DFDS

Annual Report 2006

Lo-lo activities

Ro-ro activities

DFDS Tor Line – The North Sea

Routes:
AngloBridge (Gothenburg-Immingham/Harwich)
EuroBridge (Gothenburg-Brevik-Ghent)
NorBridge (Brevik-Kristiansand-Immingham)
BritanniaBridge (Esbjerg-Immingham/Harwich)
ElbeBridge (Cuxhaven-Immingham)
ShortBridge (Rotterdam-Immingham)

Terminals:
DFDS Scandic Terminal, Esbjerg
The DFDS Terminal, Copenhagen
DFDS Tor Terminal, Rotterdam (Maasvlakte) DFDS
Nordic Terminal, Immingham
North Shields, Newcastle
NorthSea Terminal, Brevik
KST Terminal, Kristiansand
Skogn Terminal, Skogn (Trondheim)
OCT, Oslo
Moss Container Terminal, Moss

DFDS Tor Line/DFDS LISCO – The Baltic Sea

Routes:
BalticBridge (Fredericia-Copenhagen-Klaipeda)
HansaBridge (Lübeck-Riga)
NevaBridge (Kiel-St. Petersburg)
DFDS LISCO Line (Klaipeda-Kiel)
ScanBridge (Baltijsk-Klaipeda-Karlshamn)
RailBridge (Klaipeda-Baltijsk-Sassnitz)

Tramp activities

Lo-lo activities

DFDS Lys Line

Routes:
Norway-the Continent/Great Britain (side door)
Norway-the Continent (side door)
Norway-the Continent (lo-lo)
Norway-Great Britain/Ireland (lo-lo)
Norway-Great Britain/Spain (lo-lo)

Tramp activities between Scandinavia and Spain,
Portugal and the Mediterranean

DFDS Container Line

Routes:
Ireland-the Continent

DFDS Suardiaz Line

Routes:
Spain-Ireland-England-Scotland

Cruise ferry activities

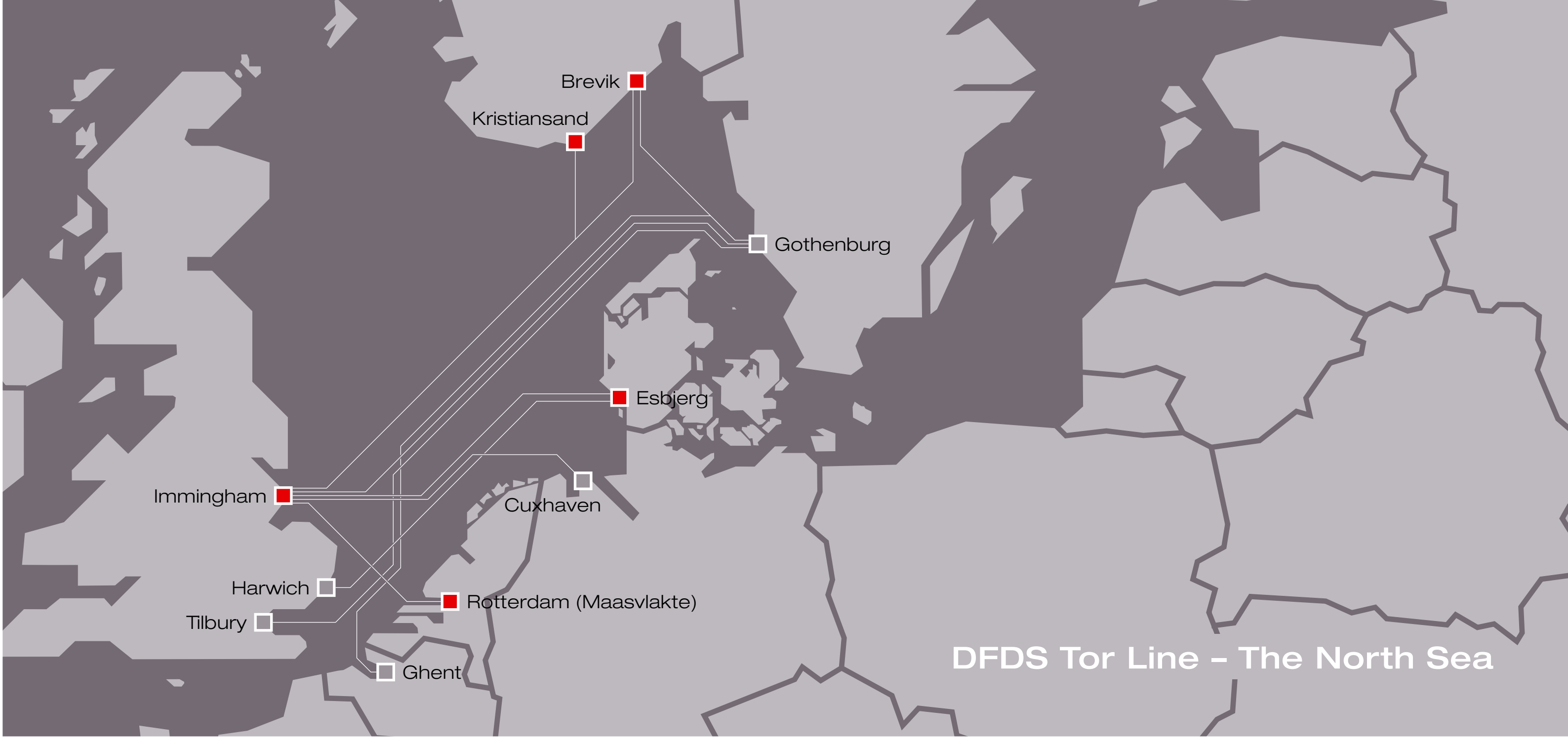
DFDS Seaways

Routes:
Copenhagen-Oslo
Amsterdam–Newcastle
Bergen-Haugesund-Stavanger-Newcastle
Esbjerg-Harwich

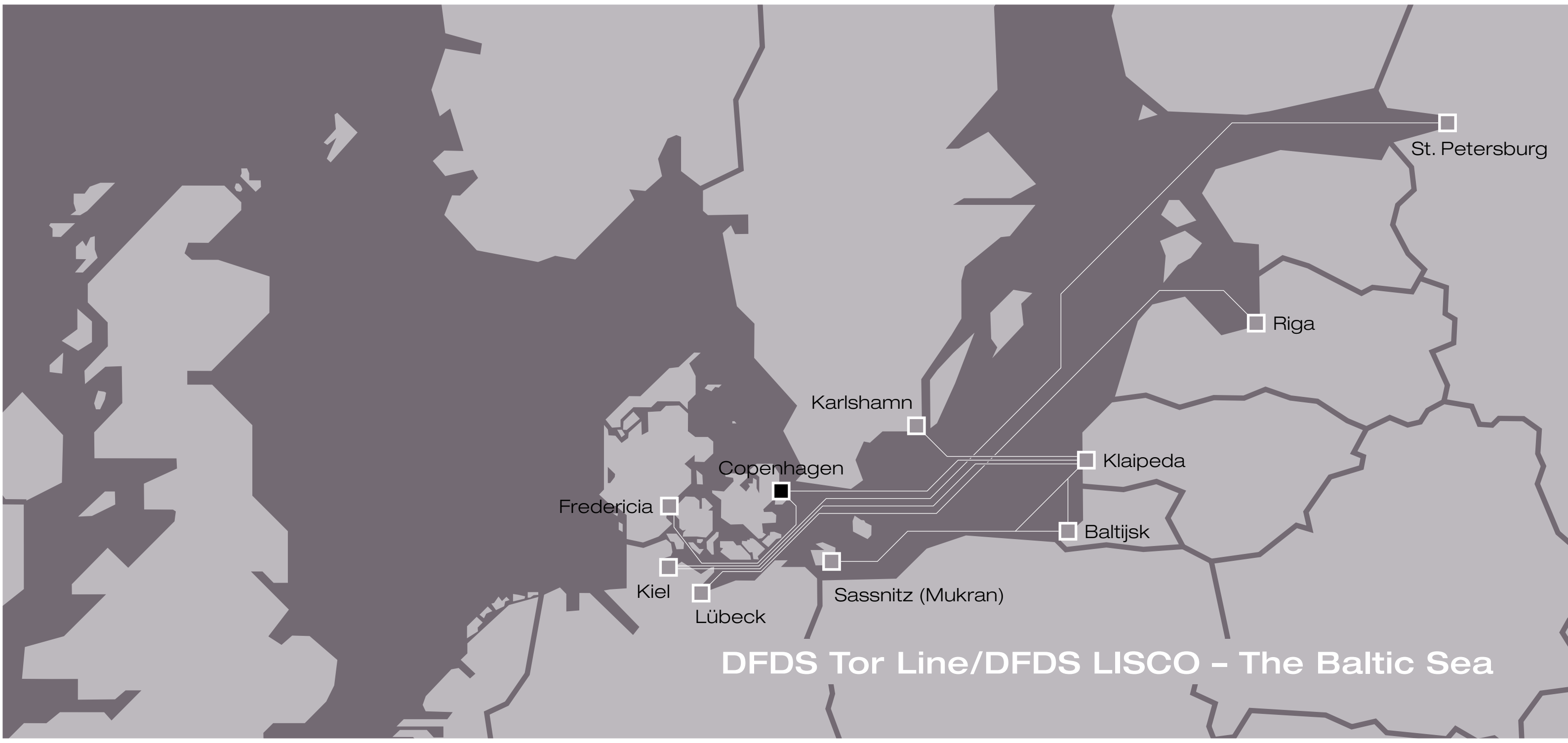
Terminals:
The DFDS Terminal, Copenhagen

