385	-18,339
Recognised in the Income statement	-22,333	8	-3,316	1,986	-77	-23,732
Recognised in other comprehensive income	0	0	-1,147	0	0	-1,147
Utilisation of tax losses between jointly taxed companies	0	0	0	948	0	948
Adjustment regarding prior years recognised in the income statement	272	-7,525	3,366	-2,898	-172	-6,957
Write-down of deferred tax assets	0	0	0	39,259	2,388	41,647
Deferred tax at 31 December	**119,173**	**8,160**	**-56,246**	**-39,755**	**-359**	**30,973**

	2013	2012
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (assets)	82,730	95,850
Deferred tax (liabilities)	130,204	126,823
Deferred tax at 31 December, net	**47,474**	**30,973**

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 263 million (2012: 252 million) may be recognised.

DKK '000

Note 19 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 3.1% of the share capital (2012: 1.7%) 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 2009 were 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.

2013	**Executive Board Number**	**Executive employees Number**	**Resigned employees Number**	**Total**	**Average exercise price per option DKK**	**Average fair value per option DKK**	**Total fair value DKK '000**
Outstanding at 1 January	136,322	108,480	10,000	254,802	391.07	7.90	2,013
Transferred between categories	0	-1,583	1,583	0	381.56	77.47	123
Granted during the year	109,753	110,517	0	220,270	294.00	129.35	28,491
Forfeited during the year	-10,000	0	-10,000	-20,000	640.67	0.00	0
Outstanding at 31 December	**236,075**	**217,414**	**1,583**	**455,072**	**333.11**	**102.94**	**46,843**
Of this exercisable at the end of the year	35,750	0	0	35,750	340.80	63.72	2,278
2012							
Outstanding at 1 January	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 31 December	**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

DKK '000

Note 19 Share options (continued)

No share options were exercised during 2013 (2012: no exercises).

The calculated cost of vested share options for the year is recognised in the income statement with DKK 5.7 million (2012: DKK 4.7 million).

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

The outstanding options at 31 December 2013 have an average weighted time to maturity of 2.4 years (2012: 2.6 years).

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

Year of grant	**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**
2013	294.00	282.0	26.20%	0.60%	12	4 years	31.89
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

The expected volatility for 2009-2010 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 expected volatility for 2013 is based on the historic volatility for the past 4 years. The risk free interest rate is based on 5 year Danish government bonds.

Note 20 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 primarily the United Kingdom and the Netherlands the Group has defined benefit plans. In addition there are minor defined benefit plans in Norway, Belgium, Italy, Germany, Denmark and Sweden. The majority of the defined benefit plans are pension plans that yearly pay out a certain percentage of the final salary the employee has when the employee retires. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employee except for the closed plans in the United Kingdom and some of the other minor plans. The defined benefit plans typically include a spouse pension and disability insurance.

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 recognise and measure the plans as defined benefit plans. Consequently, the pension plans are similar to prior years treated as defined contribution plans. The contributions made in 2013 amounts to DKK 2.0 million (2012: DKK 5.6 million). The collective funding ratio at Alecta amounts to 148% as per December 2013 (December 2012: 129%). For 2014 the contributions are expected to be DKK 2.7 million. DFDS' share of the multi-employer plan is around 0.0060% and the liability follows the share of the total plan.

The calculation of the defined benefit plans based on actuarial methods is specified below.

DKK '000

	2013	2012
Present value of funded defined benefit obligations	1,058,771	1,000,721
Fair value of plan assets	-817,663	-762,895
Funded defined benefit obligations, net	**241,108**	**237,826**
Present value of unfunded defined benefit obligations	18,860	23,125
Impact of asset ceiling	82	1,525
Recognised liabilities for defined benefit obligations	**260,050**	**262,476**
Provision for jubilee liabilities	17,850	15,416
Total actuarial liabilities, net	**277,900**	**277,892**

DKK '000

Note 20 Pension and jubilee liabilities (continued)	2013	2012
Movements in the net present value of funded and unfunded defined benefit obligations		
Funded and unfunded obligations at 1 January	1,023,846	893,815
Foreign exchange adjustments	-24,365	24,203
Current service costs	4,074	8,186
Interest costs	41,592	42,503
Actuarial gain (-)/loss (+) arising from changes in demographic assumptions	-8,395	43,610
Actuarial gain (-)/loss (+) arising from changes in financial assumptions	77,019	48,665
Past service costs	-1,521	0
Benefits paid	-34,901	-30,565
Employee contributions	282	-365
Settlements and curtailments	0	-6,206
Funded and unfunded obligations at 31 December	**1,077,631**	**1,023,846**
Movements in the fair value of the defined benefit plan assets		
Plan assets at 1 January	-762,895	-628,420
Foreign exchange adjustments	17,966	-15,922
Interest income	-31,129	-30,688
Return on plan assets (excluding amount included in net interest costs)	-47,468	-91,815
Costs of managing the assets	1,177	1,056
Administration costs paid from the plan assets	1,321	4,259
Employer contributions	-26,752	-29,375
Employee contributions	-282	-503
Benefits paid	30,399	24,188
Settlements and curtailments	0	4,325
Plan assets at 31 December	**-817,663**	**-762,895**
Movements in the asset ceiling		
Asset ceiling at 1 January	1,525	0
Foreign exchange adjustments	-95	31
Interest costs	28	22
Change in asset ceiling excluding amounts included in interest costs	-1,376	1,472
Asset ceiling at 31 December	**82**	**1,525**
Expenses recognised as staff costs in the Income statement:		
Current service costs	4,074	8,186
Past service costs	-1,521	0
Payments on settlements and curtailments	0	-1,728
Gain(-)/loss(+) on settlements and curtailments	0	-1,881
Total included in staff costs regarding defined benefit plans	**2,553**	**4,577**

DKK '000

Note 20 Pension and jubilee liabilities (continued)	2013	2012
Expenses included in administration costs:		
Administration costs paid from the plan assets	1,321	4,259
Total included in administration costs regarding defined benefit plans	**1,321**	**4,259**
Expenses recognised as financial costs in the Income statement:		
Interest costs	41,592	42,503
Interest income	-31,129	-30,688
Interest cost on asset ceiling	28	22
Total included in financial costs regarding defined benefit plans	**10,491**	**11,837**
Total expenses for defined benefit plans recognised in the Income statement	**14,365**	**20,673**
Expenses recognised in Other comprehensive income:		
Remeasurements of plan obligations	68,624	92,275
Remeasurements of plan assets	-46,291	-90,759
Change in asset ceiling	-1,376	1,472
Total included in Other comprehensive income regarding defined benefit plans	**20,957**	**2,988**
Plan assets consist of the following:		
Listed shares (of this no DFDS A/S shares)	387,928	391,510
Unlisted shares	0	19,145
Corporate bonds	171,014	109,492
Government and mortgage bonds	24,999	7,246
Cash and cash equivalents	8,371	8,704
Real estate	26,526	31,224
Other assets (primarily insured plans)	198,825	195,574
	817,663	**762,895**

Actuarial calculations are performed annually for all defined benefit plans. Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each country. The following significant assumptions have been used for the actuarial calculations:

Average weighted assumptions: [1]	2013	2012
Discount rate	4.3%	4.3%
Social security rate	0.2%	0.3%
Future salary increase	0.7%	0.7%
Future pension increase	2.7%	2.3%
Inflation	2.6%	2.2%

[1] All factors are weighted at the pro rata share of the individual actuarial obligation.

Significant actuarial assumptions for the determination of the retirement benefit obligation are discount rate, expected future remuneration increases and expected mortality. The sensitivity analysis below have been determined based on reasonably likely changes in the assumptions occurring at the end of the period.

DKK '000

Note 20 Pension and jubilee liabilities (continued)	2013
Sensitivity analysis	
Reported obligation 31 December	1,077,631
Discount rate -0.5% point compared to assumptions	1,188,630
Discount rate +0.5% point compared to assumptions	981,076
Salary increase -0.5% point compared to assumptions	1,074,384
Salary increase +0.5% point compared to assumptions	1,081,495
Mortality -1 year compared with used mortality tables	1,048,405
Mortality +1 year compared with used mortality tables	1,108,243

Weighted average duration on the liabilities end of 2013 is 17.7 years for the Group.

The Group expects to make a contribution of DKK 30.5 million (expected for 2013: DKK 35.0 million) to the defined benefit plans in 2014.

Maturity analysis of the obligations	2013	2012
0-1 year	22,791	29,939
1-5 years	95,612	102,999
After 5 years	959,228	890,908
	1,077,631	**1,023,846**

DKK '000

Note 21 Other provisions	2013	2012
Other provisions at 1 January	90,316	93,688
Addition from acquisition of enterprises	2,316	30,408
Provisions made during the year	3,786	25,482
Used during the year	-33,017	-52,796
Reversal of unused provisions	-17,760	-6,466
Other provisions at 31 December	**45,641**	**90,316**
Other provisions are expected to be payable in:		
0-1 year	25,690	49,422
1-5 years	19,951	40,894
Other provisions at 31 December	**45,641**	**90,316**

Of the Group's provision of DKK 45.6 million (2012: DKK 90.3 million), DKK 0.0 million (2012: DKK 29.8 million) relates to concession agreement, DKK 13.0 million (2012: DKK 14.9 million) is redelivery provision regarding leased operating equipment, DKK 23.9 million (2012: DKK 38.2 million) is calculated net present value of earn out agreement regarding the acquisition of the route Kapellskär-Paldiski and DKK 8.7 million (2012: DKK 7.4 million) regarding other provisions.

DKK '000

Note 22 Interest-bearing liabilities	2013	2012
Mortgage on ships	1,189,229	1,836,430
Mortgage on land and buildings	7,077	0
Issued corporate bonds	1,059,039	506,613
Financial lease liabilities	12,608	36,795
Bank loans	5,041	0
Other non-current liabilities	24,656	26,453
Total interest bearing non-current liabilities	**2,297,650**	**2,406,291**
Mortgage on ships	873,241	693,543
Mortgage on land and buildings	293	0
Financial lease liabilities	24,224	16,151
Bank loans	148,593	53,623
Other current liabilities	53,714	63,576
Total interest bearing current liabilities	**1,100,065**	**826,893**
Total interest bearing liabilities	**3,397,715**	**3,233,184**

In 2013 DFDS has issued a five-year corporate bond of NOK 700 million, which run for the period 21 March 2013 until 21 March 2018. The bond is listed on the Oslo Stock Exchange. The five-year bond has been issued with a floating rate based on three month NIBOR + 2.9 % margin in NOK, which DFDS has swapped into a floating Danish interest rate corresponding to a three month CIBOR + 2.64 % margin in DKK

In 2012 DFDS 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 approximately 4.3%.

The fair value of the interest-bearing liabilities amounts to DKK 3,448 million (2012: DKK 3,270 million). This fair value measurement is categorised within level 3 in the fair value hierarchy except for the part that relates to the corporate bonds for which the fair value measurement is categorised within level 1.

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 quoted bond price at year end 2013.

DKK 170 million of the interest-bearing liabilities in the Group fall due after five years (2012: DKK 25 million). No exceptional conditions in connection with borrowing are made. The loan agreements can be settled at fair value plus a small surcharge, whereas settlement of the corporate bonds requires a repurchase of the bonds.

Reference is made to note 27 for financial risks, etc.

Allocation of currency, principal nominal amount	2013	2012
DKK	1,196,487	1,628,017
EUR	861,847	767,410
SEK	136,717	202,787
NOK	1,124,021	581,347
GBP	78,643	53,623
Total interest bearing liabilities	**3,397,715**	**3,233,184**

DKK '000

Note 23 Other payables	2013	2012
Payables to associates	14.781	398
Accrued interests	15,479	19,636
Public authorities (VAT, duty, etc.)	57,230	53,038
Holiday pay obligations, etc,	245,604	204,906
Fair value of Interest swaps, forward transactions and bunker hedges	162,848	83,438
Other payables	80,575	86,945
Total other payables	**576,517**	**448,361**

DKK '000

Note 24 Deferred income	2013	2012
Prepayments from customers	111,014	109,220
Other deferred income	507	1,186
Total deferred income	**111,521**	**110,406**

DKK '000

Note 25 Corporation tax liabilities	2013	2012
Corporation tax liabilities at 1 January, net	16,606	29,800
Foreign exchange adjustment	21	335
Opening adjustment regarding classification of due jointly taxation (transferred from other payables)	-1,001	-1,821
Additions on acquisition of enterprises / sale of enterprises	-544	0
Tax for the year recognised in the income statement	19,898	26,984
Adjustment, prior years recognised in the income statement	-12,938	-17,276
Adjustment, prior years recognised in the equity	-597	0
Corporation taxes paid during the year	-18,546	-21,416
Corporation tax liabilities at 31 December, net	**2,899**	**16,606**
Corporation tax is recognised in the balance sheet as follows:		
Corporation tax receivable (assets)	5,602	6,373
Corporation tax debt (liabilities)	8,501	22,979
Corporation tax liabilities at 31 December, net	**2,899**	**16,606**

DKK '000

Note 26 Information on financial instruments	2013	2012
Carrying amount per category of financial instruments:		
Derivatives (hedge accounting), financial assets	2,631	14,912
Derivatives (economical hedge), financial assets	72	18,075
Loans and receivables (assets)	2,975,115	3,043,370
Financial assets available for sale	35,188	36,463
Derivatives (hedge accounting), financial liabilities	-162,804	-56,271
Derivatives (economical hedge), financial liabilities	-44	-27,167
Financial liabilities measured at amortised cost	-4,953,084	-4,407,722
Total	**-2,102,926**	**-1,378,340**

Hierarchy of financial instruments measured at fair value

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.

2013	Level 1	Level 2	Level 3
Derivatives (hedge accounting), financial assets	0	2,631	0
Derivatives (economical hedge), financial assets	0	72	0
Financial assets available for sale	16,675	0	0
Assets held for sale (non-recurring fair value measurement)	0	0	61,810
Derivatives (hedge accounting), financial liabilities	0	-162,804	0
Derivatives (economical hedge), financial liabilities	0	-44	0
Total	**16,675**	**-160,145**	**61,810**

2012	Level 1	Level 2	Level 3
Derivatives (hedge accounting), financial assets	0	14,912	0
Derivatives (economical hedge), financial assets	0	18,075	0
Financial assets available for sale	17,950	0	0
Assets held for sale (non-recurring fair value measurement)	0	0	25,365
Derivatives (hedge accounting), financial liabilities	0	-56,271	0
Derivatives (economical hedge), financial liabilities	0	-27,167	0
Total	**17,950**	**-50,451**	**25,365**

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 27 for description of the valuation method. Financial assets available for sale measured at level 1 comprise listed shares and bonds and is measured at the quoted prices. Assets held for sale (non-recurring fair value measurement) comprise the former Norfolkline domicile in Scheveningen with a carrying amount of DKK 13.5 million and the ro-pax ship VILNIUS SEAWAYS with a carrying amount of DKK 48.3 million, reference is made to note 33 for further information on assets held for sale. The fair value of the building is based on a valuation made by an independent real estate broker, and the fair value of the ship is based on valuations from independent ship brokers.

Financial assets available for sale also comprise 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, and consequently, they are not included in the fair value hierarchy.

Note 27 Financial and operational risks

DFDS' risk management policy

The most important financial risk factors for DFDS are diesel and bunker prices, interest rates, currencies, 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 financial activities.

The Board of Directors annually approves the financial risk management policy and strategy. In addition, DFDS has established a Bunker Committee which monitors hedging levels and market development on a monthly basis. Please refer to the section Risk Factors in the Management review.