Canal tours in Copenhagen:
DFDS Canal Tours

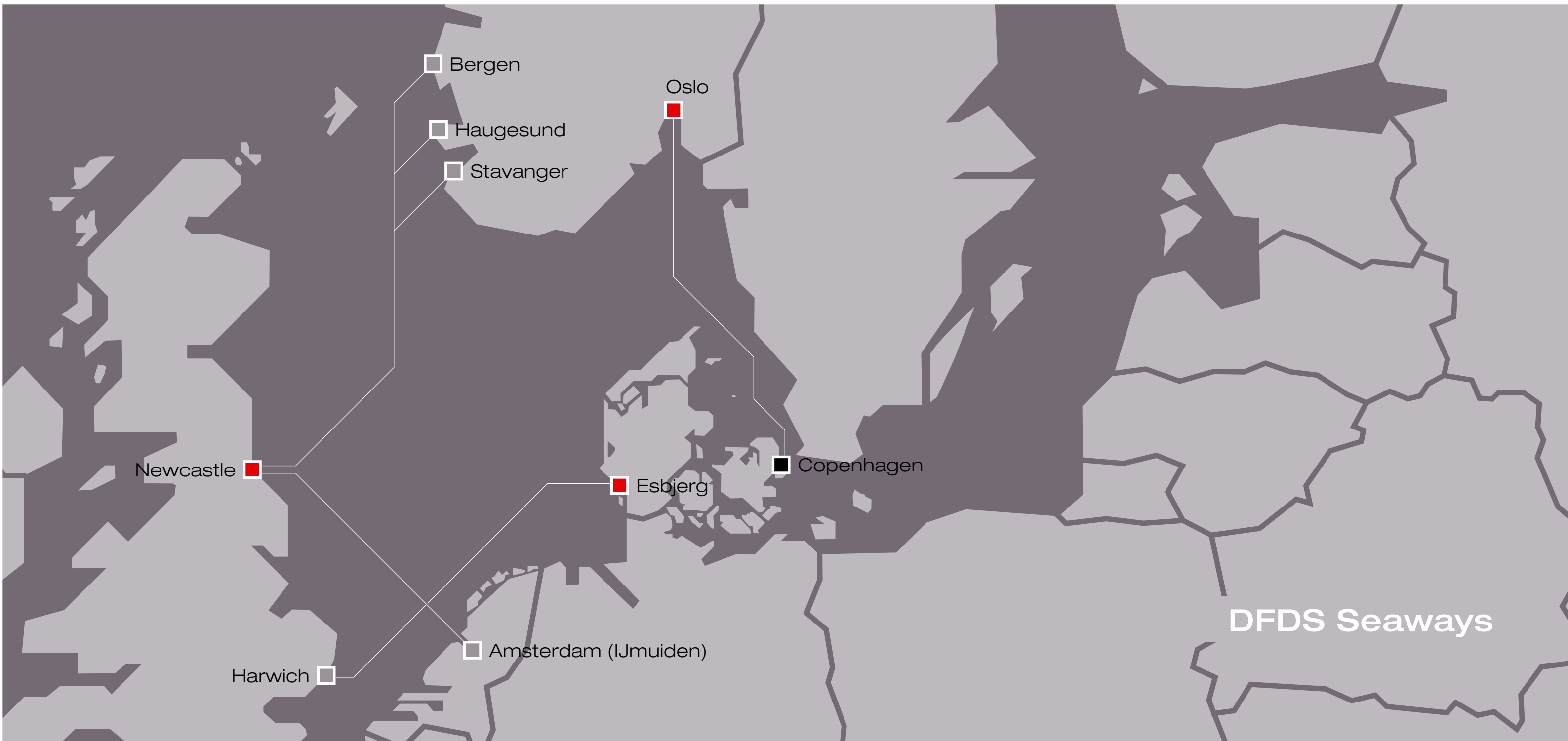
■ DFDS Tor Line port terminal
■ DFDS Seaways port terminal



DFDS Tor Line – The North Sea



DFDS Tor Line/DFDS LISCO – The Baltic Sea



DFDS Seaways

The Management Report
comprises page 1-36 and 82-91.

DFDS in brief

DFDS is a leading Northern European liner shipping company based in Copenhagen.

The DFDS route network includes freight routes and combined freight and passenger routes. The Group also operates its own sales companies and port terminals for handling freight and passengers.

Freight activities are operated by DFDS Tor Line. The main customer groups consist of international transport and shipping companies and manufacturers of large quantities of industrial goods whose logistics include a significant element of transport by sea.

Passenger activities are operated by DFDS Seaways. The main target groups are Mini Cruise passengers, holidaymakers travelling in their own cars, group travel and transport and conference passengers. DFDS Seaways also offers freight services.

DFDS employs approximately 4,300 people and operates a fleet of approximately 68 ships.

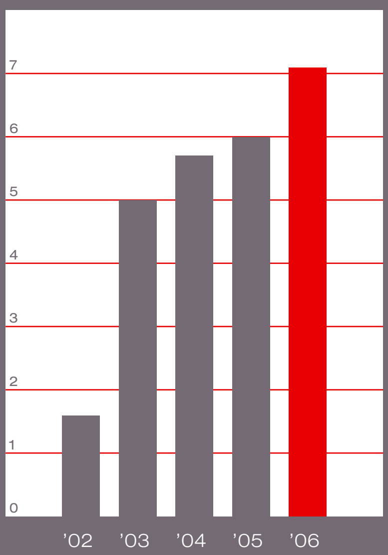
DFDS was founded in 1866 and is listed on the Copenhagen Stock Exchange.

Market position strengthened

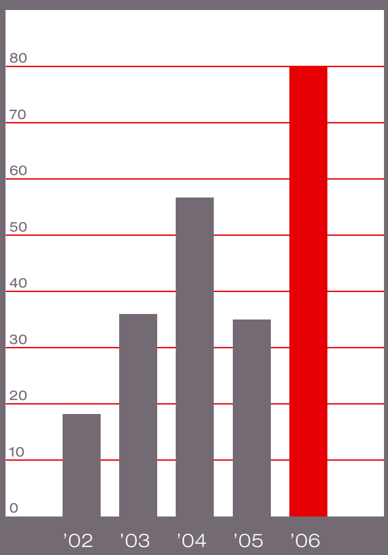
Profit better than expected

New financial objective

Return on invested capital (ROIC)
%



DFDS share, total shareholder return %



Key Figures DFDS Group

Key Figures

DKK million	2002	2003	2004	2005	2006	2006 EUR million[1]
Income statement						
Revenue	4,864	5,265	5,723	6,278	7,524	1,009
DFDS Tor Line	2,632	3,196	3,815	4,478	5,710	766
DFDS Seaways	2,268	2,097	1,934	1,837	1,838	247
Operating profit before depreciation (EBITDA)	786	794	870	890	1,129	151
DFDS Tor Line	425	516	571	674	937	126
DFDS Seaways	383	332	314	264	241	32
Profit on disposal of ships, buildings and terminals	-5	-15	20	29	33	4
Operating profit (EBITA)	132	310	374	432	597	80
Financing, net	-132	-139	-190	-202	-184	-25
Profit before tax	-6	157	200	231	402	54
Profit for the year	330	130	194	193	364	49
Extraordinary items	-117	0	0	0	0	0
Profit for the year after minority interests	202	116	176	175	352	47
Profit for analytical purposes	-15	117	177	182	348	47
Capital						
Total assets	7,027	6,999	7,986	8,457	9,991	1,340
DFDS A/S's share of the equity	2,623	2,528	2,546	2,803	3,154	423
Total equity	2,604	2,528	2,700	2,904	3,265	438
Net interest bearing debt	2,585	2,529	3,556	3,970	4,654	624
Invested capital, average	5,525	5,403	6,458	6,667	7,551	1,013
Average number of employees	4,070	4,108	4,026	4,215	4,346	-
Cash flow						
Cash flow from operating activities before finance and after tax	832	687	829	711	1,167	157
Cash flow from investments	-496	-316	-1,449	-855	-1,698	-228
Acquisitions	-45	36	-18	-328	-306	-41
Other investments	-451	-352	-1,431	-527	-1,392	-187
Free cash flow from operating activities	336	371	-620	-144	-531	-71
Operations and return						
Number of ships in operation	59	61	66	66	68	
Lanemetres, '000	7,389	8,906	9,920	10,722	12,074	
Passengers, '000	1,894	1,890	1,693	1,589	1,481	
Revenue growth, %	13.0	8.1	8.7	9.7	19.8	
EBITDA-margin, %	16.2	15.1	15.2	14.2	15.0	
Operating margin, %	2.7	5.9	6.5	6.9	7.9	
Invested capital turnover rate, times	0.88	0.97	0.89	0.94	1.00	
Return on invested capital (ROIC), %	1.6	5.0	5.8	6.0	7.1	
Return on equity, %	-0.6	4.5	7.0	6.8	11.7	
Capital and per share						
Equity ratio, %	39.4	38.5	33.8	34.3	32.7	
Financial gearing	0.99	1.00	1.40	1.42	1.48	
Earnings per share (EPS), DKK	na.	15	22	23	46	
Dividend per share, DKK	7.0	5.0	7.0	7.5	11.0	
Number of shares at the end of the period, '000	8,000	8,000	8,000	8,000	8,000	
Share price at the end of the period, DKK	138	185	285	382	680	
Market value, DKK million	1,107	1,476	2,276	3,035	5,440	

Key figures for 2004 have been restated to IFRS.
Key figures for 2002 and 2003 have not been restated to IFRS.