Financial risks

Currency risks

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

DFDS aims to actively 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. The Group uses forward exchange contracts, currency options and currency swaps to hedge forecasted transactions in foreign currencies.

Transaction risks

The Group's and the Parent Company's most substantial currency balance positions are in SEK, GBP, NOK and USD. A strengthening of SEK, GBP, NOK and USD, as indicated below, against the DKK at 31 December would have increased/decreased equity and profit or loss by the amounts presented below. The Parent Company is furthermore exposed against fluctuations in EUR vs. DKK.

DKK million

Hypothetical effect of reasonable possible change against DKK	2013	2012
SEK, equity and profit or loss effect, 10% strengthening [1]	11.7	-13.9
GBP, equity and profit or loss effect, 10% strengthening [1]	13.3	4.5
NOK, equity and profit or loss effect, 10% strengthening [1]	-20.4	-25.0
USD, equity effect, 10% strengthening [1]	31.1	13.5

[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. The analysis assumes that all other variables, in particular interest rates, remain constant.

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 2013 would in respect of GBP have affected the result for 2013 by DKK -0.1 million (2012: DKK -3.1 million), in respect of SEK by DKK 3.2 million (2012: DKK -4.1 million), and in respect of NOK by DKK 2.1 million (2012: DKK -9.6 million).

DKK '000

Note 27 Financial and operational risks (continued)

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 fluctuations 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 (excluding interest rate swaps, etc.) of the Group amounts to DKK 2,239 million at year-end 2013 (2012: DKK 2,036 million), of which debt with a fixed-rate amounts to DKK 917 million at year-end 2013 (2012: DKK 1,233 million). Thereby the share of debt with fixed-rate is 41% at year-end 2013 (2012: 61%) 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 60% (2012: 76%).

An increase in the interest rate of 1%-point compared to the actual interest rate in 2013 would, other things being equal, have increased net interest payments by DKK 13 million for the Group in 2013 (2012: DKK 8 million). 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 2.8 years (2012: 3.4 years), and consists primarily of syndicated floating rate bank loans with security in the ships and unsecured issued corporate 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 strategy in DFDS interest rate swaps with a principal amount totalling DKK 902 million (2012: DKK 1,188 million) have been entered into in order to change part of the floating-rate bank loans and issued corporate bonds to fixed-rate bank loans and bonds. The duration of the Group's debt portfolio (including charter liabilities) is 1.1 years (2012: 1.4 years).

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 14 million (2012: DKK 18 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.

Bunker risks

DFDS Group uses bunker swaps to hedge the variability in bunker costs due to fluctuations in bunker price.

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 17 million (2012: DKK 23 million). This is due to the bunker 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 bunker contracts has been prepared under the assumptions that the effect is calculated on the bunker 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 2013 are DKK 1,484 million (2012: DKK 1,523 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:

Note 27 Financial and operational risks (continued)

2013	**0-1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Non-derivative financial assets				
Cash	1,151,008	0	0	0
Bonds	15,432	0	0	0
Trade receivables	1,538,800	0	0	0
Non-derivative financial liabilities				
Mortgage on ships	-926,690	-1,040,741	-51,232	-161,777
Mortgage on land and buildings	-420	-961	-1,021	-5,903
Issued corporate bonds	-51,386	-544,431	-667,119	0
Bank loans	-148,718	-2,953	-1,988	-435
Other interest-bearing debt	-54,435	0	0	-25,272
Financial lease liabilities	-24,840	-12,670	0	0
Trade payables	-1,444,534	0	0	0
Derivative financial assets				
Forward exchange contracts and currency swaps	75	0	0	0
Bunker contracts	2,628	0	0	0
Derivative financial liabilities				
Interest swaps	-17,631	-5,899	0	0
Forward exchange contracts	-145,132	0	0	0
	-105,843	**-1,607,655**	**-721,360**	**-193,387**

2012	**0-1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Non-derivative financial assets				
Cash	1,196,994	0	0	0
Bonds	0	15,795	0	0
Trade receivables	1,521,279	0	0	0
Non-derivative financial liabilities				
Mortgage on ships	-751,308	-1,701,820	-210,868	0
Issued corporate bonds	-26,387	-57,290	-523,794	0
Bank loans	-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
Bunker contracts	-9,406	0	0	0
	688,866	**-1,799,850**	**-719,227**	**-25,301**

Note 27 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' primary financial assets are trade receivables, other receivables, cash 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 write-downs on receivables, which has been estimated based on a specific assessment of the present economic situation for the specific customer.

DFDS' 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 1.9 million in 2013 (2012: DKK 3.0 million). Besides the write-downs mentioned in Note 14 no other write-downs on receivables have been recognised 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
In 2013 the Group defined a new capital structure target and capital pay-out policy. DFDS targets a net interest bearing debt/EBITDA ratio of minimum 2.0x and maximum 3.0x which is believed to be an appropriate level given the current performance and financial projections. The net interest bearing debt/EBITDA ratio may at certain times deviate from the target, primarily if DFDS makes sizeable acquisitions and other strategic initiatives.

At year end 2013 the equity ratio for the Group was 51% (2012: 56%). Based on the present uncertain market conditions, the aim is to have an equity ratio of 40% as a minimum.

The capital pay-out policy of DFDS is to annually pay out a minimum of DKK 14 per share with a nominal value of DKK 100, unless the net interest bearing debt/EBITDA ratio exceeds 3.0 or unless a couple of other circumstances are not met. Further information on the capital structure and pay-out policy can be found under DFDS share and shareholder chapter in the Management report.

Due to the Group's sustained solid capital structure and net interest bearing debt/EBITDA level the proposed dividend for 2013 is DKK 14.00 per share equal to 57% of the profits excluding minority interests (2012: DKK 14.00 per share or 140% of the profits excluding minority interests).

The Group's cost of capital (WACC) was calculated at 6.0% (2012: 6.0%) and the return on invested capital (ROIC) was 5.7% (2012: 3.4%). DFDS' target is a return on invested capital of approximately 10%.

DKK '000

Note 27 Financial and operational risks (continued)

2013				**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**	**After 5 years**	**Fair value**
Interest	Interest swaps	0-3 years	901,685	-13,524	-4,191	0	0	-17,715
Goods purchased	Bunker contracts (tons)	0-1 years	49,500	2,628	0	0	0	2,628
Sales and goods purchased	Forward exchange contracts	0-1 years	318,682	-7,359	0	0	0	-7,359
				-18,255	**-4,191**	**0**	**0**	**-22,446**

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**	**After 5 years**	**Fair value**
Interest	Interest swaps	0-4 years	1,188,445	-26,304	-19,698	-862	0	-46,864
Goods purchased	Bunker contracts (tons)	0-9 months	66,501	-9,406	0	0	0	-9,406
Sales and goods purchased	Forward exchange contracts	0-9 months	187,383	30	0	0	0	30
				-35,680	**-19,698**	**-862**	**0**	**-56,240**

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 bunker contracts are based on quoted forward curve from various financial institutions.

There has been no gains or losses recognised in the income statement in 2012 and 2013 due to inefficiency in hedging of expected future cash flows.

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.

Note 27 Financial and operational risks (continued)

Currency cash flow risks
Approximately 85% of DFDS' revenues are invoiced in unhedged foreign currencies (2012: 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 DKK's close band to the EUR. 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.

DKK '000

Profit or loss effect of reasonable possible change against DKK	2013	2012
SEK, profit or loss effect, 10% weakening	-2.3	-33.5
NOK, profit or loss effect, 10% weakening	-11.2	-37.2
GBP, profit or loss effect, 10% weakening	8.9	-0.7
USD, profit or loss effect, 10% strengthening	-27.0	-80.2

Bunker 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 1,869 million or 15% of the Group's revenue in 2013 (2012: DKK 2,051 million or 18% of the Group's revenue).

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

DKK '000

Note 28 Non-cash operating items	2013	2012
Change in provisions	-28,294	-59,085
Change in write-down of inventories for the year	-1,237	1,954
Change in provision for defined benefit plans and jubilee liabilities	6,867	4,577
Vesting of share option plans expensed in the income statement	5,702	4,736
Non-cash operating items	**-16,962**	**-47,818**

DKK '000

Note 29 Change in working capital	2013	2012
Change in inventories	5,221	4,290
Change in receivables	-30,984	99,751
Change in current liabilities	406,818	-155,561
Change in working capital	**381,055**	**-51,520**

DKK '000

Note 30 Change in other loans, net	2013	2012
Instalments and repayments of loans	-10,393	-11,048
Raising of loans	0	54,267
Change in other loans, net	**-10,393**	**43,219**

Note 31 Acquisition and sale of enterprises and activities

Acquisition 2013
On 18 September 2013 the acquisition of the entire share capital of the Swedish company Karlshamn Express AB and its subsidiaries and associated companies, was finally completed.

After the acquisition the DFDS Group has 100 % ownership of the acquired companies. The acquired companies are consolidated in the consolidated financial statements of DFDS A/S as from this date.

The acquisition is 100% made by the subsidiary DFDS Seaways Holding AB and the acquired companies are after the acquisition included in Business Unit Nordic.

DFDS pay DKK 106.6 million for the acquisition of the Company.

In connection with the acquisition DFDS has measured identifiable intangible assets in the form of customer relations which are recognised in the acquisition balance sheet at their estimated fair value. The estimated fair value of customer relations is preliminary calculated to DKK 15.3 million on the acquisition date.

Following recognition of identifiable assets and liabilities at their fair value, the goodwill related to the acquisition has preliminary been measured at DKK 63.7 million at acquisition date. The goodwill represents the value of assets whose fair value cannot be reliably measured, including the value of the staff and know-how taken over, expected synergies from combining the acquired group with the existing DFDS activities, and the value of gaining access to new markets.
The valuation of these assets is either subject to great uncertainty or beyond DFDS' control. Accordingly, these fair values are deemed not to be reliable.

Goodwill relates to Business Unit Nordic.

Trade receivables have been recognised at the acquisition date at a fair value of DKK 20.1 million which is DKK 0.5 million lower than their gross value.

DFDS Group incurred transaction costs of DKK 2.6 million which are recognised in the income statement.

Of the Group's total revenue of DKK 12,097 million for the period 1 January - 31 December 2013 DKK 56.4 million relates to the acquired Group. Of the Group's result before tax of DKK 349.6 million for the period 1 January - 31 December 2013 DKK 0.8 million relates to the acquired Group.

Had the acquisition occurred at the beginning of the financial year, the Group's total revenue for the period 1 January - 31 December 2013 would estimated amount to DKK 12,243 million, and result before tax would estimated amount to DKK 355.4 million.

Note 31 Acquisition and sale of enterprises and activities (continued)

DKK million	Preliminary fair value at acquisition date	
Acquisition Date	**18 September 2013**	**31 January 2014[1]**
Intangible assets	15.3	0
Tangible assets	28.8	13.3
Non-current assets	**44.1**	**13.3**
Receivables	36.5	12.8
Cash	9.0	36.1
Current assets	**45.5**	**48.9**
Total assets	**89.6**	**62.2**
Provisions	0.1	0.1
Bank debt	16.7	44.4
Non-current liabilities	**16.8**	**44.5**
Trade payables	11.5	5.7
Other current liabilities	18.6	2.4
Current liabilities	**30.1**	**8.1**
Total liabilities	**46.9**	**52.6**
Fair value of acquired net assets	**42.7**	**9.6**
Total purchase price		
Cash consideration	106.4	17.0
Goodwill at acquisition	**63.7**	**7.4**

1 Acquisition not recognised in 2013.

Note 31 Acquisition and sale of enterprises and activities (continued)

Acquisition completed 31 January 2014
On 31 January 2014 the acquisition of the two Scottish companies Stef Transport Limited and Seagull Transport Limited from STEF was completed. After the acquisition the DFDS Group has 100% ownership of the acquired companies. The acquired companies are consolidated in the consolidated financial statements of DFDS A/S as from this date.

The acquisition is 100% made by the subsidiary DFDS Logistics Limited and the acquired companies are after the acquisition included in Business Unit UK and Ireland. DFDS pay DKK 17.0 million for the acquisition of the two companies.

As DFDS has only gained control over the activities shortly before issuing the financial statements, the assessment of the acquired business, assets and liabilities is not yet completed. The initial high-level and preliminary assessment of the fair value of the acquired identifiable assets and liabilities results in the recognition of a preliminary measured goodwill of DKK 7.4 million at acquisition date. The difference represents the value of assets, whose fair value cannot be reliably measured, including the value of the staff and know-how taken over and expected synergies from combining the acquired companies with the existing DFDS network and in particular the activities in Scotland. The valuation of these assets is either subject to great uncertainty or beyond DFDS' control. Accordingly, these fair values are deemed not to be reliable.

Goodwill relates to Business Unit UK and Ireland.

Trade receivables have been recognised at the acquisition date at a fair value of DKK 11.0 million, which is DKK 0.5 million lower than their gross value.

As a part of the transaction the continental distribution and handling activities of DFDS Logistics located in Boulogne sur Mer were sold to STEF as per 31 January 2014. The activities were part of the Business Unit UK and Ireland. The transferred activities included six employees, transport contracts and lease of buildings in Boulogne sur Mer. The sales price amounts to DKK 0.9 million. No balance sheet items were transferred. The sale results in a gain of DKK 0.9 million which will be recognised in the income statement for 2014.

Note 31 Acquisition and sale of enterprises and activities (continued)

Acquisition 2012
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 acquisition 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 acquisition.

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), after which 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 Group achieves 100 % ownership to the acquired company, which as part of the transaction is reduced to 82%.

Note 31 Acquisition and sale of enterprises and activities (continued)

DKK million	**Preliminary fair value at acquisition date**
Acquisition Date	**12 September 2012**
Intangible assets	1.5
Tangible assets	121.6
Non-current assets	**123.1**
Receivables	37.0
Cash	81.6
Current assets	97.0
Current assets	**215.6**
Total assets	**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 at acquisition	**2.2**

Note 31 Acquisition and sale of enterprises and activities (continued)

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 value of 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 revenue 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
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 acquisition is not comprised by the disclosure requirements in IFRS 3.

DKK '000

Note 32 Acquisition of non-controlling interests	2013	2012
AB DFDS Seaways	-221	-344
North Sea Terminal AS	0	-2,878
Cash flow from acquisition of non-controlling interests	**-221**	**-3,222**

Acquisition of shares in AB DFDS Seaways during 2013 amounts to DKK 0.2 million (2012: DKK 0.3 million), equivalent to an ownership of 0.05% (2012: 0.08%) after which the company is owned 96.5% (2012: 96.5%). Negative goodwill of DKK 0.6 million (2012: DKK 0.8 million) is recognised directly in the equity.

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

DKK '000

Note 33 Assets held for sale	2013	2012
Non-current assets, former Norfolkline domicile in Scheveningen	13,540	25,365
Non-current assets, ro-pax ship VILNIUS SEAWAYS	48,270	0
Total assets held for sale	**61,810**	**25,365**

2013
DFDS continues to search for a buyer to the former Norfolkline domicile in Scheveningen, and the domicile is expected to be sold during 2014. The global financial crisis, which has led to an increase in the selling time on the real estate market, is after DFDS' opinion one of the reasons that the building has not yet been sold. DFDS does not expect to involve the building in the company's future operation, why the building's carrying amount is still expected to be recovered through a sale. The domicile is therefore still recognised as an asset held for sale and the carrying amount at 31 December 2013 has, based on a valuation from an independent real estate broker, been impaired by DKK 11.8 million to DKK 13.5 million reflecting best estimate of fair value.