1) Rate of exchange for EUR on 31 December 2006: 745.60

A Year of Progress

2006 was a year of progress for DFDS – the market position was further strengthened and financial performance improved considerably.

Return on invested capital exceeded the cost of capital due to a high level of activity in the freight market, as well as the adaptation and streamlining of operations introduced since 2001.

We successfully completed several major, forward-looking investments in 2006, which was also the year in which the fleet-renewal process instigated in 2001 was completed. The need for investment in new tonnage will therefore be more limited in the coming years.

We would like to extend a special thanks to Managing Director Ole Frie, who retired at the end of 2006. Ole Frie has for many years influenced DFDS' development, not least the successful implementation of the shipping strategy since 2001.

Main strategic objectives

The level of earnings was decisively improved in 2006, but ongoing improvement remains one of the main objectives of the strategy. This is reflected in a further definition of the financial objective: the return on invested capital should be increased to a level that exceeds DFDS' cost of capital by 30–50%.

One of the ways this will be pursued is through an ongoing strengthening of competitiveness through continuous reduction of unit costs and improving capacity utilisation.

Another main objective of the strategy is strengthening and expansion of our market position. In the longer term, this will support increases in the level of earnings by generating new opportunities to improve our customer service and achieve further economies of scale.

Over the next few years, DFDS will therefore continue to increase its market share through acquisitions, alliances and partnerships, primarily in the North Sea and the Baltic Sea.

In conclusion, we would like to offer our sincere thanks to staff, customers, business partners and shareholders for their contribution to the progress achieved in 2006. We look forward to continuing our co-operation in pursuit of our common goals.

Ivar Samrén
Chairman of the Board

Niels Smedegaard
CEO

Vision, Strategy and Goals

Organisational structure

DFDS' activities are organised in two divisions: DFDS Tor Line operates freight shipping and combined freight and passenger shipping using ro-pax tonnage. DFDS Seaways operates passenger shipping on overnight routes by deploying cruise-ferry tonnage, that also carries freight.

Main strategies and goals

The shipping strategy, introduced in 2001, was revised in 2005 and is now based on three main pillars: direction, financial performance and growth.

The strategic direction

In the majority of North European ro-ro markets, freight and passengers are transported together by a combination of passenger and freight ships (ro-pax, cruise-ferry), or by a combination of passenger ships (ro-pax, cruise-ferry) and freight ships (ro-ro). However, the market for transporting passengers by sea is limited when the sailing time exceeds 24 hours.

DFDS will continue to develop its core competencies in relation to the maritime transport of both freight and passengers, in order to build significant market shares in the areas in which the company operates.

The share of group revenue generated by freight activities has risen in recent years as a result of steady growth in the market and ongoing expansion of activities. In the same period, the passenger market has been characterised by stagnating growth as a result of changes in market trends and competition due to over-capacity. This growth pattern is expected to continue over the next few years, and therefore, future business development will mainly be derived from freight-based activities.

The target for the freight sector is still to increase the number of industrial logistics customers and improve the level of service for trailer operators. Ro-pax activities in the Baltic Sea will also be expanded.

The target for the passenger sector is to continue the development of competitive customer concepts for the onboard experience as well as transport.

The financial strategy

For the future development of DFDS it is important that the level of earnings continues to improve.

DFDS aims to strengthen its position as a leading passenger and freight liner shipping company in Northern Europe

The return on invested capital should be increased to a level that corresponds to or exceeds the best comparable companies

In 2005, return on invested capital (ROIC) was on a par with DFDS' cost of capital (WACC) and in 2006, the return exceeded the capital cost. This means that the first phase of the financial objective defined in 2001 has been achieved.

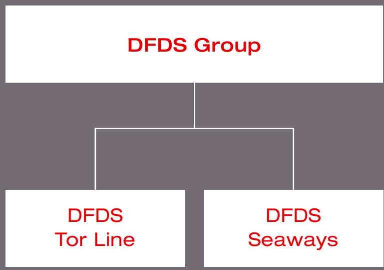
The objectives for the second phase have now been defined further, as the return on invested capital should be increased to a level that exceeds the cost of capital by 30–50%.

The return has risen in recent years despite an extensive investment programme. Therefore, part of the future rise is expected to be derived from more effective utilisation of capacity. In addition, all things being equal, a lower level of investment is expected in the next couple of years, which will contribute to reduce the invested capital.

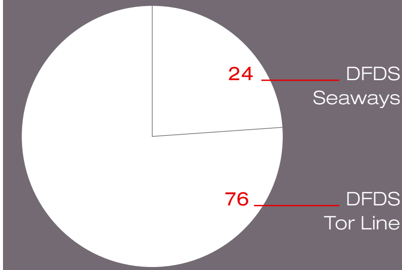
Ongoing improvements to the competitiveness of DFDS' customer concepts, along with the streamlining of operations, are also expected to increase the level of activities and earnings.

In addition, close monitoring of activities that do not cover the cost of capital, and further exploitation of synergies through closer integration of the companies and activities acquired, will also contribute.

Organisational structure



Revenue per division %



Fleet goals

The freight fleet:
Average age: approximately 10 years,
Ownership share: approximately 45–50%.

The passenger fleet:
Average age: approximately 20 years,
Ownership share: approximately 80%.

Financial objectives

DFDS' cost of capital (WACC) at the start of 2007 was calculated at 6.6%. The return on invested capital should be increased to a level that exceeds the cost of capital by 30–50%.

The target for the capital structure is an equity ratio of 35–40%. In periods of major investment, the equity ratio may be temporarily reduced to approximately 30%.

The growth strategy

Evidence suggests that there will be a further consolidation among freight and passenger shipping companies in Northern Europe. This is due to changes in both market trends and competition, especially in passenger shipping, and is also due to the ongoing consolidation of the land-based transport sector, which accounts for the bulk of ro-ro freight volumes. Industrial synergies will also be encouraged as a means of improving earnings levels.

DFDS is well positioned in terms of geography and activities to take part in the consolidation process through company acquisitions, partnerships and alliances.

DFDS' growth strategy aims to build up a wider and deeper revenue base, partly in order to achieve further economies of scale, and partly to improve the competitiveness of the Group's products and services.

The growth strategy will also spread risk by reducing dependence on individual activities.

Northern Europe is expected to remain DFDS' primary market over the next five years, although existing freight activities covering the Iberian Peninsula and the Irish Sea are also expected to expand.

The development potential and market growth in the Baltic Sea is expected to remain higher than in the North Sea over the next few years. One target for the growth strategy is, therefore, to increase the share of the Group's revenue that derives from the Baltic. A more balanced division of costs between the North Sea, where the majority of the Group's revenue is currently generated, and the Baltic Sea will also contribute to spread risk.

Follow-up on targets and strategies

- Market position in the Baltic Sea Region strengthened and expanded through new calls and capacity increases
- Market position for the lo-lo activities strengthened and expanded through the acquisition of DFDS Container Line (Norfolk Line Containers) and the establishment of a new co-operation with the Spanish shipping company Suardiaz
- Capacity expanded at the central port terminal in Immingham, England
- Market position for several freight routes strengthened through the acquisition of trailer activities associated with the routes
- A forward-looking platform for the passenger activities established through the restructuring of the route network
- Share of industrial logistics customers increased
- Share of the Group's revenue from the Baltic Sea increased from 10% in 2005 to 13% in 2006
- Renewal of the freight fleet completed with delivery of the sixth and final ro-ro newbuilding
- Future freight capacity ensured through agreement to charter a further two ro-ro ships for delivery in 2009
- The fleet's average age and ownership share correspond to the strategic goals
- Return on invested capital (ROIC) increased to 7.1%, which can be compared with a cost of capital of 6.4%, calculated in early 2006

Management Report

Financial performance

Pre-tax profit was DKK 402 million, an increase of 74% compared to 2005.