In 2013 the ro-pax ship VILNIUS SEAWAYS has been taken out of the route network and is put up for sale. The ship is chartered out and is expected to be sold during 2014. Consequently, the ship has been classified as an asset held for sale, and the carrying amount at 31 December 2013 has, based on valuations from independent ship brokers, been impaired by DKK 3.0 million to DKK 48.3 million reflecting best estimate of fair value.

2012
DFDS continues 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 led to an increase in the selling time on the real estate market, is after DFDS' opinion one of the reasons that the building has not yet been sold. DFDS does not expect to involve the building in the company's future operation, why the building's carrying amount is still expected to be recovered through a sale.

Note 34 Guarantees, collateral and contingent liabilities

Guarantees amount to DKK 370.1 million (2012: DKK 395.2 million) for the Group. 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 is in 2013 as well as in 2012 part in various legal disputes. The outcome of these disputes is not considered likely to influence DFDS significantly, besides what is already recognised in the balance sheet.

In terms of the contaminated land in one of the subsidiaries discovered in 2005, there is still no obligation to clean up 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 has made a deposit of DKK 24.0 million on a bank account in the name of DFDS to cover this.

Certain ships and ships under construction with a total carrying amount of DKK 4,720.4 million have been pledged as security for mortgage on ships with a total carrying amount of DKK 2,062.5 million. Furthermore, land and buildings with a total carrying amount of DKK 8.7 million have been pledged as security for mortgage on land and buildings with a total carrying amount of DKK 7.4 million.

DKK '000

Note 35 Contractual commitments	2013	2012
Contracting of ships and rebuildings, term 0-1 year	393,580	0
Total contracting obligations	**393,580**	**0**

Contractual commitments in 2013 relates to the purchase of two new ro-ro ships for delivery in 2014, installation of scrubbers and contracted refurbishment of a passenger ship.

Operating lease commitments (lessee)	2013	2012
Minimum lease payments		
0-1 year	41,996	44,151
1-5 years	96,742	104,440
After 5 years	28,157	39,825
Total buildings	**166,895**	**188,416**
0-1 year	117,527	113,763
1-5 years	402,865	419,354
After 5 years	1,079,133	1,169,745
Total terminals	**1,599,525**	**1,702,862**
0-1 year	367,146	330,650
1-5 years	762,748	789,451
After 5 years	72,205	164,681
Total ships	**1,202,099**	**1,284,782**
0-1 year	88,250	89,055
1-5 years	112,824	64,171
After 5 years	6,886	0
Total equipment, etc.	**207,960**	**153,226**
Total minimum lease payments are expected to fall due as follows:		
0-1 year	614,919	577,619
1-5 years	1,375,179	1,377,416
After 5 years	1,186,381	1,374,251
Total minimum lease payments	**3,176,479**	**3,329,286**

The specified payments are not discounted.

Operating lease- and rent costs recognised in the income statement amounts to DKK 823.5 million for 2013 (2012: DKK 772 million) of which DKK 108.1 million (2012: DKK 108.4 million) is contingent lease payments. The contingent part of the lease costs relates to terminals and is based on the throughput of volumes in the terminals.

Note 35 Contractual commitments (continued)

Operating lease contracts on ships are typically concluded with lease terms of up to 12 months, but where most of the lease contracts contain an option to extend the lease term. However, 4 leases were initially entered with a 10 year lease period, of which 6 years are left at 31 December 2013. 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 takeover of the Group.

DFDS has purchase options on the chartered ships REGINA SEAWAYS and ATHENA SEAWAYS.

DKK '000

Operating lease commitments (lessor)	2013	2012
Minimum lease payments (income)		
Ships		
0-1 year	154,687	105,246
1-5 years	325,221	220,445
After 5 years	181,518	0
Total ships	**661,426**	**325,691**

The specified minimum payments are not discounted.

The increase primarily relates to newbuilding contracts for two ro-ro ships for delivery in 2014. According to contracts both ships will earn rental income as from delivery. Operational lease- and rental income recognised in the income statement amounts to DKK 163.3 million in 2013 (2012: DKK 226.6 million). The contracts are entered on usual conditions.

DKK '000

Financial lease commitments (lessee)

2013	Minimum lease payments	Hereof financing element	Carrying amount
0-1 year	24,840	-616	24,224
1-5 years	12,670	-62	12,608
Total	**37,510**	**-678**	**36,832**

2012	Minimum lease payments	Hereof financing element	Carrying amount
0-1 year	18,287	-2,136	16,151
1-5 years	38,110	-1,315	36,795
Total	**56,397**	**-3,451**	**52,946**

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 expire in 2014 and 2015, respectively.

Note 36 Related party transactions

Lauritzen Fonden, Copenhagen with a nominal shareholding of 42.8 % exercises de facto control over DFDS A/S. Accordingly, 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' subsidiaries and associates, reference is made to note 41 and note 13, and these companies' Executive Board, Board of Directors, executive employees and close members of the family of those.

Apart from intra-group balances and transactions (primary charter hire, financing 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 19) and the below transactions, no related-party transactions have been carried out during the year.

DKK '000

2013	Sale of services	Purchase of services	Receivables	Liabilities
Associates	35,314	215,847	49,321	14,781
2012				
Associates	22,681	139,633	54,366	398

Note 37 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 into 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 commercial control of these, both separately and across business areas, and the nature of the customer services provided.

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

Logistics:
- The business area Nordic – comprising two sideport ships operating in a route schedule
- The business area Nordic – comprising one sideport ship 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
- The business area UK & Ireland – traditional logistics activities in UK and Ireland

Note 37 Impairment tests

Non-current tangible and intangible assets are attributed to the above mentioned 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, reference is 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 determined specifically for each individual cash-generating unit. No growth is incorporated in the impairment test if the value in use exceeds the book value of the tested assets without using growth, which is the case in the 2013 impairment test.

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 2013 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 recognised 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 on the basis of a risk-free rate, plus a risk premium associated with the individual cash-generating unit. 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:

	2013	2012
Shipping	6.6% - 8.0%	6.6% - 8.0%
Logistics	7.6% - 12.1%	7.6% - 12.1%

Note 37 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. The sensitivities have been assessed as follows, all other things being equal:

- An increase in the discount rate of 0.5%-points.
- A decrease in EBIT of 10%.
- A decrease in broker valuations of 10%.

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 allocated to the respective assets 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; below the assets value in use (if determinable), or zero.

Impairment tests for 2013
On the basis of the impairment tests prepared in 2013 it is not deemed necessary to write-down cash-generating units in 2013 nor reverse any write-downs made in prior years.

The ship VILNIUS SEAWAYS and the former Norfolkline domicile in Scheveningen are classified as held for sale and consequently, they have been measured individually at the lower of carrying amount and fair value less costs to sell. Based on valuations from independent ship brokers VILNIUS SEAWAYS has been written down by DKK 3.0 million, and based on a valuation from a real estate broker the former Norfolkline domicile has been written down by DKK 11.8 million. The write-down of VILNIUS SEAWAYS is recognised under 'Impairment losses of ships and other non-current assets', whereas the write-down of the former Norfolkline domicile is recognised under 'Special items'.

2012
On the basis 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 ships 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 indication of impairment for the sideport-activities as one of the largest 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 ships 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 ship 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 logistics enterprise DailyFresh showed similar to Q4 2011 continued negative results in 2012 and consequently, the investment was written down during the year by additionally 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'.

Note 38 Events after the balance sheet date

2013:
At an extraordinary general meeting held on 16 December 2013 it was approved to reduce the share capital from nominally 1,485,608,100 to nominally 1,330,000,000. The capital reduction was legally completed on 16 January 2014 when registered with the Danish Business Authority.

On 31 January 2014 DFDS acquired STEF SA's logistics activities in Scotland, and STEF acquired the continental distribution and handling activities of DFDS Logistics located in Boulogne sur Mer. Accounting wise the transactions are recognised with effect as from 31 January 2014.

Besides the above there have been no significant events after 31 December 2013.

2012:
With 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.

Note 39 Significant accounting estimates and assessments

In the preparation of the consolidated financial statements, management undertakes a number of accounting estimates and assessments, and makes 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 applied estimates and assessments. For a detailed description of the Group's accounting policies, reference is made to note 40.

In the opinion of management, the following accounting estimates and assessments are significant in the preparation of the annual report.

Uncompleted deliveries (mainly in Logistics Division)
The net revenue comprise 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 closing of interim periods, including year-end, estimates and assessments are undertaken regarding uncompleted freight deliveries, including the accruals of revenues and direct costs. These estimates and assessments are based on historical experience, actual agreements etc.

Note 39 Significant accounting estimates and assessments (continued)

Business Combinations
When 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 fair 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 assessments based on the substance of the components in the acquisition, rather than strictly looking at legal agreements.

The unallocated acquisition price is recognised in the balance sheet as goodwill and allocated to the Group's cash-generating units it relates to, which is determined based on 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, 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 37.

Impairment testing of ships, including the assessment of useful life and scrap value
Significant 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, its scrap value and impairment test. The expected useful life of ships and their scrap values are reviewed and estimated at least once a year. 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 40, and note 37, which provides further information on impairment testing.

Impairment of bad debts
Receivables are recognised at amortised cost price less impairment to meet expected losses. Impairments are recognised based on the customers ability and/or willingness to pay.

The need for impairments on the individual customer and the adequacy hereof, is assessed by management on the basis of historical data on customer payment patterns, age distributions, dubious receivables, customer concentrations, customer creditworthiness, and any collateral received.

Pensions and similar liabilities
The Group's defined benefit pension plans are calculated on the basis of a number of key actuarial assumptions, including discount rate, the anticipated development in wages and pensions, anticipated mortality, etc. Even moderate alterations in these assumptions can result in significant changes in pension liabilities.

Note 39 Significant accounting estimates and assessments (continued)

The value of the Group's defined benefit pension plans is based on calculations undertaken by external actuaries.

Deferred tax assets
Deferred tax assets, including the tax value of tax losses carried forward, are recognised to the extent that 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 changes for the coming years.

Leasing agreements
The Group has entered into leasing/charter agreements for ships, buildings and other equipment, under usual terms and conditions for such agreements. At inception of each individual agreement, Management has assessed whether each agreement should be considered as a financial or an operational leasing agreement.

Derivatives
When entering into agreements involving derivatives, management assesses whether the derivative in question meets the requirement as to effective hedging, including whether the hedging relates to 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 Management's assessments in order to distinguish certain items from other income statement items, cf. the accounting policies. In general, special items comprise significant items not directly attributable to the Group's operating activities, such as restructuring costs in connection with significant process, structural and organisational changes, as well as any disposal gains or losses in this respect. Significant non-recurring items are also classified as special items including inpairments of goodwill. Reference is made to note 7 for a further itemisation and description of special items.

Provisions and contingencies
Management assesses provisions and contingencies on an ongoing basis, as well as the likely outcome of pending or potential legal proceedings, etc. Such outcome depend on future events, which are inherently uncertain. In assessing the likely outcome of significant legal proceedings, tax issues, etc., Management uses external legal advisers as well as relevant case law.

Note 40 Accounting Policies

The 2013 consolidated financial statements and parent company financial statements of DFDS A/S have 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 2014, the Board of Directors and Executive Management Board considered and approved the 2013 annual report of DFDS A/S. The annual report will be presented to the shareholders of DFDS A/S for approval at the ordinary annual general meeting on 26 March 2014.

Basis for preparation
The consolidated financial statements and the parent company financial statements are presented in Danish Kroner (DKK) which is the Parent Company's functional currency.

The consolidated financial statements and the parent company financial statements are prepared according to the historical cost convention except that derivatives and financial instruments classified as available-for-sale are measured at fair value.

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 in accounting policies regarding IAS 19 Employee Benefits (as revised in 2011)
In the current year, the Group has applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting of defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Comparables have been restated and the changes have reduced the staff costs for 2012 by DKK 1.8 million, administration costs are increased by DKK 5.3 million, and financial costs are increased by DKK 2.7 million. The profit before tax for 2012 is in total reduced by DKK 6.2 million. In the balance sheet per 31 December 2012 the defined benefit pension liabilities is increased by DKK 46.4 million (1 January 2012: DKK 36.1 million), the deferred tax asset is increased by DKK 13.5 million (1 January 2012: DKK 10.7 million) and the equity is reduced by DKK 32.9 million (1 January 2012: DKK 25.4 million). Earnings per share and diluted earnings per share for 2012 are both reduced by DKK 0.33. Effect on the result before tax for 2013 is considered immaterial and the effect on the defined benefit pension liabilities, deferred tax asset and equity is insignificant compared with the effect on the similar items end of 2012.

New International Financial Reporting Standards and Interpretations
In 2013, the Group has adopted the following new International Financial Reporting Standards and Interpretations:

- Annual Improvements to IFRSs (2009-2011)
- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
- Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- IFRS 13 Fair Value Measurement
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Amendments to IAS 27 Separate Financial Statements
- Amendments to IAS 28 Investments in Associates and Joint Ventures
- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

Note 40 Accounting Policies (continued)

None of these have had a significant impact on recognition and measurement, but they have led to further specifications in the Notes and in the consolidated statements of comprehensive income.

The other accounting policies for the 2013 consolidated financial statements and parent company financial statements are unchanged compared with last year.

New standards and interpretations not yet adopted
The IASB has issued a number of new or amended standards and interpretations with effective date post 31 December 2013. None of these are expected to have a significant impact on recognition and measurement, but they will lead to further specifications in the Notes.

Application of materiality and relevance
DFDS' annual report is based on the concept of materiality and relevance, to ensure that the content is material and relevant to the user. This objective is pursued by providing relevant rather than generic descriptions and information.

When assessing materiality and relevance, due consideration is given to ensure compliance with applicable accounting legislation etc. and to ensure that the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at the balance sheet date and the operations and cash flows for the financial year.

The consolidated financial statements and the parent company financial statements consist of a large number of transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the financial statements and in the notes as required by IFRS. If items are individually immaterial, they are aggregated with other items of similar nature in the statements or in the notes. The disclosure requirements throughout IFRS are substantial and DFDS provides these specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not applicable.

Significant accounting policies
Management considers the accounting policies for the following areas as the most important for the Group: consolidated financial statement; business combinations; non-current intangible assets; ships; defined benefit pension plans; operational lease versus financial lease; and derivatives. The individual areas are described below, together with other applied accounting policies.

Significant estimates, assessments etc. in connection with the application of the Group's accounting policies are mentioned in Note 39.

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 enterprise (i.e. subsidiary) or if it, in some other way controls the enterprise. DFDS A/S and these subsidiaries are referred to as the Group.

Enterprises, which are not subsidiaries, 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 gains and losses. The consolidated financial statements are based on financial statements prepared by applying the Group's accounting policies.

Investments in subsidiaries are eliminated 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 associate's net asset value. Unrealised inter-company gains and losses from transactions with associates and jointly controlled enterprises are eliminated by the Group's interest in the respective associate/jointly controlled enterprise.

Minority interests
In the consolidated financial statements, the individual financial line items of subsidiaries are recognised in full. The minority interests' share 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 presented 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 presented 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 are recognised in the consolidated financial statements until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Business combinations where control is obtained by the DFDS Group are recognised using the acquisition 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 the DFDS Group obtains actual control over 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 non-current 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 37.

Goodwill and fair value adjustments in connection with the acquisition of a foreign enterprise with a different functional currency than the DFDS Group's presentation currency are treated as assets and liabilities of the foreign enterprise, and are translated and converted at first recognition to the functional currency of the foreign enterprise at the exchange rate on the transaction date. Negative goodwill is recognised in the income statement at the acquisition date.

The purchase consideration 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 fulfilment of 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 the income statement when incurred.

If, at acquisition date, uncertainty exist regarding the identification and measurement of acquired assets, liabilities or contingent liabilities, or determination of the purchase price, then initial recognition and measurement is done based on preliminary values. The preliminary values 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 regarding contingent considerations.

When an enterprise is acquired in more than one transaction (step acquisition), the shareholdings which the company held immediately prior to the transaction in which control is obtained are regarded as having been sold and immediately re-purchased at fair value on the acquisition date. Any difference between the "sales price" and the book value of these shareholdings is to be considered an accounting gain or loss on the shareholdings already held. Such gains or losses are recognised in the income statement under special items.

Incremental acquisitions after control has been obtained, i.e. purchase of minority interests, are recognised directly in equity. Disposal of minority interests not resulting in loss of control is likewise recognised directly in equity.

Gains or losses on disposal of subsidiaries and associates are calculated as the difference between the disposal consideration 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 as well as anticipated disposal costs. Exchange rate adjustments attributable to the Group's ownership interest, and which previously were recognised directly in equity, are included in the calculation of the gain/loss. Any retained participating interests are measured at their fair value at the time at which the controlling influence was lost.

In the Parent Company financial statements common control acquisitions (and disposals) of enterprises and activities are recognised and measured in accordance with the 'book value method' according to which differences, if any, between purchase/disposal price and book value of the acquired/disposed common control enterprises/activities 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 enterprises are measured using the functional currency of the primary economic environment in which the enterprise 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. Currency gains and losses resulting from the settlement of these transactions as well as 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.

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.

Non-current assets acquired in foreign currency are translated at the exchange rate prevailing at the date of acquisition. Gains and losses on hedges relating to the acquisition of non-current assets are recognised as part of the value of the non-current asset on its initial recognition.

Translation of subsidiaries

In the consolidated financial statements, the income statement items of subsidiaries with a functional currency different from DKK are translated at the average exchange rate, while the balance sheet items are translated at the exchange rates at the end of the reporting period.

Foreign exchange differences arising on translation of such subsidiaries' equity beginning of the reporting period 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.

When disposing of 100%-owned foreign enterprises, exchange differences which have accumulated in equity via Other comprehensive income, and which are attributable to the enterprise, are transferred from Other comprehensive income to the income statement together with any gains or losses associated with the disposal.

When disposing of partially-owned foreign 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 disposal of foreign subsidiaries without losing control, a proportionate share of the accumulated currency translation reserve recognised in Other comprehensive income is transferred from the Parent Company's equity share of equity to that of the minority shareholders.

In the partial disposal of associates and joint ventures, the proportionate share of the accumulated currency translation reserve recognised in other comprehensive income is transferred to the income statement.

Repayment of balances which accounting wise are considered part of the net investment is not considered a partial disposal of the subsidiary.

Derivative financial instruments

Derivative financial instruments are measured in the balance sheet at fair value as from the date where the derivative financial instrument is concluded. 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 based on the hedged proportion. Hedging of future cash flows according to agreements (firm commitments), except for foreign currency hedges, is treated as a fair value hedge of a recognised asset and liability.

Cash flow hedge
Changes of the fair value of derivative financial instruments designated as and qualifying for cash flow hedging and which effectively hedge changes in future cash flows, are recognised in other comprehensive income. The change in fair value that relates to the effective portion of the cash flow hedge is recognised as a separate equity reserve until the hedged cash flow impacts the income statement. At this point in time the related gains or losses previously recognised in Other comprehensive income are transferred to the income statement into the same line item as the hedged item is recognised.

For derivative financial instruments that no longer qualify for hedge accounting, the hedge is dissolved prospectively. The accumulated fair value in equity is immediately transferred to the income statement into the same line item as the hedged item is recognised.

Net investment hedge
Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries or associates and which effectively hedge currency fluctuations in these enterprises are in the consolidated financial statements recognised in other comprehensive income and attributed to a separate reserve in equity.

Other derivative financial instruments
For derivative financial instruments that do not fulfil the requirements of being treated as hedge instruments, the changes in fair value are recognised successively in the income statement as financial income and expenses.

Government grants
Government grants to investments are offset against the cost of the asset in question, and thereby reduce the depreciation base of the asset.

Rental and lease matters
For accounting purposes, leases are divided into finance and operating leases.

Leases are classified as finance leases if they transfer to lessee substantially all the risks and rewards incidental to ownership of the leased asset. 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 net 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 impairment tested in accordance with the Group's accounting policies applying for similar owned non-current assets or maximum over the lease term, depending on the lease conditions. The corresponding lease obligation for assets held under finance leases is recognised in the balance sheet at an amount equal to the net present value of the remaining lease obligation. The calculated interest element of the lease payment is recognised in the income statement under financial expenses.

Lease payments regarding operating leases are recognised in the income statement on a straight-line basis over the lease term unless another approach better reflects the utilisation of the asset. The remaining lease obligation for operating leases is disclosed as contingent liabilities in the Notes.

In respect of assets leased out on a finance lease, an amount equal to the net investment in the lease is recognised in the balance sheet as a receivable due from lessee. The asset leased out is derecognised, and any gain or loss arising from this is recognised in the income statement.

Lease income from assets leased out on an operating lease 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' transactions resulting in a finance lease are deferred and recognised over the lease term.

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 payments over the lease term.

Share option plans
The Group has set up equity-settled share option plans. Part of the Company's holding of treasury shares is used for the share option plan.

The value of services received in exchange for granted share options is measured at the fair value of the share options granted.

The equity-settled share options are measured at the fair value at grant date and recognised in the income statement under staff costs over the vesting period. The counter posting is recognised directly in equity as a shareholder transaction.

At initial recognition of the share options, an estimate is made over the number of share options that the employees will vest, cf. the service conditions described in Note 19. Subsequent to initial recognition, the estimate of share options to be vested is adjusted whereby the total recognition is based on the actual number of vested share options.

The fair value of the granted share options is calculated using the Black-Scholes option-pricing model. Terms and conditions for each grant are taken into account when calculating the fair value.

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 overview with consolidated financial highlights are defined on the 'Definitions and Glossary' page.

INCOME STATEMENT

Revenue
Revenue from transport of passengers, freight and from rendering terminal and warehouse services etc, is recognised in the income statement at the time of delivery of the service to the customer, which is the time where risks and rewards transfer to the customer.

Revenue is measured at fair value, excluding value added tax and after deduction of trade discounts.

Costs
When revenue from transport of passengers, freight and from rendering terminal and warehouse services etc is recognised as income, the related costs are recognised in the income statement.

Operating costs
The operating costs comprise costs of sales related to catering; ship bunker consumption, including hedging; and maintenance and daily running costs of ships. Moreover, operating costs related to land-based activities as well as impairments and realised losses on trade receivables are included.

Charter hire
Charter hire comprise 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 respective employees.

Costs of sales and administration
Comprises costs of sales, marketing and administration.

Profit/loss on disposal of non-current assets
Profit/loss on disposal of non-current intangible and tangible assets is calculated as the difference between the disposal price and the book value of net assets at the date of disposal, including disposal costs.

Profit/loss from investments in associates
The Group's income statement includes the proportionate share of the result in associates after tax and minority interests and after elimination of the proportionate share of inter-company profits/losses.

Special items
In general, special items include significant income and expenses not directly attributable to the Group's operating activities, such as material structuring of processes and significant organisational restructurings/changes, as well as gains or losses arising in this connection, and which are of

significance over time. In addition, other significant non-recurring amounts are classified as special items, including impairment of goodwill and ships; transaction costs and costs to advisers and integration in connection with large 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 assets.

These items are classified separately in the income statement, in order to provide a more accurate and transparent view of the Group's recurring operating profit.

Financial income and expenses
Financial income and expenses comprise interest income and expenses; realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies; realised gains and losses on securities; amortisation of financial assets and liabilities; interests on financial leasing agreements; bank charges and fees etc. 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 relating to the profit/loss for the year is recognised in the income statement, and the tax relating to amounts recognised directly 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 utilise 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 into account on-account/advance payments.

Deferred tax is calculated on all temporary differences between the book value and the tax base of the assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non tax deductible goodwill that arose on acquisition date without impacting the result 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 value they expectedly can be utilised at in the foreseeable future.

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 utilisation 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 post the reporting date, or
- Cash or cash equivalent that are not restricted in use.

All other assets are classified as non-current assets.

Non-current intangible and tangible assets
Generally the following applies unless otherwise stated:

- Non-current intangible and tangible assets are measured at cost less accumulated amortisation/depreciation and impairment losses.
- The cost for non-current intangible and tangible assets include costs to external suppliers, materials and components, direct wages and salaries.
- The cost includes interests paid as from the time of payment until the date when the asset is available for use. The cost price 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 estimated residual value.

Note 40 Accounting Policies (continued)

- Non-current intangible and tangible assets are amortised/depreciated on a straight-line basis over the estimated useful life to the estimated residual value.
- Estimated useful life and estimated residual values are reassessed at least once a year. In estimating the estimated useful life for ships it is taken into consideration that DFDS continuously is spending substantial funds on ongoing maintenance.
- The effect from changes in amortisation/depreciation period or the 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 37.

Software
IT software purchased or internally developed 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 once completed;
- the future earnings from the projects are expected to cover the development and administrative costs; and
- the cost can be reliably measured.

The amortisation of capitalised development projects starts after the completion of the development project, and is recognised on a straight-line basis over the expected useful life, which normally is 3-5 years, but in certain cases up to 10-15 years (where the latter goes for significant internally developed commercial and operational systems).

Other non-current intangible assets
Other non-current intangible assets comprise the value of customer relations or similar identified as a part of business combinations, and which have definite useful life. Other non-current intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the expected useful life, which normally is 3-10 years.

Ships
The rebuilding of ships is capitalised if the rebuilding can be attributed to:

- Safety measures.
- Measures to extend the useful life of the ship.
- Measures to improve earnings.
- Docking.

Maintenance and daily running costs for the ships are recognised in the income statement as incurred.

Docking costs are capitalised and depreciated on a straight-line basis until the ship's next docking. In most cases, the docking interval is 2 years for passenger ships and 2½ years for ro-pax and freight ships.

Gains or losses on the disposal of ships are calculated as the difference between sales price less sales costs and the book value at 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, catering and shop areas.

Freight ships
The cost of freight ships is not divided into components as there is no difference in the wear of the various components of freight ships.

Depreciation - estimated useful life and residual value
The average depreciation period for components with low wear is 35 years for passenger ships and 30 years for ro-pax and freight ships from the year in which the ship was built. The residual value is calculated as the value of the ship's steel less estimated costs of scrapping.

Components with high wear are depreciated over 10-15 years down to a residual value of DKK 0.

Other non-current tangible assets
Other non-current tangible assets comprise buildings, terminals and machinery, tools and equipment and leasehold improvements.

The estimated 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 other non-current tangible assets are calculated as the difference between the disposal price less 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
Investments in associates are in the consolidated financial statements measured according to the equity method, whereby the investments in the balance sheet are measured at the proportionate share of the associates' equity, calculated in accordance with the accounting policies of the Group, with the addition of the book value of any goodwill, and after deduction or addition of the proportionate share of unrealised intra-group profits and losses.

Associates with negative equity are measured at DKK 0. If the Group has a legal or actual commitment to cover the associate's negative equity a corresponding provision is recognised.

Any receivables from the associates are written down to the extent the receivables are considered impaired.

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 in value is recognised in the income statement.
- Available-for-sale: the asset is measured at fair value and the change in value is recognised in other comprehensive income and attributed to a separate reserve in equity.
- Receivables: the asset is measured at amortised cost and the change in value is recognised in the income statement.

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 indication exists the recoverable amount of the asset is assessed. The recoverable amount is the higher of the net selling price and the value in use. The value in use is calculated as the present value of the future net cash flow, which the asset is expected to generate either by itself or from the lowest cash-generating unit to which the asset is allocated.

Impairment tests (value in use) of goodwill are performed at least once a year. Management has also chosen that Impairment tests of all the Group's non-current assets are performed at least once a year, typically in December. Additional impairment tests are performed, if indications of impairment occur in the period between the annual impairment tests. Reference is made to note 37 for method description.

Securities
Securities held as part of the investment portfolio are designated as 'available-for-sale', and are measured at fair value at first recognition. The recognition is made on the trade date. The subsequent measurement is made at fair value, which for listed securities is equal to the quoted market price. Non-listed securities are recognised at cost less impairment losses when it is not considered possible with reasonable assurance to estimate fair value.

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 disposed, then the accumulated value adjustment recognised in equity is transferred to 'Financial income or expenses' in the income statement.

Note 40 Accounting Policies (continued)

Inventories
Inventories, which includes catering supplies, are measured at cost based on the weighted average cost method or the net realisable value where this is lower. Inventories, which include bunkers, are measured at cost based on the FIFO method or the net realisable value where this is lower. Other inventories are measured at cost based on the weighted average cost method or the net realisable value where this is lower.

Receivables
Receivables are recognised at amortised cost less impairment losses, where it is assessed that an objective indication of impairment has occurred. Impairment is performed on an individual basis.

Receivables comprise other trade receivables; calculated receivables on hedges; insurance receivables on loss or damage of ships; financial lease receivables; outstanding balances for chartered ships; interest receivable, etc.

Prepayments
The item includes costs incurred no later than at the balance sheet date, but which relates to subsequent periods, e.g. prepaid charters, rents, insurance premiums etc.

Assets held for sale
Assets held for sale comprise assets and disposal groups that are designated as being up for sale. Disposal groups are groups of 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 formal 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 being designated as 'held for sale' or the fair value less sales costs. Assets are not amortised/depreciated from the date they are designated as 'held for sale'.

Impairment losses that occur when initially being designated as 'held for sale', as well as gains and losses from subsequent measurement at the lowest value of the book value or the fair value less sales costs, are recognised in the income statement.

Assets and associated liabilities are separated out of line items in the balance sheet, and the main 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 in the equity.

Reserve for treasury shares
The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value as well as dividends on treasury shares are recognised directly in equity under retained earnings.

Currency translation reserve
The reserve comprises DFDS A/S shareholders' share of currency translation adjustments arising on the translation of net investments in enterprises with a functional currency other than DKK.

Reserve for hedging
The hedging reserve comprises the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transactions have 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 financial items in the income statement when the securities are 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 pension plans are recognised in the income statement in the period in which they relate, and any payable contributions are accrued in the balance sheet as other payables.

As regards defined benefit pension plans, an actuarial valuation of the value in use of future benefits payable under the plan is made once a year. The value in use is calculated based on assumptions of future development in wage/salary levels, interest rates, inflation, mortality, etc. The value in use is only calculated for benefits to which the employees have become entitled to during their employment with the Group. The actuarial calculation of the value in use less the fair value of any assets under the plan is recognised in the balance sheet under pension obligations. Pension costs of the year are recognised in the income statement based on actuarial estimates and finance expectations at the beginning of the year.

The difference between the calculated development in pension assets and liabilities and the realised values are recognised in other comprehensive income as actuarial gains and losses.

Changes in the benefits payable for employees' past service to the enterprise result in an adjustment of the actuarial calculation of the value in use, which is classified as past service costs. Past service costs are recognised in the income statement immediately if the employees have already earned the right to the adjusted benefit. Otherwise, the benefits will be recognised in the income statement over the period in which the employees earn the right to the adjusted benefits.