The improved performance can be attributed to DFDS Tor Line's freight activities, where the market growth exceeded expectations, which increased capacity utilisation and thereby earnings. In addition, the effect of the renewal of the fleet, started in 2001, has contributed to establish a competitive level of costs.

In terms of DFDS Seaways' passenger activities, 2006 was, as expected, characterised by continued difficult market conditions as a result of over-capacity in the passenger market. Furthermore, routes were restructured and new tonnage deployed, which led to more one-off costs. There was also a significant rise in the cost of bunkers, which could only be offset to a limited extent through price rises.

As a result, pre-tax profit was significantly higher than the original expectation announced in the annual report for 2005, i.e. pre-tax profit in the region of DKK 250 million. Upon publication of the six-monthly report, the profit forecast was adjusted upwards to a pre-tax profit in the region of DKK 325 million, and then adjusted again at the end of October to a pre-tax profit in the region of DKK 400 million. Both adjustments upwards were due to progress in freight activities.

Revenue rose by 20% to DKK 7,524 million, slightly higher than the most recent expectations for revenue growth of 17–18%, as published in the Q3 2006 report. The increase was primarily due to a higher than expected level of activity for DFDS Tor Line.

Business development and investments

DFDS' long-term competitiveness was strengthened through a number of significant investments and initiatives in 2006.

Market share in the Baltic grew following the deployment of a newer ro-pax vessel on DFDS Lisco Line, which operates between Klaipeda and Kiel. Capacity has also been increased and new calls introduced on several routes. In early 2007, capacity will be further increased on HansaBridge, between Riga and Lübeck, with the deployment of another ro-pax ship.

The level of service for freight routes on the North Sea was strengthened through the deployment of the sixth ro-ro new-

Long-term competitiveness improved

Significant progress in freight activities

Continued over-capacity in the passenger market

Development in strategic fleet goals

	2002	2003	2004	2005	2006	Goal
Freight fleet:						
Average age, years	12.5	10.6	9.1	9.5	8.1	**10**
Ownership share, %	62	51	43	45	39	**45-50**
Passenger fleet:						
Average age, years	19.8	19.4	20.4	21.4	20.2	**20**
Ownership share, %	100	83	83	83	86	**80**

building, and through the extension of the port terminal in Immingham. In addition, the market position for several freight routes was strengthened through investment in trailer operators associated with the routes.

The market position in the lo-lo segment was expanded through a co-operation agreement with the Spanish shipping company Suardiaz on a route between the Irish Sea and the north of Spain. In addition, the market position between the Irish Sea and the Continent was improved by the acquisition of DFDS Container Line (formerly Norfolk Line Containers). These initiatives complement DFDS Lys Line's activities, and the increased geographic market coverage and operational flexibility provides opportunity to improve DFDS' customer service and generate synergies.

A newer, larger cruise-ferry ship was deployed on the Amsterdam route in mid-March, increasing the route's passenger and freight capacity by respectively 16% and 35%. In addition, DFDS Seaways' route network was restructured in Q4 2006 with the opening of a route between West Norway and England, as well as the closure of the Gothenburg route. These changes created a sustainable platform for the future development of DFDS Seaways' passenger activities.

Financial goals

Return on invested capital (ROIC) rose to 7.1% in 2006, from 6.0% in 2005. The return in 2006 was thus 16% higher than the cost of capital, which was calculated as 6.4% at the start of 2006.

The cost of capital in early 2007 was calculated at 6.6%. The rise of 0.2% in relation to 2006 is primarily due to higher interest rates.

A return on invested capital that corresponds to the Group's cost of capital constituted the first phase of DFDS' financial objectives, as stipulated in 2001. In the second phase, the aim is to increase the return to a level that exceeds the cost of capital.

As a result of the end of the first phase, the economic objectives have been amended to the achievement of a return that exceeds the cost of capital by 30–50%. For 2007, this target corresponds to a return of 8.6–9.9%, based on the calculated cost of capital of 6.6%.

Tonnage

At the end of 2006, the ownership share of the freight fleet was reduced to 39%. This can largely be attributed to the acquisition of DFDS Container Line, which operates five chartered container ships.

The freight fleet was further renewed in 2006 through the delivery on time of the sixth and final newbuilding from Flensburg Shipyard in June, and also through the acquisition of a newer ro-pax ship. In addition, three of the older freight ships were sold, of which one was chartered back, and two freight ships on long-term charters were returned.

To secure sufficient freight capacity on the network of routes, DFDS entered into a ten-year agreement for the time charter of two ro-ro freight ships, to be delivered in March and November 2009. The ships are being built in China and are part of the same series of ships that were chartered in 2005, of which two are scheduled for delivery in late 2007 and early 2008.

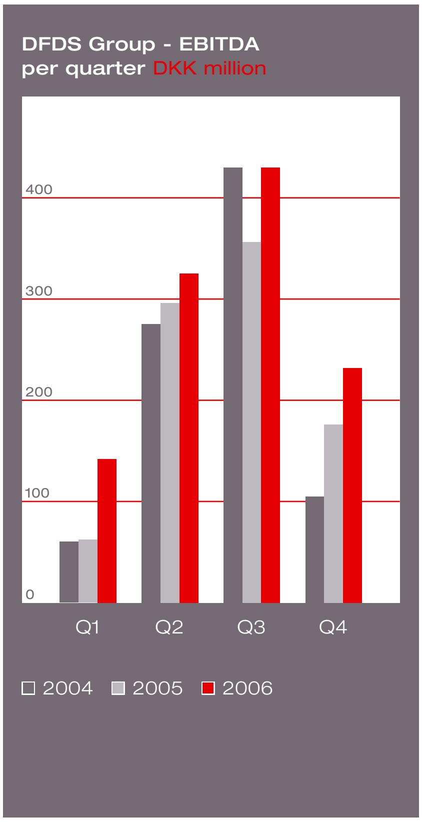
On this basis, a low level of investment is expected in freight ships until 2010. However, there will be a need to increase the ro-pax capacity in the Baltic Sea Region during this period, and it may also be necessary to replace older chartered tonnage.

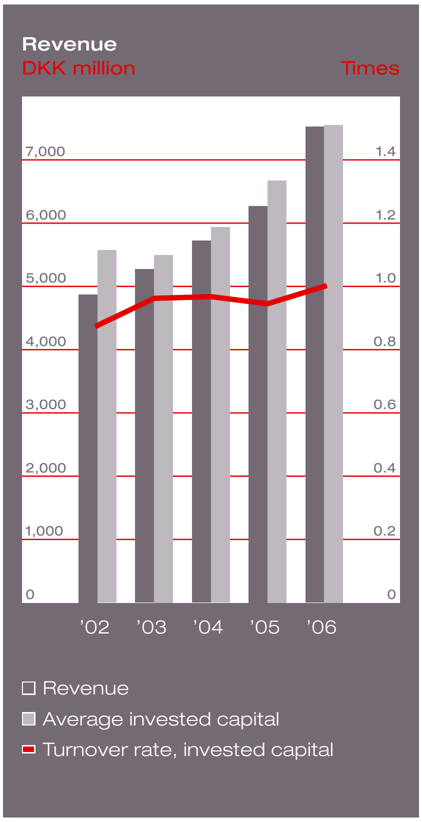
The passenger fleet was also renewed in 2006. The average age fell to 20.2 years as a result of tonnage changes caused by the restructuring of the route network. In the long term, the average age is expected to be further reduced by the sale of DUKE OF SCANDINAVIA, presently chartered out. The average age for the tonnage employed by DFDS Seaways routes was 18.6 years at the end of 2006.

No investments are expected in new passenger tonnage in the period up to 2010, although an upgrade of the tonnage may be carried out during the period.

Employee and organisation development

The number of staff rose by 3% to 4,346 in 2006. This is mainly due to the whole-year effect of the acquisition of the Belgian trailer operator Halléns NV in late 2005, and the extension of the port terminal in Immingham in 2006. Against this background, the proportion of the staff employed on land rose to 51%, from 47% in 2005.





Danish shipping's favourable development and the DIS register's appeal have created new jobs and job opportunities in the Danish shipping industry. Along with the generally high level of activity in Northern Europe, this has made competition for new employees fiercer. Therefore, DFDS has supported the Blue Denmark recruitment campaign initiated by the Danish Maritime Fund. The campaign seeks to raise the profile of a broad range of education, training and job opportunities associated with the maritime professions, and as a result acts as a valuable supplement to DFDS' recruitment initiatives.

Several demanding projects were also initiated in 2006, including the deployment of new passenger tonnage and the integration of acquired companies. These and other projects were completed on time due to employees' special efforts, which enable DFDS to respond quickly and purposefully to opportunities that arise in the market.

DFDS continuously promotes employee development through training schemes, annual staff-appraisal interviews and, in particular, through delegating tasks and responsibility to individuals as far as possible.

Following the implementation of the shipping strategy, DFDS' organisation has undergone a number of major alterations since 2001, as a result of company acquisitions and the acquisition and selling of tonnage. Partly to ensure DFDS' long-term ability to retain and attract talented staff, and partly to ensure uniform terms throughout the Group, a number of new HR initiatives will be launched in 2007.

This will include programmes directed towards developing and retaining existing employees, as well as attracting new staff. In addition, there will be upgraded programmes for training and management development, as well as the introduction of a more market- and target-based approach to remuneration and compensation.

New CEO

Niels Smedegaard, 44, took over as the new CEO on 1 January 2007. He replaced Ole Frie, who retired on schedule at the end of 2006. Besides Niels Smedegaard, the Executive Board hereafter consists of CFO Christian Merrild and COO Søren Jespersen.

Safety and security are top priorities

In DFDS' strategies and policies, the ships' safety and security have the highest priority. The safety management system (ISM) is actively and consciously developed. The system is a legislative requirement that demands documented, traceable processes and methods designed to ensure safe shipping operations. The implementation of the system is monitored regularly by the authorities and through our own audits, both on land and at sea.

At the start of February 2006, a revised alcohol and drugs policy was introduced, which involves all employees on all vessels being forbidden to imbibe or to be under the influence of alcohol or intoxicating substances as long as they are at work or on board. A number of different control measures were also introduced.

The International Code for the Security of Ships and of Port Facilities came into force in 2004. DFDS regularly participates in exercises with the authorities in Denmark and abroad in order to ensure an efficient implementation of the code. The ISPS code is monitored in the same way as the safetymanagement system.

Exercises are an important tool in the development and evaluation of emergency responses, and are essential for ensuring that, at any given time, the individual crew members are trained in safety procedures. Emergency training takes several different forms, such as practising evacuation procedures on board the passenger ships. In addition, DFDS plays an active role in exercises regarding land-based emergency responses. For example, KING OF SCANDINAVIA was the starting point for a major land-based exercise in England in November 2006.

When the passenger ships KING OF SCANDINAVIA and PRINCESS OF NORWAY were acquired, a number of alterations were made to ensure compliance with international standards, specifically Danish requirements and the Group's own safety policies. Both vessels were deployed as planned.

In 2006, new rules were brought in about 'black boxes' (S-VDRs: Simplified Voyage Data Recorders) on freight ships. The system's purpose is to collate data about the vessel for the authorities to use in the investigation of events on board. The installation started in 2006 and will continue over the next few years. All ships built since 2002 are equipped with a system of this type and all passenger ships have been fitted with one since 2002.

Profit forecast 2007

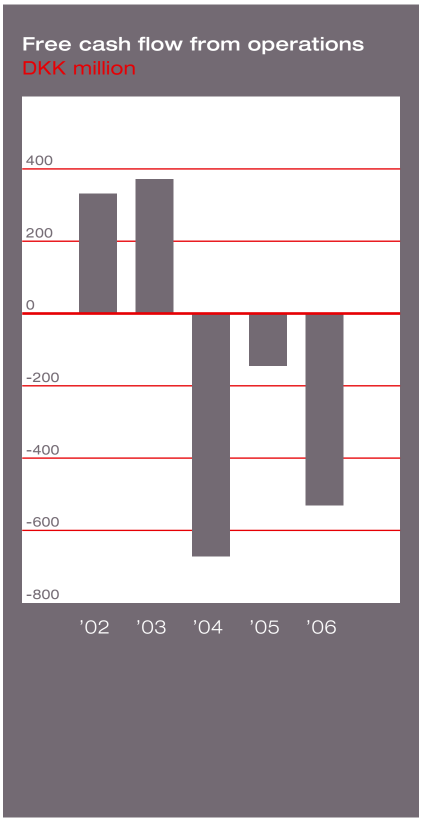
DFDS expects to achieve a total revenue growth of approximately 8-10% in 2007. The whole-year effect of primarily the acquisition of DFDS Container Line in 2006 is expected to account for approximately 80% of the growth. Restructuring of activities will reduce DFDS Lys Line's revenue in 2007, while continued growth is expected for the remaining freight activities, even though the organic growth level is expected to be lower than in 2006. The restructuring of the passenger route network is expected to make a small contribution to growth, primarily as a result of a positive net effect of the opening of the Bergen route and the closure of the Gothenburg route.

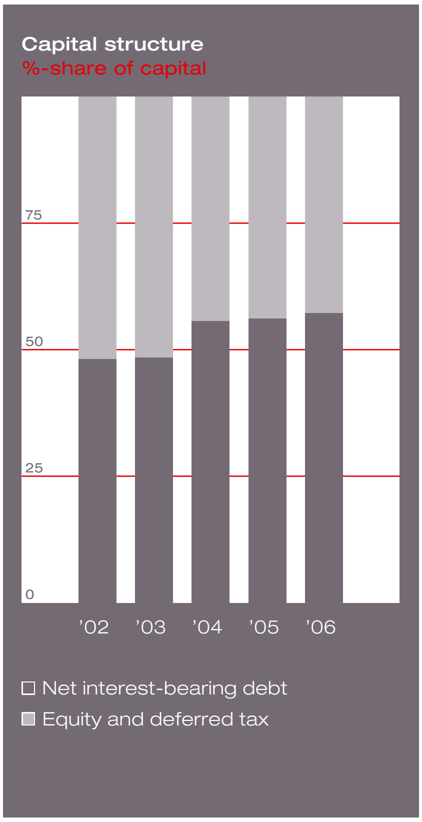
DFDS Tor Line's operating profit (EBITA) for 2006 included profits from sales of ships, properties and terminals totalling DKK 26 million. Adjusted for these one-off Items, DFDS Tor Line's operating profit (EBITA) is expected to rise by approximately 5-7% in 2007.

DFDS Seaways' operating profit (EBITA) for 2007 is expected to improve considerably in 2007. Adjusted for one-off items of DKK 17 million, a profit increase of approximately 30% is expected.

The cost of non-allocated items is expected to remain at the same level as in 2006.

Around 20% of the expected bunker consumption for 2007 has not been hedged. This implies a profit impact of approximately DKK 1.5 million from a





price change of 1% compared to the price level in February 2007, which was around USD 255 per ton.

More or less the whole of DFDS' expected cash flow for 2007 in USD, which is a net expense currency for DFDS, has been hedged at an average level of around USD/DKK 5.75. Therefore, the main currency risks that could influence financial performance are fluctuations in the principal income currencies (SEK, GBP, NOK and EUR). About 90% of the exposure in SEK and GBP has been hedged.

Price adjustments amounted to a net income of DKK 29 million in 2006. In 2007, no income from price adjustments is presently expected, while the net interest cost is expected increase by around 7% due to the full year effect of investments carried out in 2006.

Total investments in 2007 are presently expected to amount to around DKK 150 million. No additional major investments are planned, although investment in, for example, ro-pax tonnage for the Baltic Sea could become relevant. Opportunities to acquire companies and activities may also arise.

Against this background, the DFDS Group expects a pre-tax profit in 2007 of approximately DKK 425 million.

The World Outside DFDS

A number of external factors impact upon DFDS, the most significant of which are political decisions, including new legislation, changes in competition and in the conditions faced by customers and the general state of the economy.

Political decisions & legislation

Political decisions regarding the infrastructure in Northern Europe and the shipping and transport sector have the greatest impact on DFDS. In addition to political bodies, DFDS is subject to International Maritime Organisation (IMO) conventions. The IMO is the UN body responsible for maritime issues, primarily safety and the environment.

The most important topical issues that may have an impact upon DFDS are described in brief below.

Legislation about sulphur content in bunkers: directives issued by the IMO and EU regarding use of low-sulphur bunkers came into force in 2006 for the Baltic Sea and Kattegat, and the directives for the North Sea will come into force in August 2007.

The directive has caused DFDS' bunker costs to rise, which to a large extent has been offset by bunker surcharges.

Road tax: road tax was introduced on lorries on German motorways at the start of 2005. Similar taxes were introduced in early 2004 in Austria and in 2001 in Switzerland. Several European countries, including Sweden, plan to levy a road tax on lorries in the next few years. In 2006, the EU issued the Eurovignette, a directive designed to regulate the content of road-taxation schemes.

Road taxes will make vehicle transport relatively more expensive than sea and rail transport and, all things being equal, is expected to have a positive impact on DFDS' level of activity.

Driving/rest-time regulations: in February 2006, the EU adopted new and stricter regulations regarding driving and rest time for lorries.

Subsidies: the EU's Marco Polo programme provides seed funding for new and commercially viable shipping projects. Short-sea shipping is also part of the EU infrastructure programme TEN (Trans European Network), which has considerable funds at its disposal.

Both programmes are designed to relieve bottlenecks on EU roads and move freight from road to sea. DFDS supports these objectives even though there

is a real risk that the funding programmes will distort competition in the market.

Emissions: Increasing attention is being paid to the environmental impact of the transport industry, which has led to new legislation concerning emissions from shipping and land-based transport, while emissions from air transport have not yet been regulated.