Other non-current personnel obligations include jubilee benefits, etc.

Other provisions
Provisions are recognised when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation, and it is probable that the Group will have to give up future economic benefits to meet the obligation and that this can be reliably estimated. Provisions are recognised based on Management's best estimate of the anticipated expenditure for settling the relevant obligation and are discounted if deemed material.

Interest-bearing liabilities
Comprise amounts owed to mortgage/credit institutions and banks as well as amounts owed to owners of issued corporate bonds. The amounts are initially recognised at fair value net of transaction expenses. Subsequently, the financial liability is measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that 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 capitalised residual lease obligations on finance leases. Other liabilities are recognised at amortised cost, which corresponds to the net realisable value in all material respects.

Other payables
Other payables comprise amounts owed to staff, including wages, salaries and holiday pay; amounts owed to the public authorities, including payable tax, VAT, excise duties, real property taxes, etc.; amounts owed in connection with the purchase/disposal of ships, buildings and terminals; interest expenses; fair value of hedges; amounts owed in relation to defined contribution pension plans etc.

Deferred income
Includes payments received from customers no later than at the reporting date, but which relates to income in subsequent periods.

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 to/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, securities and foreign exchange adjustments of securities, cash and cash equivalents.

Note 40 Accounting Policies (continued)

Segment information
The segment information has been compiled in conformity with the Group's accounting policies, and is in accordance with the internal management reports.

Note 41 Company overview

Company	Ownership share 2013*	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
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	Fredericia	DKK	10,000,000
DFDS Seaways Newcastle Ltd.		England	Immingham	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	Immingham	GBP	2,571,495
DFDS Logistics Ltd.		England	Immingham	GBP	165,210
DFDS Seaways OÜ	64.7	Estonia	Tallinn	EUR	3,800
DFDS Logistics OY		Finland	Hamina	EUR	58,866
DFDS Logistics SARL		France	Boulogne sur Mer	EUR	30,000
DFDS Seaways S.A.S.	82.0	France	Dieppe	EUR	37,000
New Channel Company S.A.S.	82.0	France	Le Havre	EUR	1,000
DFDS Logistics BV		the Netherlands	Vlaardingen	EUR	453,780
DFDS Seaways Terminals BV		the Netherlands	Vlaardingen	EUR	72,000
DFDS Shipping BV		the Netherlands	Vlaardingen	EUR	18,400
DFDS Holding BV		the Netherlands	Vlaardingen	EUR	40,000,000
DFDS Logistics Container Line BV		the Netherlands	Vlaardingen	EUR	18,151
DFDS DailyFresh BV		the Netherlands	Vlaardingen	EUR	15,882
DFDS Seaways IJmuiden BV		the Netherlands	IJmuiden	EUR	18,000
DFDS Logistics Contracts (Ireland) Ltd.		Ireland	Dublin	EUR	200
DFDS Logistics (Ireland) Ltd.		Ireland	Dublin	EUR	3
DFDS Logistics S.p.A.		Italy	Fagnano	EUR	140,400
DFDS Logistics Baltic SIA		Latvia	Liepaja	LVL	80,004
DFDS Seaways SIA		Latvia	Riga	LVL	70,000
AB DFDS Seaways	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
NorthSea Terminal AS		Norway	Brevik	NOK	1,000,000
DFDS Logistics AS		Norway	Lysaker	NOK	1,538,000

Note 41 Company overview (continued)

Company	Ownership share 2013*	Country	City	Currency	Share Capital
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
DFDS Polska Sp. Z.o.o.		Poland	Poznan	PLN	5,000
DFDS Logistics East		Russia	Kaliningrad	RUB	48,000
DFDS Seaways Ltd.	99.9	Russia	St. Petersburg	RUB	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
Gösta Nerös Åkeri AB		Sweden	Karlshamn	SEK	225,000
DFDS Logistics Karlshamn AB		Sweden	Karlshamn	SEK	1,800,000
Karlshamn Express AB		Sweden	Karlshamn	SEK	100,000
Karlshamn Express & Spedition AB		Sweden	Karlshamn	SEK	300,000
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 2013.

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 2013 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 2013.

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 2014

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**	**Lars Skjold Hansen**	**Kent Vildbæk**
Ingar Skaug	**Lene Skole**		

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 2013. 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 consolidated 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 2013 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 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements 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 2014

KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen State Authorised Public Accountant	Torben Bender State Authorised Public Accountant

FINANCIAL STATEMENTS

PARENT COMPANY

INCOME STATEMENT (1 JANUARY – 31 DECEMBER)

DKK '000

	Note	2013	2012
Revenue	1	6,335,286	6,467,155
Costs			
Operating costs	2	-3,444,665	-3,530,305
Charter hire		-881,515	-1,030,614
Staff costs	3	-704,831	-627,399
Costs of sales and administration	4	-569,946	-564,029
Total costs		*-5,600,957*	*-5,752,347*
Operating profit before depreciation (EBITDA) and special items		**734,329**	**714,808**
Profit on disposal of non-current assets, net	5	1,294	1,139
Depreciation and impairment	9,10		
Depreciation ships		-253,455	-243,784
Depreciation other non-current assets		-48,157	-61,801
Impairment losses on ships and other non-current assets		-3,287	0
Total depreciation and impairment		*-304,899*	*-305,585*
Operating profit (EBIT) before special items		**430,724**	**410,362**
Special items, net	6	-77,389	-487,158
Operating profit (EBIT)		**353,335**	**-76,796**
Financial income	7	86,424	267,007
Financial costs	7	-130,986	-139,150
Profit before tax		**308,773**	**51,061**
Tax on profit	8	4,405	-12,406
Profit for the year		**313,178**	**38,655**
Proposed profit appropriation			
Proposed dividends, DKK 14.00 per share (2012: DKK 14.00 per share)		186,200 [1]	207,985
Retained earnings		126,978	-169,330
		313,178	38,655

[1] Proposed dividends for 2013 is based on the nominal share capital of 13,300,000, which is the share capital as of 16 January 2014, where the cancellation of 1,556,081 treasury shares is legally completed. Reference is made to the consolidated financial statements note 17.

COMPREHENSIVE INCOME (1 JANUARY – 31 DECEMBER)

DKK '000

	Note	2013	2012
Profit for the year		**313,178**	**38,655**
Other comprehensive income			
Items that will not be reclassified subsequently to the Income statement:			
Remeasurement of defined benefit pension obligations	19	-20	0
Items that will not be reclassified subsequently to the Income statement		**-20**	**0**
Items that are or may be reclassified subsequently to the Income statement:			
Value adjustment of hedging instruments:			
Value adjustment for the year		-144,373	-8,906
Value adjustment transferred to operating costs		14,651	-2,090
Value adjustment transferred to net financial costs		163,518	14,058
Foreign exchange adjustments, goodwill		-2,522	2,621
Unrealized value adjustment of securities		-1,276	-1,089
Realized value adjustment of securities transferred to the Income statement		0	1,491
Items that are or may be reclassified subsequently to the Income statement		**29,998**	**6,085**
Total other comprehensive income after tax		**29,978**	**6,085**
Total comprehensive income		**343,156**	**44,740**

BALANCE SHEET 31 DECEMBER (ASSETS)

DKK '000

	Note	2013	2012
Goodwill		92,118	94,640
Other non-current intangible assets		0	795
Software		72,855	48,510
Development projects in progress		50,101	55,640
Non-current intangible assets	9	**215,074**	**199,585**
Land and buildings		4,239	5,032
Terminals		18,870	20,739
Ships		2,603,138	2,732,364
Equipment, etc.		122,576	138,644
Assets under construction and prepayments		470,563	36,877
Non-current tangible assets	10	**3,219,386**	**2,933,656**
Investments in subsidiaries	11	3,936,804	4,032,725
Investments in associates	12	0	0
Receivables	13	719,575	1,034,856
Securities	14	19,756	20,668
Deferred tax	17	0	488
Other non-current assets		**4,676,135**	**5,088,737**
Non-current assets		**8,110,595**	**8,221,978**
Inventories	15	103,615	107,000
Receivables	13	2,318,772	2,000,929
Prepayments		39,096	29,200
Securities	14	15,432	15,795
Cash		680,888	820,959
Current assets		**3,157,803**	**2,973,883**
Assets		**11,268,398**	**11,195,861**

BALANCE SHEET 31 DECEMBER (EQUITY AND LIABILITIES)

DKK '000

	Note	2013	2012
Share capital	16	1,485,608	1,485,608
Reserves		-236,544	-90,791
Retained earnings		3,213,104	3,526,983
Proposed dividends		186,200	207,985
Equity		**4,648,368**	**5,129,785**
Interest bearing liabilities	21	2,089,319	2,106,088
Deferred tax	17	470	0
Pension and jubilee liabilities	19	9,158	8,076
Other provisions	20	13,555	39,335
Non-current liabilities		**2,112,502**	**2,153,499**
Interest bearing liabilities	21	3,566,971	3,361,997
Trade payables		538,614	247,610
Other provisions	20	13,050	3,441
Corporation tax	23	2,000	15,461
Other payables	22	347,994	246,301
Prepayments from customers		38,899	37,767
Current liabilities		**4,507,528**	**3,912,577**
Liabilities		**6,620,030**	**6,066,076**
Equity and liabilities		**11,268,398**	**11,195,861**

STATEMENT OF CHANGES IN EQUITY (1 JANUARY – 31 DECEMBER)

DKK '000

		Reserves					
	Share capital	Hedging reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends	Total
Equity at 1 January 2013	1,485,608	-56,240	720	-35,271	3,526,983	207,985	**5,129,785**
Comprehensive income for the year							
Profit for the year					313,178		**313,178**
Other comprehensive income							
Items that will not be reclassified subsequently to the Income statement:							
Remeasurement of defined benefit pension obligations					-20		-20
Items that will not be reclassified subsequently to the Income statement	**0**	**0**	**0**	**0**	**-20**	**0**	**-20**
Items that are or may be reclassified subsequently to the Income statement:							
Value adjustment for the year		-144,373					-144,373
Value adjustment transferred to operating costs		14,651					14,651
Value adjustment transferred to net financial costs		163,518					163,518
Foreign exchange adjustments, goodwill					-2,522		-2,522
Unrealized value adjustment of securities			-1,276				-1,276
Items that are or may be reclassified subsequently to the Income statement	**0**	**33,796**	**-1,276**	**0**	**-2,522**	**0**	**29,998**
Total other comprehensive income after tax	**0**	**33,796**	**-1,276**	**0**	**-2,542**	**0**	**29,978**
Total comprehensive income	**0**	**33,796**	**-1,276**	**0**	**310,636**	**0**	**343,156**
Transactions with owners							
Proposed dividends					-186,200	186,200 [1]	0
Dividends paid						-203,047	-203,047
Dividends own shares					4,938	-4,938	0
Vested regarding share-based payment					5,702		5,702
Purchase of treasury shares				-178,273	-450,139		-628,412
Other adjustments					1,184		1,184
Total transactions with owners 2013	**0**	**0**	**0**	**-178,273**	**-624,515**	**-21,785**	**-824,573**
Equity at 31 December 2013	**1,485,608**	**-22,444**	**-556**	**-213,544**	**3,213,104**	**186,200**	**4,648,368**

[1] Proposed dividends for 2013 is based on the nominal share capital of 13,300,000, which is the share capital as of 16 January 2014, where the cancellation of 1,556,081 treasury shares is legally completed. Reference is made to the consolidated financial statements note 17.

The majority of amounts included in Other comprehensive income relates to activities which are taxed under the Danish 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 (1 JANUARY – 31 DECEMBER)

DKK '000

		Reserves					
	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							
Items that will not be reclassified subsequently to the Income statement:							
Remeasurement of defined benefit pension obligations					0		0
Items that will not be reclassified subsequently to the Income statement	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Items that are or may be reclassified subsequently to the Income statement:							
Value adjustment for the year		-8,906					**-8,906**
Value adjustment transferred to operating costs		-2,090					**-2,090**
Value adjustment transferred to net financial costs		14,058					**14,058**
Foreign exchange adjustments, 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**
Items that are or may be reclassified subsequently to the Income statement	**0**	**3,062**	**402**	**0**	**2,621**	**0**	**6,085**
Total 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 regarding share-based payment					4,736		**4,736**
Group internal acquisition 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 activities which are taxed under the Danish 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)

DKK '000

	Note	2013	2012
Operating profit before depreciation (EBITDA) and special items		**734,329**	**714,808**
Cash flow effect from special items related to operating activities		-7,707	-18,213
Adjustments for non-cash operating items, etc.	26	7,048	6,578
Change in working capital	27	342,826	13,018
Payment of pension liabilities and other provisions		-2,183	-2,260
Cash flow from operating activities, gross		**1,074,313**	**713,931**
Interest received		116,003	318,304
Interest paid		-168,385	-245,443
Taxes paid		-7,501	-12,959
Cash flow from operating activities, net		**1,014,430**	**773,833**
Investments in ships including dockings, rebuildings and ships under construction		-548,864	-47,735
Cash received due to cancellation of newbuilding contracts		0	559,685
Investments in other non-current tangible assets		-13,131	-23,758
Sale of other non-current tangible assets		2,024	2,104
Investments in non-current intangible assets		-37,326	-43,883
Group internal acquisition of enterprises and activities		0	-118,000
Disposal of subsidiaries, associates and activities		0	86,976
Capital increases, etc.	11	-12,499	-3,056,536
Cash flow to/from investing activities		**-609,796**	**-2,641,147**
Proceeds from loans secured by mortgage in ships		238,656	0
Repayment and instalments of loans secured by mortgage in ships		-628,837	-991,603
Change in other non-current investments		67,794	8,526
Change in other financial loans, net		-1,989	-745
Payment of financial lease liabilities		-5,372	-5,221
Change in operating credits		0	-8,394
Change in Group internal financing		-69,533	2,838,843
Change in loans to associated companies		3,229	-49,408
Proceeds from issuance of corporate bonds		688,348	488,837
Purchase of treasury shares		-628,412	0
Dividends paid		-203,047	-203,047
Cash flow to/from financing activities		**-539,163**	**2,077,788**
Net increase (decrease) in cash and cash equivalents		**-134,529**	**210,474**
Securities, cash and cash equivalents at 1 January		836,754	625,257
Foreign exchange adjustments of securities, cash and cash equivalents		-5,905	1,023
Securities, cash and cash equivalents at 31 December		**696,320**	**836,754**

As of 31 December 2013 cash and cash equivalents includes bonds listed at the NASDAQ OMX Nordic of DKK 15.4 million (2012: DKK 15.8 million).

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

NOTES

NOTES TO THE INCOME STATEMENT

NOTES TO THE BALANCE SHEET

NOTES TO THE STATEMENT OF CASH FLOW

NOTES – ADDITIONAL INFORMATION

DKK '000

Note 1 Revenue	2013	2012
Sale of goods on board ships	864,466	860,680
Sale of services	4,963,818	5,015,386
Rental income from timecharter and bareboat of ships and operating equipment	375,215	433,868
Other operating income	131,787	157,221
Total revenue	**6,335,286**	**6,467,155**

DKK '000

Note 2 Cost of sales	2013	2012
Cost of sales included in operating costs	1,715,172	1,907,027
Change in inventory write-downs for the year	-1,237	1,954
Total cost of sales	**1,713,935**	**1,908,981**

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

DKK '000

Note 3 Staff costs	2013	2012
Wages, salaries and remuneration	607,364	537,477
Defined contribution pension plans	43,066	37,561
Defined benefit pension plans, reference is made to note 19	0	-669
Other social security costs	27,384	25,627
Share-based payment, reference is made to note 18	5,702	4,736
Other staff costs	21,315	22,667
Total staff costs	**704,831**	**627,399**
Full time equivalents (FTE), average	1,697	1,587

Reference is made to note 4 of the consolidated financial statements for a description of the Parent Company's remuneration, etc. to the Executive Board and remuneration to the Board of Directors as these are the same for the Parent Company and the Group.