Norwegian NO_x tax: Norway has introduced a NO_x tax on tonnage that calls at Norwegian ports. The tax will raise DFDS' cost level by approximately a single figure DKK million amount.

Abolition of conference agreements: In September 2006, the EU decided to abolish conference agreements for liner services within the Union from 2008.

Market trends and competition

The Northern European market for ro-ro passenger and freight shipping is regional by nature, with most of the shipping companies concentrating on only one region. A handful of larger companies, including DFDS, operate across several regions in Northern Europe.

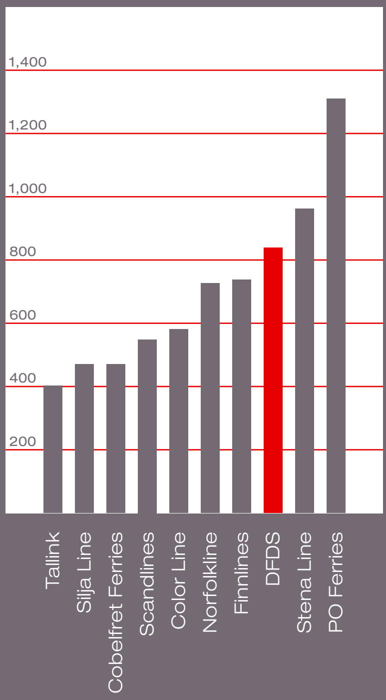
The freight market has grown steadily in recent years, driven by economic growth, especially in North and Eastern Europe and by industrial structural changes that have improved the competitiveness of transport by sea. The structural changes include road taxes, stricter driving/rest-time regulations, shortages of drivers, environmental conditions and an overloaded road network. The railway networks are likewise overloaded in parts of the EU.

Against this background, the positive trend in the ro-ro freight market is expected to continue in the coming years.

The passenger market has, however, been somewhat stagnant as a result of increasing supply of low-price air travel and harmonisation of flat-rate excise duties in recent years. These changes have entailed an alignment of passenger activities including closure of routes, deploying tonnage with less room for passengers but greater freight capacity and the upgrading of on-board concepts.

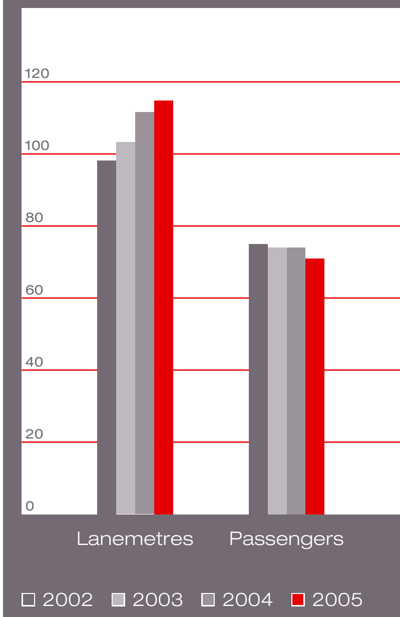
On the whole, growth in the passenger market is still expected to be limited in the coming years, although some markets, primarily in the Baltic, are expected to improve because of high economic growth. Demand for cruise-based trips and more luxurious passenger concepts is also expected to increase because of greater affluence.

Ten largest North European freight and passenger shipping companies, revenue 2005 EUR million



Source: Annual reports

Volume development, North European ro-ro market Million



Note: The graph shows the number of trailers, converted to lane metres, and of passengers on all of the Northern European ro-ro routes. Traffic from bridges and tunnels is not included. The data is not exhaustive as information about some routes/shipping companies is not available. Data for 2006 is not yet available.
Source: ShipPax Statistics & Outlook 06, own data.

3 important trends in freight shipping (ro-ro and ro-pax):

- Tonnage continues to get bigger and faster to meet market demand for capacity and frequency
- Steady growth in freight market underpinned by economic growth
- Bottlenecks and legislation about land-based transport support growth in transport by sea

3 important trends in overnight passenger shipping:

- Over-capacity in the market is expected to be reduced gradually
- The importance of the internet as an information channel and platform for ordering tickets continues to grow
- The on-board experience is increasingly important

Consolidation continued in 2006. Significant events included the Estonian shipping company Tallink's acquisition of the Finnish shipping company Silja Line and Superfast's route between Finland and Germany, including three ro-pax ships. The Italian shipping company Grimaldi also acquired a majority stake in the Finnish shipping company Finnlines.

It is predicted that consolidation will continue, driven by the need to exploit economies of scale, to improve revenue and to enhance customer service. Financial strength will also be increasingly important as a means of coping with still larger requirements for investments in tonnage.


Geest
norfolkline

DFDS Tor Line

Markets, activities and customers

DFDS Tor Line's activities cover two primary geographic markets: firstly, the countries around the North Sea, as well as Ireland, Spain and Portugal, and secondly, the countries that encircle the southern half of the Baltic Sea, as well as the CIS countries.

DFDS Tor Line operates ro-ro and lo-lo freight shipping. Ro-pax routes are operated primarily in the Baltic Sea, where the market for accompanied trailers is larger than on the North Sea.

The two most important customer groups are international transport companies and manufacturers of heavy industrial goods with special logistic needs that include sea transport.

Around two-thirds of the volume transported by DFDS Tor Line consists of trailers, and a number of long-term partnership agreements have been entered into with transport companies. Growth in the trailer market depends on the general economy, as a large proportion of consumer goods are transported by trailer.

In the industrial segment, the most important target customer groups are paper, steel and automobile manufacturers. Tailor-made logistics systems are developed for such customers, which usually require investment in specialised transport equipment, IT solutions, dedicated warehouses and, in some cases, route changes and the deployment of tonnage with more capacity. Long-term contracts are therefore a prerequisite for entering into industrial logistics contracts, as DFDS Tor Line functions as an integral part of the customer's logistics chain.

Positive freight market

The market trend was positive in almost all regions, underpinned by growth in the economies of the Scandinavian, Baltic and CIS countries. The trend in Great Britain, a central market for DFDS Tor Line, was similarly positive, although industrial production continued to relocate abroad, increasing the imbalance in some traffics.

As well as the general state of the economy, the positive market trend was also underpinned by an increasing lack of drivers, which led to greater demand for unaccompanied trailers. In addition, road taxes, tightening of driving- and resting-time regulations for drivers, environmental considerations and road-traffic problems all played a part in underpinning growth in maritime transport.

Vision

It is DFDS Tor Line's vision to be a leading supplier of ro-ro and lo-lo liner shipping and other shipping-related transport solutions in Northern Europe.

Mission

DFDS Tor Line's mission is to transport freight from 'gate-to-gate' by offering high-frequency, reliable, flexible, cost-effective and innovative transport solutions and concepts that optimise time- and cost-utilisation in the customer's transport chain.

Tight market for ro-ro tonnage

Low newbuilding activity and the high level of activity in the freight market led to the market for ro-ro and ro-pax tonnage tightening even further in 2006. As a result, the supply of tonnage with a capacity in excess of 2,000 lane metres is very limited, and rates have been rising. New tonnage is increasingly built for specific needs rather than the open market. It is expected that the market for ro-ro and ro-pax tonnage will continue to be tight during the next few years.

High level of activity in ro-ro sector

The ro-ro sector includes the route network in the North Sea and the Baltic Sea, as well as trailer operators associated with the individual routes and DFDS Shipping Logistics.

The financial performance of the network of routes on the North Sea improved significantly as a result of higher volumes, stable rate levels and the implementation of more optimal tonnage distribution following the delivery of the sixth ro-ro newbuilding. This enabled, for example, three-ship operations to be introduced on EuroBridge instead of four-ship operations. In

Significant events in 2006

- Activity changes:
  - 50% of DFDS LISCO Line taken over from Scandlines early 2006, capacity expanded in May
  - Capacity expanded on BalticBridge with deployment of larger tonnage in February
  - EuroBridge converted to three-ship operations from four-ship operations in July
  - Ro-pax-tonnage deployed on RailBridge in July
  - BelgoBridge closed in October
  - Three ramps added to Immingham Terminal in June

- Acquisitions of companies/activities and partnership agreements:
  - 100% of the lo-lo shipping company Norfolk Line Containers BV acquired in October (name changed to DFDS Container Line)
  - 50-50 partnership with the Spanish shipping company Suardiaz on a lo-lo route between Spain, Ireland and Great Britain commenced in March
  - Lo-lo operator, ElbeBoston Line, between Germany and England acquired in March
  - Two smaller dedicated trailer operators in Sweden and England acquired in H2
  - Long-term agreements entered into on several routes with largest trailer operators
  - Agreement entered into with Railion Deutschland to transport train wagons on RailBridge

- Industrial logistics contracts:
  - Contract signed with BMW early in the year
  - Agreement with Volvo Logistics expanded in February
  - Start-up of second phase of transport contract with StoraEnso in July
  - Transport of steel for Arcelor between the Continent and Sweden
  - Three-year contract for transport of 50,000 tons of wood pellets and furniture parts from the Baltic States to the Flexa Group in Denmark
  - Main agreement with Volvo Logistics renewed by up to five years, December
  - Three-year logistics contract entered into with Ovako Bar for 150,000 steel items between Sweden and Great Britain, February 2007