DKK '000

Note 4 Auditor's fees	2013	2012
Audit fees	1,445	1,698
Other assurance engagements	61	80
Tax and VAT advice	2,680	1,649
Non-audit services	1,661	140
Total fees to KPMG	**5,847**	**3,567**

DKK '000

Note 5 Profit on disposal of non-current assets, net	2013	2012
Profit on disposal of property, plant and equipment		
Equipment, etc.	1,381	1,382
Profit on disposal of property, plant and equipment	*1,381*	*1,382*
Loss on disposal of property, plant and equipment		
Equipment, etc.	-87	-243
Loss on disposal of property, plant and equipment	*-87*	*-243*
Total profit on disposal of non-current assets, net	**1,294**	**1,139**

DKK '000

Note 6 Special items, net	2013	2012
Reimbursement of various financing costs that were expensed in 2012 when newbuilding contracts were terminated, which also entailed termination of the financing established. 2012: 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	22,243	-28,967
Adjustment of estimated net present value of earn out to seller regarding the route Kapellskär-Paldiski acquired in 2011	16,075	-10,540
Cost related to designing and implementing one group wide finance service centre, including advisor costs, etc.	-5,443	0
Cost related to restructuring and efficiency improvements of processes in connection with project Customer Focus Initiative	-2,264	-17,897
Adjustment of gain regarding the ship LISCO GLORIA as a result of clarification of further insurance circumstances	0	15,635
Impairment of two passenger ships in the business unit Passenger, reference is made to the consolidated financial statements note 37	0	-27,000
Impairment (net) of investments in subsidiaries, reference is made to note 32	-108,000	-418,389
Special items, net	**-77,389**	**-487,158**
If special items had been included in the operating profit before special items, they would have been recognized as follows:		
Staff costs	-556	0
Costs of sales and administration	-7,151	-17,897
Operating profit before depreciation (EBITDA) and special items	**-7,707**	**-17,897**
Profit on disposal of non-current assets and securities	0	-13,332
Impairment of ships and other non-current assets	-91,925	-455,929
Financial income	22,243	0
	-77,389	**-487,158**

DKK '000

Note 7 Financial items, net	2013	2012
Financial income		
Interest income from banks, etc.	11,967	18,054
Interest income from subsidiaries	70,505	193,361
Foreign exchange gains, net [1]	0	53,229
Dividends	3,952	2,363
Total financial income	*86,424*	*267,007*
Financial costs		
Interest expense to banks, credit institutions, etc.	-109,131	-120,550
Interest expense to subsidiaries	-2,933	-4,740
Foreign exchange losses, net [1]	-3,364	0
Realized loss on securities	0	-1,491
Loss related to sale of subsidiaries, associates and activities	0	-247
Loss on loan receivable [2]	-6,432	0
Defined benefit pension plans, reference is made to note 19	-32	0
Other financial costs	-19,143	-20,306
Transfers to assets under construction [3]	10,049	8,184
Total financial costs	*-130,986*	*-139,150*
Financial items, net	**-44,562**	**127,857**

[1] Foreign exchange gains 2013 amounts to DKK 190 million (2012: DKK 215 million) and foreign exchange losses amounts to DKK 193 million (2012: DKK 162 million).

[2] Realized loss on loan granted to purchasers of the ship Queen of Scandinavia in connection with final transfer of legal ownership of the ship.

[3] Interest capitalized on two newbuildings (2012: Interest capitalized until cancellation of newbuilding contracts on two freight ships (ro-ro)). The interest for the year is calculated by using a mix of a specific interest rate and a general interest rate of approximately 1.7 - 5.4% p.a. (2012: 1.6 - 3.2% p.a.).

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 consist 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 interest expense relates to financial instruments measured at amortized cost.

Other financial costs contains bank charges regarding conversion of loans, including amortization of capitalized bank charges related to borrowings, administrative fees, etc.

DKK '000

Note 8 Tax	2013	2012
Current joint tax contributions	-2,000	-12,894
Deferred tax for the year	-958	1,613
Adjustment to corporation tax in respect of prior years	7,363	0
Adjustment to deferred tax in respect of prior years	0	-1,125
Tax for the year	**4,405**	**-12,406**
Tax for the year is recognised as follows:		
Tax in the income statement	4,405	-12,406
Tax for the year	**4,405**	**-12,406**
Tax in the income statement can be broken down as follows:		
Profit before tax	308,773	51,061
Of this, tonnage taxed income	-450,818	-436,045
Profit before tax (corporate income tax)	**-142,045**	**-384,984**
25% tax of profit before tax	35,511	96,246
Tax effect of:		
Non-taxable items	-36,418	-105,625
Adjustments of tax in respect of prior years	7,363	-1,125
Corporate income tax	6,456	-10,504
Tonnage tax	-2,051	-1,902
Tax in the income statement	**4,405**	**-12,406**
Effective tax rate	-1.4	24.3
Effective tax rate before adjustment of prior years' tax	1.0	22.1

The shipping activities performed are included in the Danish tonnage tax scheme where the taxable income related to transportation of passengers and freight is calculated based on the tonnage deployed during the year. Taxable income related to other activities is taxed according to the normal corporate income tax rules.

DFDS A/S and its Danish subsidiaries and Danish taxed branches are within the Danish Act of compulsory joint taxation with LF Investment ApS and J. Lauritzen A/S and these two companies' Danish controlled enterprises. In accordance with the Danish rules on joint taxation, DFDS A/S' 100% owned Danish subsidiaries are jointly and severally liable for DFDS A/S' corporation tax liabilities towards the Danish tax authorities while DFDS A/S and its Danish subsidiaries only are subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other companies that are part of the Danish joint taxation. LF Investment ApS is the administration company in the joint taxation and settles all payments of corporation tax with the tax authorities.

Adjustment of prior years' tax in 2013 for the Parent Company primarily relates to the final settlement and utilisation of tax losses between the Danish companies in the Group.

DKK '000

Note 9 Non-current intangible assets

	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Cost at 1 January 2013	94,640	56,440	195,253	55,640	401,973
Foreign exchange adjustments	-2,522	0	0	0	-2,522
Additions	0	0	14,095	23,231	37,326
Disposals	0	-54,056	-1,273	0	-55,329
Transfers	0	0	25,483	-25,483	0
Cost at 31 December 2013	**92,118**	**2,384**	**233,558**	**53,388**	**381,488**
Amortisation and impairment losses at 1 January 2013	0	55,645	146,743	0	202,388
Amortisation charge	0	795	15,233	0	16,028
Impairment charge	0	0	0	3,287 [1]	3,287
Disposals	0	-54,056	-1,273	0	-55,329
Amortisation and impairment losses at 31 December 2013	**0**	**2,384**	**160,703**	**3,287**	**166,374**
Carrying amount at 31 December 2013	**92,118**	**0**	**72,855**	**50,101**	**215,074**

[1] In 2013 DKK 3.3 million regarding the development of a procurement system was written down as it was decided to stop the project, (2012: no write-downs).

	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Cost at 1 January 2012	92,019	56,440	185,698	21,997	356,154
Foreign exchange adjustments	2,621	0	0	0	2,621
Additions	0	0	0	43,888	43,888
Transfers	0	0	9,555	-10,245	-690 [2]
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**

[2] Transferred to non-current tangible assets.

The Parent Company's carrying amount of Goodwill DKK 92.1 million (2012: DKK 94.6 million) relates 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 development projects in progress relates primarily to software to Passenger Shippings on-line booking, a new freight- and planning system to Logistics Division and finance and management reporting systems.

DKK '000

Note 10 Non-current tangible assets

	Land and buildings	Terminals	Ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2013	10,949	73,847	5,202,988	342,362	36,877	5,667,023
Additions	0	178	0	12,924	558,942 [1]	572,044
Disposals	0	0	-26,918	-4,369	-125	-31,412
Transfers	0	0	124,229	902	-125,131	0
Cost at 31 December 2013	**10,949**	**74,025**	**5,300,299**	**351,819**	**470,563**	**6,207,655**
Depreciation and impairment losses at 1 January 2013	5,917	53,108	2,470,624	203,718	0	2,733,367
Depreciation charge	793	2,047	253,455	29,289	0	285,584
Disposals	0	0	-26,918	-3,764	0	-30,682
Depreciation and impairment losses at 31 December 2013	**6,710**	**55,155**	**2,697,161**	**229,243**	**0**	**2,988,269**
Carrying amount at 31 December 2013	**4,239**	**18,870**	**2,603,138**	**122,576**	**470,563**	**3,219,386**
Hereof assets held under finance leases	0	0	0	18,799	0	18,799

[1] Primarily relates to construction of two newbuildings (ro-ro ships).

On the basis of the impairment tests performed in 2013 there has been no impairment loss on ships (2012: DKK 27 million on two passenger ships). For further information regarding the impairment tests, reference is made to the consolidated financial statements note 37.

	Land and buildings	Terminals	Ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2012	10,949	73,143	5,190,676	317,120	574,725	6,166,613
Additions	0	188	0	18,859	52,962	72,009
Disposals	0	0	0	-1,636	-570,653 [2]	-572,289
Transfers	0	516	12,312	8,019	-20,157	690 [1]
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**
Hereof assets held under finance leases	0	0	0	23,764	0	23,764

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

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Note 11 Investments in subsidiaries	**2013**	**2012**
Cost at 1 January	4,841,101	1,732,599
Additions	12,499	3,200,015
Disposals	-21,274	-91,513
Cost at 31 December	**4,832,326**	**4,841,101**
Accumulated impairment losses at 1 January	-808,376	-391,560
Impairment losses	-108,000	-510,111
Reversal of prior years impairment charge	0	91,722
Disposals	20,854	1,573
Accumulated impairment loss at 31 December	**-895,522**	**-808,376**
Carrying amount at 31 December	**3,936,804**	**4,032,725**

Reference is made to the Company overview in the consolidated financial statements note 41.

In 2013 the additions primarily relates to establishment of a company and disposals relates to liquidation of two companies.

In 2012 debt conversion and unconditional shareholders contribution by remission of debt on balances between the Parent Company and 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 contribution of DKK 497.1 million has been made to subsidiaries.

The carrying amount of investment in subsidiaries is tested for impairment if there are any indicators of impairment. The impairment test has led to an impairment loss of DKK 108.0 million (2012 DKK 510.1 million). In 2013 no prior year impairment losses have been reversed (2012: DKK 91.7 million). For further information regarding the impairment tests, reference is made to note 34.

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Note 12 Investments in associates	**2013**	**2012**
Cost at 1 January	0	223
Disposals	0	-223
Cost at 31 December	**0**	**0**
Value adjustments at 1 January	0	0
Value adjustments at 31 December	**0**	**0**
Carrying amount at 31 December	**0**	**0**

For specification of investments in associates reference is made to the consolidated financial statements note 13.

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Note 13 Receivables	**2013**	**2012**
Receivables from subsidiaries	719,575	985,020
Other non-current receivables	0	49,836
Total non-current receivables	**719,575**	**1,034,856**
Trade receivables	539,380	543,433
Interest bearing receivables from subsidiaries [1]	1,667,900	1,319,504
Receivables from associates	51,110	54,339
Fair value of derivative financial instruments, forward transactions and bunker hedges	2,703	32,987
Other receivables and current assets	57,679	50,666
Total current receivables	**2,318,772**	**2,000,929**
Total current and non-current receivables	**3,038,347**	**3,035,785**

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

The carrying amount of receivables is in all material respects equal to the fair value.

None of the trade receivables with collateral are overdue at 31 December 2013 (2012: none). The collateral is bank guaranties.

Receivables that are past due, but not impaired:	**2013**	**2012**
Days past due:		
Up to 30 days	115,797	119,980
31-60 days	23,284	23,409
61-90 days	4,671	5,550
91-120 days	1,222	621
More than 120 days	7,292	15,006
Past due, but not impaired	**152,266**	**164,566**

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Note 13 Receivables (continued)	**2013**	**2012**
Movements in write-downs, which are included in the above trade receivables:		
Write-downs at 1 January	4,854	4,741
Write-downs	4,144	3,510
Realized losses	-2,835	-2,855
Reversed write-downs	-38	-542
Write-downs at 31 December	**6,125**	**4,854**

Age distribution of write-downs:	**2013**	**2012**
Days past due:		
Up to 30 days	1,718	871
31-60 days	0	0
61-90 days	54	282
91-120 days	37	0
More than 120 days	4,316	3,701
Write-downs at 31 December	**6,125**	**4,854**

Write-downs and realized losses are recognised in operational cost in the income statement.
Write-downs on trade receivables are caused by customers bankruptcy or uncertainty about the customers ability and willingness to pay.

Financial leasing receivables (lessor)
The financial leasing receivable for the Parent Company is equal to the Group. Reference is made to the consolidated financial statements note 14.

Note 14 Securities

Securities for the Parent Company is equal to the Group. Reference is made to the consolidated financial statements note 15.

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Note 15 Inventories	**2013**	**2012**
Bunkers	59,369	65,009
Goods for sale and raw materials for restaurants	46,403	45,919
Write-down of inventories	-2,157	-3,928
Total inventories	**103,615**	**107,000**

Note 16 Treasury shares (number of shares)

Information regarding the Parent Company's and the Group's holding of treasury shares is equal. Reference is made to the consolidated financial statements note 17.

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Note 17 Deferred tax

2013	**Land and buildings, terminals and other equipment**	**Provisions**	**Total**
Deferred tax at 1 January	668	-1,156	-488
Recognised in the Income statement	468	490	958
Deferred tax at 31 December	**1,136**	**-666**	**470**
2012			
Deferred tax at 1 January	0	0	0
Recognised in the Income statement	-457	-1,156	-1,613
Adjustment regarding prior years recognised in the income statement	1,125	0	1,125
Deferred tax at 31 December	**668**	**-1,156**	**-488**

	2013	**2012**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (assets)	0	488
Deferred tax (liabilities)	470	0
Deferred tax at 31 December, net	**470**	**-488**

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 263 million (2012: 252 million) may be recognised.

Note 18 Share options

Information regarding share options for the Parent Company and the Group is equal. Reference is made to the consolidated financial statements note 19.

Note 19 Pension and jubilee liabilities

The Parent Company 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 an independent insurance company responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Parent Company has no legal or constructive obligation to pay further contributions irrespective of the funding of the insurance company. Pension costs from such plans are charged to the income statement when incurred.

The Parent Company has minor defined benefit plans. The defined benefit plans are pension plans that yearly pay out a certain percentage of the final salary the employee has when the employee retires. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employees. The defined benefit plans typically include a spouse pension.

The calculation of the defined benefit plans based on actuarial methods is specified below.

DKK '000

	2013	2012
Present value of unfunded defined benefit obligations	3,186	3,794
Recognised liabilities for defined benefit obligations	**3,186**	**3,794**
Provision for jubilee liabilities	5,972	4,282
Total actuarial liabilities	**9,158**	**8,076**
Movements in the net present value for unfunded defined benefit obligations		
Unfunded defined benefit obligations at 1 January	3,794	6,181
Current service costs	0	-669
Interest costs	32	0
Actuarial gain(-)/loss(+) arising from changes in demographic assumptions	20	0
Benefits paid	-660	-1,718
Unfunded defined benefit obligations at 31 December	**3,186**	**3,794**
Expenses recognised as staff costs in the Income statement:		
Current service costs	0	-669
Total included in staff costs regarding defined benefit plans	**0**	**-669**
Expenses recognised as financial costs in the Income statement:		
Interest cost	32	0
Total included in financial costs regarding defined benefit plans	**32**	**0**
Total expenses for defined benefit plans recognised in the Income statement	**32**	**-669**
Expenses recognised in Other comprehensive income:		
Remeasurements of plan obligations	20	0
Total included in other comprehensive income regarding defined benefit plans	**20**	**0**

Note 19 Pension and jubilee liabilities (continued)

There are no plan assets in the Parent Company's plans.

Actuarial calculations are performed annually for all defined benefit plans. Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in Denmark. The following significant assumptions have been used for the actuarial calculations:

	2013	2012
Average weighted assumptions: [1]		
Discount rate	1.0%	1.6%

[1] All factors are weighted at the pro rata share of the individual actuarial obligation

Significant actuarial assumptions for the determination of the retirement benefit obligation are discount rate and expected mortality. The sensitivity analysis below has been determined based on reasonably likely changes in the assumptions occurring at the end of the period.

DKK '000

Sensitivity analysis	**2013**
Reported obligation 31 December 2013	3,186
Discount rate -0.5% point compared to assumptions	3,210
Discount rate +0.5% point compared to assumptions	3,162
Mortality -1 year compared with used mortality tables	3,115
Mortality +1 year compared with used mortality tables	3,268

Weighted average duration on the liabilities end of 2013 is 3.6 years.

The Parent Company expects to make a contribution of DKK 1.5 million to the defined benefit plans in 2014 (expected for 2013: DKK 0.2 million).

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Maturity analysis of the obligations	**2013**	**2012**
0-1 year	1,500	820
1-5 years	1,677	2,965
After 5 years	9	9
	3,186	**3,794**

DKK '000

Note 20 Other provisions	2013	2012
Other provisions at 1 January	42,776	25,803
Provisions made during the year	2,614	16,973
Used during the year	-1,025	0
Reversal of unused provisions	-17,760	0
Other provisions at 31 December	**26,605**	**42,776**
Other provisions are expected to be payable in:		
0-1 year	13,050	3,441
1-5 years	13,555	39,335
Other provisions at 31 December	**26,605**	**42,776**

Of the Parent Company's provision of DKK 26.6 million (2012: DKK 42.8 million), DKK 2.7 million (2012: DKK 4.6 million) is redelivery provision regarding leased operating equipment and DKK 23.9 million (2012: DKK 38.2 million) is calculated net present value of earn out agreement regarding the acquisition of the route Kapellskär-Paldiski.

DKK '000

Note 21 Interest-bearing liabilities	2013	2012
Mortgage on ships	1,017,672	1,561,241
Issued corporate bonds	1,059,039	506,613
Financial lease liabilities	12,608	18,166
Payables to subsidiaries	0	18,912
Other non-current liabilities	0	1,156
Total interest bearing non-current liabilities	**2,089,319**	**2,106,088**
Mortgage on ships	776,554	628,382
Financial lease liabilities	5,558	5,386
Payables to subsidiaries [1]	2,784,859	2,727,397
Other current liabilities	0	832
Total interest bearing current liabilities	**3,566,971**	**3,361,997**
Total interest bearing liabilities	**5,656,290**	**5,468,085**

[1] The carrying amount of Interest bearing payables to subsidiaries relates to deposit facilities that are made available to subsidiaries.

Regarding the Parent Company's issue of corporate bonds in 2012 and 2013 reference is made to the consolidated financial statements note 22.

The fair value of the interest-bearing liabilities amounts to DKK 5,707 million (2012: DKK 5,504 million). This fair value measurement is categorised within level 3 in the fair value hierarchy except for the part that relates to the corporate bonds for which the fair value measurement is categorised within level 1.

The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The 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 quoted bond price at year end 2013.

Note 21 Interest-bearing liabilities (continued)

DKK 139 million of the interest bearing liabilities in the Parent Company fall due after five years (2012: DKK 0 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 25 for financial risks, etc.

DKK '000

Allocation of currency, principal nominal amount	2013	2012
DKK	1,559,645	1,991,247
EUR	2,435,478	2,273,883
SEK	171,969	229,676
NOK	1,365,323	598,238
GBP	123,836	374,931
LTL	39	110
Total interest bearing liabilities	**5,656,290**	**5,468,085**

DKK '000

Note 22 Other payables	2013	2012
Payables to subsidiaries	10,667	2,735
Accrued interests	14,595	18,450
Public authorities (VAT, duty, etc.)	1,616	6,635
Holiday pay obligations, etc.	134,013	100,104
Fair value of Interest swaps, forward transactions and bunker hedges	162,848	83,438
Other payables	24,255	34,939
Total other payables	**347,994**	**246,301**

DKK '000

Note 23 Corporation tax liabilities	2013	2012
Corporation tax liabilities at 1 January, net	15,461	15,526
Tax for the year recognised in the income statement	2,000	12,894
Adjustment, prior years recognised in the income statement	-7,363	0
Adjustment, prior years recognised in the equity	-597	0
Corporation taxes paid during the year	-7,501	-12,959
Corporation tax liabilities at 31 December, net	**2,000**	**15,461**
Corporation tax is recognised in the balance sheet as follows:		
Corporation tax receivable (assets)	0	0
Corporation tax debt (liabilities)	2,000	15,461
Corporation tax liabilities at 31 December, net	**2,000**	**15,461**

DKK '000

Note 24 Information on financial instruments	**2013**	**2012**
Carrying amount per category of financial instruments		
Derivatives (hedge accounting), financial assets	2,631	14,912
Derivatives (economical hedge), financial assets	72	18,075
Loans and receivables (assets)	3,716,532	3,823,757
Financial assets available for sale	35,188	36,463
Derivatives (hedge accounting), financial liabilities	-162,804	-56,271
Derivatives (economical hedge), financial liabilities	-44	-27,167
Financial liabilities measured at amortised cost	-6,244,421	-5,771,819
Total	**-2,652,846**	**-1,962,050**

Hierarchy of financial instruments measured at fair value
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.

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2013	**Level 1**	**Level 2**	**Level 3**
Derivatives (hedge accounting), financial assets	0	2,631	0
Derivatives (economical hedge), financial assets	0	72	0
Financial assets available for sale	16,675	0	0
Derivatives (hedge accounting), financial liabilities	0	-162,804	0
Derivatives (economical hedge), financial liabilities	0	-44	0
Total	**16,675**	**-160,145**	**0**

2012	**Level 1**	**Level 2**	**Level 3**
Derivatives (hedge accounting), financial assets	0	14,912	0
Derivatives (economical hedge), financial assets	0	18,075	0
Financial assets available for sale	17,950	0	0
Derivatives (hedge accounting), financial liabilities	0	-56,271	0
Derivatives (economical hedge), financial liabilities	0	-27,167	0
Total	**17,950**	**-50,451**	**0**

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 25 for description of the valuation method. Financial assets available for sale measured at level 1 comprise listed shares and bonds and is measured at the quoted prices.

Financial assets available for sale also comprise 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, and consequently, they are not included in the fair value hierarchy.

Note 25 Financial and operational risks

DFDS' risk management policy
The description of DFDS's risk management policy, financial risks and capital management is equal for the Group and the Parent Company. Reference is made to the consolidated financial statements note 27.

The following specifications and sensitivity analyses for the Parent Company are specific for the Parent Company:

Financial risks
Interest rate risks
An increase in the interest rate of 1%-point compared to the actual interest rate in 2013 would, other things being equal, have increased net interest payments by DKK 13 million for the Parent Company in 2013 (2012: DKK 7 million). A decrease in the interest rate would have had a similar positive effect.

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

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2013	**0-1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Non-derivative financial assets				
Cash	680,888	0	0	0
Bonds	15,432	0	0	0
Trade receivables	539,380	0	0	0
Non-derivative financial liabilities				
Mortgages on ships	-826,519	-866,807	-51,232	-161,777
Issued corporate bonds	-51,386	-544,431	-667,119	0
Financial lease liabilities	-6,071	-12,670	0	0
Trade payables	-538,614	0	0	0
Financial guarantees	-182,837	0	0	0
Derivative financial assets				
Forward exchange contracts and currency swaps	75	0	0	0
Bunker contracts	2,628	0	0	0
Derivative financial liabilities				
Interest swaps	-17,631	-5,899	0	0
Forward exchange contracts	-145,132	0	0	0
	-529,787	**-1,429,807**	**-718,351**	**-161,777**

DKK '000

Note 25 Financial and operational risks (continued)

2012	0-1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial assets				
Cash	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
Bunker contracts	-9,406	0	0	0
	116,453	**-1,590,811**	**-626,995**	**0**

Receivables from subsidiaries are disclosed in note 13 and Payables to subsidiaries are disclosed in note 22.

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.

DKK '000

Note 26 Non-cash operating items

	2013	2012
Change in provisions	929	557
Change in write-down of inventories for the year	-1,771	1,954
Change in provision for defined benefit plans and jubilee liabilities	2,188	-669
Vesting of share option plans expensed in the income statement	5,702	4,736
Non-cash operating items	**7,048**	**6,578**

DKK '000

Note 27 Change in working capital

	2013	2012
Change in inventories	5,156	-2,431
Change in receivables	17,861	138,826
Change in current liabilities	319,809	-123,377
Change in working capital	**342,826**	**13,018**

Note 28 Acquisition and sale of enterprises and activities

Acquisition
DFDS A/S has neither acquired nor sold enterprises and activities during 2012 and 2013.

Note 29 Guarantees, collateral and contingent liabilities

Guarantees amounts to DKK 537.4 million (2012: DKK 609.9 million) for 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 credit card payments.

The Parent Company is in 2013 as well as in 2012 part in various legal disputes. The outcome of these disputes is not considered likely to influence the Parent Company significantly, besides what is already recognised in the balance sheet.

Certain ships and ships under construction with a total carrying amount of DKK 2,923.4 million have been pledged as security for mortgage on ships with a total carrying amount of DKK 973.0 million.

DKK '000

Note 30 Contractual commitments	**2013**	**2012**
Contracting of ships and rebuildings, term 0-1 year	393,580	0
Total contracting obligations	**393,580**	**0**

Contractual commitments in 2013 relates to the purchase of two new ro-ro ships for delivery in 2014, installation of scrubbers and contracted refurbishment of a passenger ship.

Operating lease commitments (lessee)	**2013**	**2012**
Minimum lease payments		
0-1 year	18,226	17,975
1-5 years	73,940	72,784
After 5 years	18,985	37,592
Total buildings	**111,151**	**128,351**
0-1 year	13,673	12,405
1-5 years	57,359	51,334
After 5 years	77,009	82,839
Total terminals	**148,041**	**146,578**
0-1 year	759,520	745,497
1-5 years	787,486	972,181
After 5 years	72,271	164,681
Total ships	**1,619,277**	**1,882,359**
0-1 year	25,907	27,081
1-5 years	27,047	18,940
After 5 years	0	0
Total equipment, etc.	**52,954**	**46,021**
Total minimum lease payments are expected to fall due as follows:		
0-1 year	817,325	802,958
1-5 years	945,832	1,115,239
After 5 years	168,265	285,112
Total minimum lease payments	**1,931,423**	**2,203,309**

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Note 30 Contractual commitments (continued)

The specified payments are not discounted.

Operating lease- and rent costs recognised in the income statement amounts to DKK 909.7 million for 2013 (2012: DKK 1,094.5 million) of which DKK 2.2 million (2012: DKK 2.8 million) is contingent lease payments. The contingent part of the lease costs relates to terminals and is based on the throughput of volumes in the terminals.

Operating lease contracts on ships are typically concluded with lease terms of up to 12 months, but where most of the lease contracts contain an option to extend the lease term. However, 4 leases were initially entered with a 10 year lease period, of which 6 years are left at 31 December 2013. 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.

The Parent Company 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 takeover of the Company.

Operating lease commitments (lessor)	**2013**	**2012**
Minimum lease payments (income)		
Ships and equipment		
0-1 year	284,654	235,824
1-5 years	349,980	246,634
After 5 years	181,518	0
Total ships and equipment	**816,152**	**482,458**

The specified minimum payments are not discounted.

The increase primarily relates to newbuilding contracts for two ro-ro ships for delivery in 2014. According to contracts both ships will earn rental income as from delivery.

Operational lease- and rental income recognised in the income statement amounts to DKK 375.2 million in 2013 (2012: DKK 434.9 million).

The contracts are entered on usual conditions.

DKK '000

Note 30 Contractual commitments (continued)

Financial lease commitments (lessee)

2013	Minimum lease payments	Hereof financing element	Carrying amount
0-1 year	6,071	-513	5,558
1-5 years	12,670	-62	12,608
Total	**18,741**	**-575**	**18,166**

DKK '000

2012	Minimum lease payments	Hereof financing element	Carrying amount
0-1 year	6,056	-670	5,386
1-5 years	18,748	-582	18,166
Total	**24,804**	**-1,252**	**23,552**

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 2014 and 2015, respectively.

DKK '000

Note 31 Related party transactions

Description of the Parent Company's related parties comprise is equal to the description for the Group. Reference is made to the consolidated financial statements note 36.

2013	Sale of services	Purchase of services	Purchase of assets	Receivables	Liabilities
Associates	18,385	200,888	0	51,110	0
Subsidiaries	714,833	1,297,997	0	2,387,475	2,795,526
2012					
Associates	12,291	126,201	0	54,339	0
Subsidiaries	795,170	1,282,366	118,000	2,304,524	2,749,044

In 2012 debt conversion and unconditional shareholders contribution by remission of debt cancellation of receivables from subsidiaries 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.

Note 32 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.

For a description of the definition of cash-generating units, basis for impairment testing and calculation of recoverable amount reference is made to the consolidated financial statements note 37.

Impairment tests of investments in subsidiaries and associated companies
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 cash flows according to 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 2013 and 2012 are shown in the table in the consolidated financial statements note 37.

In 2013 investments in subsidiaries have been written down by DKK 108.0 million in total. DFDS Seaways Plc. has been written down by DKK 100.0 million and DFDS Polska Sp. z o.o. has been written down by DKK 8.0 million, as the calculated value in use of the individual investment were lower than the book value. The total write-down of DKK 108.0 million in 2013 is recognised under 'Special items'.

2012
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'.

Note 33 Events after the balance sheet date

2013:
At an extraordinary general meeting held on 16 December 2013 it was approved to reduce the share capital from nominally 1,485,608,100 to nominally 1,330,000,000. The capital reduction was legally completed on 16 January 2014 when registered with the Danish Business Authority.

2012:
With 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 defence, 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.

Besides the above there have been no significant events after 31 December 2012.

Note 34 Accounting Policies

The Parent Company financial statements are prepared pursuant to the requirements of the Danish Financial Statements Act concerning preparation of separate parent company financial statements for companies reporting under IFRS.

The 2013 financial statements have 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.

Change in accounting policies
Reference is made to the consolidated financial statements note 40.

Significant accounting estimates and assessments
In the process of preparing the Parent Company financial statements, a number of accounting estimates and judgements have been made that affect assets and liabilities at the balance sheet date and income and expenses for the reporting period. Management regularly reassesses these estimates and judgements, partly on the basis of historical experience and a number of other factors in the given circumstances.