- Tonnage:
  - Two small, older of ships sold in January and March
  - Newer ro-pax ship acquired in April
  - The sixth and last ro-ro newbuilding in the series from Flensburg Shipyard delivered in June
  - Return of two ro-ro ships from long-term charter in July
  - Sale and chartering back of an older ro-ro ship in December
  - Two newly built ro-ro of ships chartered for ten years starting in 2009

DKK million	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005 Full year	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006 Full year
Revenue	988	1,104	1,126	1,260	4,478	1,287	1,371	1,414	1,638	5,710
Operating profit before depreciation (EBITDA)	128	204	185	157	674	198	240	262	237	937
Sale of assets	7	0	0	0	7	18	0	11	-3	26
Depreciations	-77	-81	-78	-86	-322	-85	-91	-93	-106	-375
Operating profit (EBITA)	58	123	107	71	359	131	149	180	128	588
Operating margin, %	5.9	11.1	9.5	5.6	8.0	10.2	10.9	12.7	7.8	10.3
Average invested capital	4,982	5,160	5,268	5,333	5,177	5,404	5,730	5,951	5,981	5,762
Return on invested capital (ROIC) p.a., %	4.6	8.9	7.8	5.0	6.4	9.7	9.8	11.6	7.2	9.2
Lane metres, '000	2,527	2,708	2,588	2,899	10,722	2,911	3,008	3,168	2,987	12,074

addition, the loss-making BelgoBridge was restructured in the second half of 2005, and finally closed in 2006.

The higher volumes can be attributed to general market growth and the increased competitiveness of maritime transport, as well as the signing of several industrial logistics contracts that improved capacity utilisation on several routes. Another factor was the integration of the lo-lo operator ElbeBoston Line on ElbeBridge, and the whole-year effect of the takeover of Cobelfret's route between Sweden and England mid-2005.

The six ro-ro newbuildings have all been deployed on the North Sea, and this has, in combination with the reallocation of tonnage, also contributed to establishing a competitive service and cost level on most routes.

Similarly, performance on the network of routes in the Baltic Sea improved significantly as a result of higher volumes and stable rates, as well as an increase in the number of passengers on the ro-pax routes, a rise of 34% to a total of 201,000 passengers.

Despite the deployment of larger tonnage on several routes, capacity utilisation in the route network grew. The capacity of BalticBridge was expanded by 50% with the deployment of larger tonnage, and a larger ro-pax ship was deployed on DFDS Lisco Line, redressing the balance between the two ships that ply the route. In Q3, ro-pax tonnage was deployed on RailBridge, following a new co-operation agreement with Railion Deutschland involving transport by rail. In addition, the new ship has attracted accompanied trailer traffic to the route. As a result of tonnage renewal and the sale of older tonnage, the capacity on HansaBridge was temporarily reduced by one ship in the second half, but in Q1 2007 an additional will be deployed. In Q4, the level of activity was positively influenced by traffic queues forming at the border crossings to Russia.

In general, there is a certain amount of imbalance in traffic flows in the Baltic Sea, as eastward-moving volumes exceed westward volumes. This is sought compensated for by logistics contracts covering westward quantities. For example, on BalticBridge a large logistics contract covering the transportation of wood pellets and furniture parts between Denmark and the Baltic States has been entered into. The proportion of volumes from industrial agreements is also rising on other routes.

The presence and market position in central Russia was improved by the acquisition of a 40% share in the agency company for SCF DFDS Line, which services NevaBridge. Furthermore, following the takeover of a small local agency, a new office was opened in the Russian enclave of Kaliningrad in Q4, in advance of the extension of RailBridge, which will call at Baltijsk in Kaliningrad from early 2007.

The trailer operators in Sweden, Belgium, the Netherlands and England supported the network of routes in 2006.

Further development of the lo-lo sector

The lo-lo sector includes DFDS Lys Line, DFDS Container Line and DFDS Suardiaz Line.

DFDS Lys Line covers three primary areas of activity: liner shipping with side-port and container ships between Norway, Great Britain and the Continent, where the largest customer groups are paper companies; and liner services between Norway, Great Britain, Ireland and the Continent, including Spain, with lo-lo container ships. In addition, tramp activities based on Norwegian industrial loads sail to Europe, including destinations in the Mediterranean. Overall, the result showed good progress in 2006, partly as a result of significant improvement in the financial performance of the lo-lo activities.

In 2006, the Norwegian agency activities for NorBridge and EuroBridge, as well as agency and terminal activities in KST Shipping, were brought together in DFDS Lys Line, in order to integrate all Norwegian activities into the same organisation. As well as strengthening the organisation, the integration has brought with it a number of cost advantages.

The market position for lo-lo activities was improved by a co-operation agreement between DFDS Lys Line and the Spanish shipping company Suardiaz, covering a weekly container route between Bilbao, Avonmouth, Dublin and Greenock. The new route is marketed as DFDS Suardiaz Line.

A further expansion and strengthening of the lo-lo activities was achieved through the acquisition of DFDS Container Line (formerly Norfolk Line Containers), which runs two freight routes between Rotterdam and ports in Ireland. The majority of the customers are serviced by door-to-door routes between the Continent and Ireland.

Please refer also to 'Intermodal container solutions in DFDS' on pages 20-21.

Port terminals

DFDS Tor Line operates own terminals in Denmark, England, the Netherlands and Norway, which mainly process unit loads, e.g. trailers, containers, cars and industrial goods.

The importance of the terminals in the transport chain is increasing as a result of an ongoing expansion of the individual ships' capacity. This puts ever greater demands upon efficient processes for loading and unloading, as well as upon storage of goods in the terminals for subsequent distribution.

In order to support the rising level of activity on the North Sea, the DFDS Nordic Terminal in Immingham was expanded with three ramps outside the sluice, and the terminal area was increased by 70% from

400,000 to 680,000 square metres. The expanded terminal was taken into use in June 2006.

The DFDS Scandic Terminal in Esbjerg still struggles with a high cost level due to an outdated agreement with the hourly-paid terminal staff.

Financial performance

Revenue increased by 28% to DKK 5,710 million. Just under 60% of the rise can be attributed to the acquisition of companies and activities, including the whole-year effect of the acquisition of trailer operators in H2 2005, the acquisition of DFDS Container Line, included in the results for Q4 2006, and the takeover of Scandlines' 50% conference agreement in DFDS Lisco Line in early 2006.

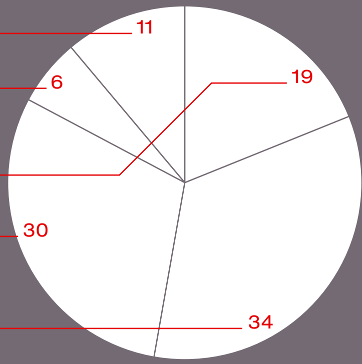
The rest of the rise is due to an increased level of ro-ro activities, as a result of market growth in more or less all traffic markets, capacity increases, new logistics contracts and the whole-year effect of opening a new route between Russia and Germany in Q4 2005.

Operating profit before depreciation (EBITDA) in 2006 was DKK 937 million, an increase of 39%. The majority of the improved performance can be attributed to increased capacity utilisation on the ro-ro network routes on both the North Sea and the Baltic Sea. The lo-lo activities also achieved positive improved performance in 2006. Furthermore, the renewal of the ro-ro fleet has contributed to establishing a competitive level of costs. In addition, activities that were loss-making in 2005 were discontinued, as well as contributions from companies and activities acquired in 2005 and 2006. The rising level of costs for bunkers was to a significant extent hedged by price-regulation agreements.

Profits from the sale and return of vessels made up a total of DKK 26 million. Depreciation rose by 17%, mainly due to the addition of new activities, including full-year effects. Depreciation derived from the addition of a ro-pax ship and a ro-ro newbuilding in 2006 was more or less offset by the effect of the sale and return of vessels. Operating profit (EBITA) was hereafter DKK 588 million, an improvement of 64%.

Average total invested capital in 2006 was DKK 5,762 million. The 11% rise in invested capital was due to the addition of vessels, as well as the acquisition of companies and activities. The return on invested capital improved to 9.2%, from 6.4% in 2005.