Impairment testing of investments in subsidiaries
Impairment testing of investments in subsidiaries is carried out if there is indication of impairment. The impairment tests are based on the expected future cash flows for the tested subsidiaries. For further details of estimates and assessments relating to investments in subsidiaries reference is made to note 37, which mention impairment testing.

Management is of the opinion that, except for impairment testing of investments in subsidiaries, no accounting estimates or judgements are made in connection with the presentation of the Parent Company financial statements applying the Parent Company accounting policies that are material to the financial reporting, other than those disclosed in note 39 to the consolidated financial statements.

DESCRIPTION OF ACCOUNTING POLICIES
The Parent Company accounting policies are consistent with the accounting policies described in the consolidated financial statements note 40, with the following exceptions:

Business combinations
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
Foreign exchange adjustments of balances accounted for as part of the total net investment in enterprises that have a functional currency other than DKK are recognised in profit for the year as finance income and costs in the parent company financial statements. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises are recognised directly in the profit for the year as finance income and costs.

Dividends from investments in subsidiaries and associates
Dividends from investments in subsidiaries and associates are recognised in the Parent Company's income statement for the year in which the dividends are declared. If distributions exceed the subsidiary' or the associate's comprehensive income for the period, an impairment test is carried out.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are measured at cost in the Parent Company's balance sheet. Impairment testing is carried out if there is any indication of impairment. The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognised as finance cost in profit for the year unless it qualifies as a special item. If the Parent Company has a legal or constructive obligation to cover a deficit in subsidiaries and associates, a provision for this is recognised.

FLEET LIST (PER 31.12.2013)

FREIGHT SHIPS (RO-RO)

	Year built	Gross tons	Lanemeter	TEU [4]	Deployment
Ficaria Seaways	2006/09	37,939	4,650		Gothenburg-Brevik-Immingham
Freesia Seaways	2005/09	37,722	4,650		Gothenburg-Brevik-Gent
Begonia Seaways	2004/09	37,722	4,650		Gothenburg-Brevik-Immingham
Magnolia Seaways	2003	32,523	3,831		Gothenburg-Brevik-Gent
Petunia Seaways	2004	32,523	3,831		Gothenburg-Brevik-Immingham
Primula Seaways	2004	32,289	3,831		Gothenburg-Brevik-Gent
Selandia Seaways	1998	24,803	2,772		Vlaardingen-Immingham
Suecia Seaways	1999/11	24,196	2,772	180	Vlaardingen-Felixstowe
Britannia Seaways	2000/11	24,196	2,772	180	Esbjerg-Immingham
Ark Futura	1996/00	18,725	2,308	246	On charter
Flandria Seaways	2000	13,073	1,692		Vlaardingen-Felixstowe
Anglia Seaways	2000	13,073	1,692		On charter
Botnia Seaways	2000	11,530	1,899		Kiel-Karlshamn-St. Petersburg
Finlandia Seaways	2000	11,530	1,899		Kiel-Karlshamn-St. Petersburg
Corona Seaways [2]	2008	25,609	3,322		Fredericia-Copenhagen-Klaipeda
Hafnia Seaways [2]	2008	25,609	3,322		Vlaardingen-Felixstowe
Fionia Seaways [2]	2009	25,609	3,322		Vlaardingen-Immingham
Jutlandia Seaways [2]	2010	25,609	3,322		Esbjerg-Immingham
Clementine [2]	1997	23,986	2,307		Cuxhaven-Immingham
Longstone [2]	2003	23,235	2,606		Zeebrügge-Rosyth
Beachy Head [2]	2003	23,235	2,606		Marseilles-Tunis
Mont Ventoux [6]	1996	18,469	2,025		Marseilles-Tunis
Transpulp [2]	2006	23,128	2,774		Gothenburg-Tilbury
Clipper Point [2]	2008	14,759	1,830		Cuxhaven-Immingham

FREIGHT SHIPS (RO-RO) FOR DELIVERY IN 2014

	Year built	Gross tons	Lanemeter	TEU [4]
Stralsund NB 500 (Ark Germania)	2014	33,300	3,000	342
Stralsund NB 501 (Ark Dania)	2014	33,300	3,000	342

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
Athena Seaways [1]	2007	25,993	2,593	550	Karlshamn-Klaipeda
Optima Seaways	1999	25,206	2,300	328	Karlshamn-Klaipeda
Sirena Seaways	2002/03	22,382	2,056	610	Esbjerg-Harwich
Liverpool Seaways	1997	21,856	2,200	335	On charter
Patria Seaways	1991	18,332	1,710	250	Paldiski-Kapellskär
Kaunas Seaways	1989/94	25,606	1,539	250	Paldiski-Kapellskär
Vilnius Seaways	1987/93	22,341	1,700	132	On charter
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
Calais Seaways	1991/92/99	28,833	1,850	1,222	Dover-Calais
Dieppe Seaways [5]	2002	30,551	1,891	1,200	Dover-Calais
Norman Voyager [5]	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

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
6 VSA: Ship operated in a vessel sharing agreement with owner/charterer

PASSENGER SHIPS

	Year built	Gross tons	Lanemeter	Passengers	Deployment
Pearl Seaways	1989/01/05	40,039	1,482	1,870	Copenhagen-Oslo
Crown Seaways	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

SIDEPORT SHIPS

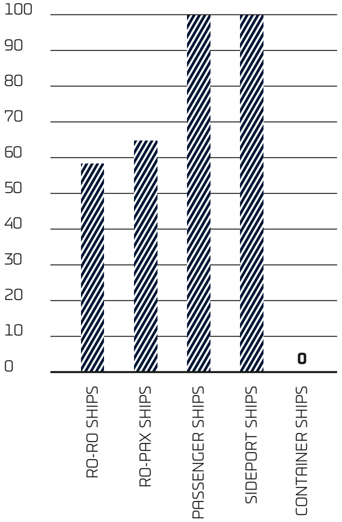
	Year built	Gross tons	TEU[4]	Deployment
Lysvik Seaways	1998/04	7,409	160	Oslo Fjord-Continent/UK
Lysbris	1999/04	7,409	160	Oslo Fjord-Continent/UK
Lysblink Seaways	2000/03	7,409	160	On charter

CONTAINER SHIPS

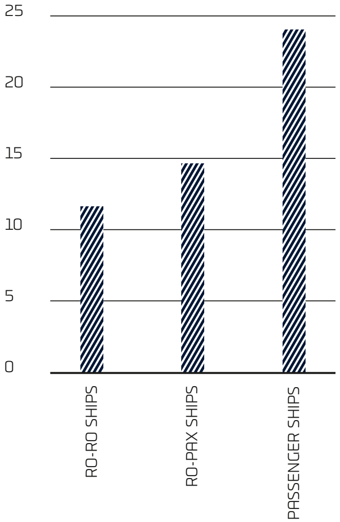
	Year built	Gross tons	TEU[4]	Deployment
Endeavor[2]	2005	7,642	750	UK-Ireland-Spain
Encounter[6]	2004	7,642	750	UK-Ireland-Spain
Philipp[6]	2008	8,971	917	UK-Ireland-Spain
Spica J[6]	2007	8,246	962	Oslo Fjord-Rotterdam
Kristin Schepers[6]	2008	7,852	812	Oslo Fjord-Rotterdam
Hanse Vision[6]	2005	7,713	809	Oslo Fjord-Rotterdam
Hanse Spirit[6]	2005	7,713	809	Oslo Fjord-Rotterdam
Samskip Endeavour[6]	2011	7,852	812	Rotterdam-Ireland/Northern Ireland
Samskip Express[6]	2006	7,852	803	Rotterdam-Ireland/Northern Ireland

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
6 VSA: Ship operated in a vessel sharing agreement with owner/charterer

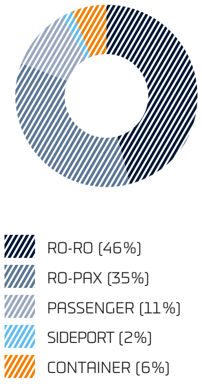
OWNERSHIP SHARES OF FLEET, END 2013
(%)



OWNED SHIPS, AVERAGE AGE END 2013
(YEARS)



FLEET IN GROSS TONS, OWNED, CHARTER & VSA SHIPS, END 2013
(GROSS TONS)



COMMERCIAL DUTIES

COMMERCIAL DUTIES OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD AS OF 28 FEBRUARY 2014

BOARD OF DIRECTORS

Bent Østergaard, Chairman

- Date of birth: 5 October 1944
- Joined the Board: 1 April 2009
- Re-elected: 2010–2013
- Period of office ends: 26 March 2014
- Chairman of the Nomination Committee and the Remuneration Committee
- Position: President, Lauritzen Fonden & LF Investment ApS
- Chairman: J. Lauritzen A/S, Frederikshavn Maritime Erhvervspark A/S, NanoNord A/S, Cantion A/S
- Board member: Mama Mia Holding A/S, Meabco Holding A/S, Meabco A/S, Royal Arctic Line A/S, With Fonden, Durisol UK, Desmi A/S, Comenxa A/S
- Shareholding: 2,833

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 Chairman

- Date of birth: 12 December 1959
- Joined the Board: 20 April 2006
- Re-elected: 2007–2013
- Period of office ends: 26 March 2014
- Member of the Nomination Committee, the Audit Committee and the Remuneration Committee
- Position: Director, GFKJUS 611 ApS
- Chairman: E-Force A/S, FLSmidth A/S, FLSmidth & Co. A/S, Scandic Hotels AB, Select Service Partner Ltd., TDC A/S, Automic Software GmbH
- Board member: Air Canada Inc., Braganza A/S, CP Dyvig & Co A/S, Lufthansa Cargo AG, Royal Caribbean Cruises Ltd, Nordic Aviation Capital A/S
- 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 Chairman

- Date of birth: 15 September 1962
- Joined the Board: 29 March 2012
- Re-elected: 2013
- Period of office ends: 26 March 2014
- Position: CEO of Maersk Drilling and member of the Executive Board, A.P. Møller - Mærsk A/S
- Chairman: Denmark Hong Kong Trade Association
- Deputy chairman: The Danish Shipowners' Association
- Board member: Egyptian Drilling Company, International Association of Drilling Contractors, IADC, (Executive Committee member), Danish Chinese Business Forum, EU Hong Kong Business Co-operation Committee
- Shareholding: 142

The Board is of the opinion that Claus Hemmingsen possesses the following special competences: international management experience and expertise in offshore activities and shipping.

Ingar Skaug, member of the Board of Directors

- Date of birth: 28 September 1946
- Joined the Board: 16 April 1998
- Re-elected: 1999–2013
- Period of office ends: 26 March 2014
- Chairman: Center for Creative Leadership, Ragni Invest AS, Environor AS, Performance Leadership AS, Vectura AS, Deputy chairman of board: J. Lauritzen A/S
- Board member: PGS, Berg-Hansen AS, Miros AS, Bery Maritime AS, AGM/ANB (Adjaristqali Georgia LLC/Adjaristqali Netherlands BV)
- 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 therefore cannot be considered independent.

Jill Lauritzen Melby, member of the Board of Directors

- Date of birth: 6 December 1958
- Joined the Board: 18 April 2001
- Re-elected: 2002–2013
- Period of office ends: 26 March 2014
- Member of the Audit Committee
- Position: Team Leader Finance, BASF A/S
- Shareholding: 266

The Board of Directors is of the opinion that Jill Lauritzen Melby possesses the following special competences: expertise in financial control.

Due to family relations to the company's principal shareholder, the Lauritzen Foundation (Vesterhavet Holding A/S), 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: 2007–2013
- Period of office ends: 26 March 2014
- Chairman of the Audit Committee
- Position: EVP & 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 accounting.

Annette Bjerre Bjerregaard, staff representative

- Date of birth: 16 August 1974
- Joined the Board: 13 April 2011
- Re-elected: 2013
- Period of office ends: 26 March 2014
- 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: 8 August 1958
- Joined the Board: 13 April 2011
- Re-elected: 2013
- Period of office ends: 26 March 2014
- Position: Captain
- Shareholding: 0

Jens Knudsen 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: 2013
- Period of office ends: 26 March 2014
- Position: Commercial Head
- Shareholding: 0

Kent Vildbæk has no managerial or executive positions in other companies.

Lars Skjold-Hansen, staff representative
- Date of birth: 23 August 1965
- Joined the Board: 22 March 2013
- Re-elected: n.a.
- Period of office ends: 26 March 2014
- Position: Captain
- Shareholding: 0

Lars Skjold-Hansen 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
- Chairman: Interferry
- Deputy chairman: ECSA (European Community Shipowners' Association)
- Board member: The Denmark-America Foundation, the Danish Trade Council, the Danish Shipowners' Association, Den Danske Banks Advisory Board, Bikuben Fonden
- Shareholding: 1,506

Torben Carlsen, EVP & CFO
- Date of birth: 5 March 1965
- Appointed: 1 June 2009
- Chairman: Crendo Fastighetsförvaltning AB, SEM Invest A/S, SEM Stålindustri A/S
- Shareholding: 2,166

BOARD OF DIRECTORS

BENT ØSTERGAARD

ANNETTE BJERRE BJERREGAARD

VAGN SØRENSEN

CLAUS HEMMINGSEN

INGAR SKAUG

KENT VILDBÆK

JILL LAURITZEN MELBY

LENE SKOLE

LARS SKJOLD-HANSEN

JENS OTTO KNUDSEN

EXECUTIVE MANAGEMENT

NIELS SMEDEGAARD (1962)
- President & CEO
- Msc. Finance
- Employed by DFDS since 2007

EDDIE GREEN (1957)
- 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
- Msc. Finance
- 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	Operating profit (EBIT) before special items x 100 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)	Net operating profit after taxes (NOPAT) x 100 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.	Profit for the year excluding non-controlling interests x 100 Average equity excluding non-controlling interests
Equity ratio	Equity x 100 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)	Profit for the year excluding non-controlling interests Weighted average number of shares
P/E ratio	Share price at year-end Earnings per share (EPS)
Dividend per share	Dividend for the year Number of shares at year-end
Dividend payout ratio	Dividend for the year Profit for the year excluding non-controlling interests
Dividend yield	Dividend per share Share price at year-end
Book value per share	Equity excluding non-controlling interests at year-end Number of shares at year-end
Market-to-book value (M/B)	Share price at year-end 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.

Chartering: Lease of a ship.

Chartering-out: Leasing out of a ship.

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.

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.

Non-allocated items: Central costs which are not distributed to divisions.

Northern Europe: The Nordic countries, Benelux, the United Kingdom, Ireland, Germany, Poland, the Baltic countries, Russia and other CIS 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 ship.

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 ships: 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.

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 volumes increased, haulage and logistics became integral parts of DFDS' strategy. From the mid-60s, considerable land activities were developed, extending the route network.

In 1982, a passenger route was opened between New York and Miami. However, the route failed to live up to expectations and was discontinued at great cost in 1983. Subsequently, the DFDS Group was restructured, including divestment of activities in the Mediterranean and routes to the USA and South America.

Haulage and logistics activities were developed organically and by acquisitions. Following the acquisition of Dan Transport in 1998, the business area became one of the largest overland transport companies in Northern Europe. 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 divested in 2000.

DFDS' route network for passengers and freight has been continuously developed via organic capacity growth and acquisitions. Following a number of smaller acquisitions, a transformational acquisition was made in 2010 as DFDS acquired Norfolkline, making DFDS the largest combined shipping and logistics company in Northern Europe.

EDITING
DFDS A/S

DESIGN & LAYOUT
KONTRAPUNKT A/S

PHOTO
SØREN NIELSEN