Volumes per area for liner shipping, 2006 %



Ro-ro- og ro-pax activities		No. of departures in each direction per week
DFDS Tor Line/DFDS LISCO:		
AngloBridge:	Gothenburg-Immingham/Tilbury	20
EuroBridge:	Gothenburg-Brevik-Ghent	13
NorBridge:	Brevik-Kristiansand-Immingham	5
BritanniaBridge:	Esbjerg-Immingham/Harwich	18-20
ElbeBridge:	Cuxhaven-Immingham	10
ShortBridge:	Rottedam-Immingham	12
BalticBridge:	Fredericia-Copenhagen-Klaipeda	7
HansaBridge:	Riga-Lübeck	8
NevaBridge:	Kiel-St. Petersburg	4
DFDS LISCO Line:	Klaipeda-Kiel	12
ScanBridge:	Klaipeda-Karlshamn-Baltijsk	14
RailBridge:	Klaipeda-Baltijsk-Sassnitz	6

Lo-lo- and side-port activities		No. of round trips per week
DFDS Lys Line:		
Continent/UK (side-port):	Oslo Fjord-Hamburg-Chatham-Immingham-Moss	1
Continent (side-port):	Skogn-Chatham-Rotterdam-Oslo Fjord-Zeebrugge-Ghent-Skogn	1
Continent/Great Britain (lo/lo):	Oslo-Oslo Fjord-Kristiansand-Rotterdam-Oslo	1
Ireland:	Oslo-Oslo Fjord-Lysekil-Greenock-Belfast-Drogheda-Waterford-Cork-Esbjerg-Lysekil-Oslo	1
Spain:	Oslo Fjord-Lysekil-Bilbao-Immingham-Moss	1
Tramp:	Western Norway-Spain-Portugal-Mediterranean	n.a.
DFDS Container Line:		
Continent-Ireland	Rotterdam-Waterford	2
	Rotterdam-Dublin	3
DFDS Suardiaz Line:		
Spain-Ireland-Great Britain	Bilbao-Avonmouth-Dublin-Greenock	1

Target groups and product concepts

Trailer system: frequent and reliable transport of unaccompanied and accompanied trailers for transport companies
Lift unit system: for transporting containers and flats, as well as tank and bulk containers, for industrial and transport companies
Industrial logistics: logistics solutions developed in co-operation with major manufacturers of industrial goods and third-party subcontractors, e.g. railway companies
Cassette system: for transporting heavy industrial products, such as steel, metal, paper, plastic granulate, wood, etc.
Vehicle system: for transporting passenger vehicles, buses, lorries and chassis frames for automobile manufacturers
Special/project loads: transport of special loads

Intermodal container solutions in DFDS

A business area in growth

Short-sea liner shipping with container ships mainly link the countries that form the outer perimeter of the European market, including the Iberian Peninsula, Ireland, Norway and the Baltic States. This type of liner service, in combination with rail and road haulage, makes up the door-to-door chain in DFDS' intermodal solutions for European industry.

Interest in these types of intermodal solutions is growing as a result of continued growth in the freight market, bottleneck problems on the roads and greater focus on environmental issues.

In 2006, DFDS expanded its liner service with container ships following the acquisition of DFDS Container Line and the establishment of DFDS Suardiaz Line. The new activities supplement DFDS Lys Line's liner service between Norway and the Continent/Great Britain.

The expansion of this business area enables DFDS to offer European industry a range of door-to-door container solutions between Norway, the Continent, Great Britain, Ireland and Spain. The new integrated route network, with central hubs in Rotterdam and Dublin, will also improve the capacity utilisation of tonnage, terminals and container equipment.

The acquisition of DFDS Container Line furthermore adds approximately 100 new staff in the Netherlands, Ireland and Italy, which represents a significant reinforcement of DFDS' sales organisation, especially on the Continent.

We predict rising demand for intermodal solutions in Europe, and our objective is to expand this business area, with particular focus on markets in which maritime transport constitutes a significant element in the overall transport chain.

Facts about DFDS' intermodal container solutions

- 14 container ships
- 9 routes
- 17 destinations
- Approximately 6,000 containers (40 and 45 ft)
- Product concepts cover door-to-door transport of dry bulk, bulk and reefer
- Approximately 140,000 shipments p.a.

DFDS Seaways

Market trends and activities

DFDS Seaways operates overnight passenger-shipping services on three routes in Skagerrak and the North Sea, where the main target groups are Mini Cruise passengers, holidaymakers travelling in their own cars, group travel and transport, and conference passengers. All routes also carry freight.

DFDS Seaways also operates the passenger activities of DFDS Tor Line's ro-pax route between Denmark and England.

Market trends

The market for overnight passenger shipping in 2006 was on the one hand positively influenced by a high level of activity in the travel market, and on the other hand negatively influenced by continued over-capacity in the shipping and air-travel markets.

The generally positive state of the economy in Northern Europe underpinned a high demand for travel, and the market for short trips in particular showed strong growth as a result of a wide range of low-price air routes.

Significant trends in the travel market demonstrate that demand exists for special types of travel that offer unique experiences of culture and nature, that the Internet is the most important communication and sales channel, that 'book early at low price' is becoming more widespread, and that to an increasing degree, travellers put together their journeys themselves and take more but shorter trips. It is also evident that there is a high level of price-consciousness in the market.

Over-capacity still exists in the passenger-shipping market in Northern Europe, and the process of adjustment continues. This over-capacity is a consequence of rapid extension of capacity in airline travel in recent years, especially with the proliferation of low-price air travel, and also of the phasing out of duty-free sales in the EU and the harmonisation of excise duties.

Over-capacity has led to falling revenue levels for most passenger-shipping companies as a result of pressure on ticket prices and stagnating volume growth. This trend is partly compensated for by rising onboard turnover, derived from generally greater affluence in Northern Europe.

Against this background, there was further consolidation of the market in the

Vision

DFDS Seaways' vision is to be a leading cruise-ferry company on the market for overnight routes in Northern Europe.

Mission

We are here to make our guests feel great in a maritime atmosphere.

northern part of the Baltic Sea in 2006, and several significant structural changes were implemented in other market areas during the year.

There are several signs that over the next few years the air-travel sector will likewise experience some consolidation of the capacity built up in recent years, which will stabilise the price level.

Compared with 2005, ticket prices and volumes in DFDS Seaways' market areas stabilised in 2006. A gradual improvement of the balance in the market for passenger shipping is expected in the next few years.

The growth in the leisure market comprising different activities such as gastronomic experiences is expected to continue because of high consumer expectations. This development is expected to support a continued rise in onboard consumption.

In addition, the level of activity in the cruise market is expected to remain high, which generally influences the demand for maritime experiences positively.

As a result, it is expected that there will be a gradual improvement of the market conditions for passenger shipping until 2010, as a consequence of:

Important events 2006

- Activities:
  - Passenger and freight capacity expanded by respectively 16% and 35% on the Amsterdam-Newcastle route by deploying larger tonnage, April
  - New route acquired: Bergen-Haugesund-Stavanger-Newcastle, November
  - Closure of Gothenburg-Kristiansand-Newcastle route, October
  - Sales offices in Gothenburg and Kristiansand closed, November

- Communications & sales:
  - User-friendliness and functionality improved on www.dfdsseaways.com
  - New dynamic pricing model introduced in H1 2006
  - Over 40% of turnover sold via the internet by end of 2006

- People and culture:
  - Value programme implemented

- Tonnage:
  - Acquisition of newer cruise-ferry ship, KING OF SCANDINAVIA, for the Amsterdam-Newcastle route
  - DUKE OF SCANDINAVIA chartered out
  - Acquisition of newer cruise-ferry ship, PRINCESS OF NORWAY, for the Bergen route, September
  - Sale of PRINCESS OF SCANDINAVIA, November

DKK million	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005 Full year	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006 Full year
Revenue	319	500	610	408	1,837	308	494	617	419	1,838
Operating profit before depreciation (EBITDA)	-52	101	182	33	264	-47	93	178	17	241
Sale of assets	0	0	0	17	17	0	0	0	7	7
Depreciations	-41	-41	-40	-41	-163	-41	-48	-49	-49	-187
Operating profit (EBITA)	-93	60	142	9	118	-88	45	129	-25	61
Operating margin, %	-29.2	12.0	23.3	2.2	6.4	-28.6	9.1	20.9	-6.0	3.3
Average invested capital	1,529	1,506	1,516	1,566	1,536	1,719	1,847	1,851	1,969	1,844
Return on invested capital (ROIC) p.a., %	-24.3	14.7	36.1	2.0	7.1	-20.4	9.1	26.9	-4.5	3.1
Passengers, '000	301	430	519	339	1,589	255	405	500	321	1,481

- a continued high level of activity in the travel market
- a gradual consolidation of the capacity in passenger ships and air travel
- a gradual stabilisation of ticket prices and volumes in passenger shipping
- a continued high level of activity in the leisure market.

Sustainable network of routes established

The network of routes was further adjusted to current market conditions in 2006. Capacity on the Amsterdam route was increased, the Gothenburg route was closed and a new route between West Norway and Great Britain was opened.

A sustainable and forward-looking route network has now been established, with a good match between the configuration of the tonnage and the market situation of the individual routes.

Increased capacity on Amsterdam–Newcastle route

On 11 March 2006, the passenger and freight capacity, as well as the quality of the onboard facilities, were improved on the Amsterdam route with the deployment of the cruise-ferry ship KING OF SCANDINAVIA. The ship was purchased in November 2005, delivered at the end of February 2006 and then subjected to a minor upgrade. The ship replaced DUKE OF SCANDINAVIA, increasing overall passenger and freight capacity on the route by respectively 16% and 35%.

The overall investment was approximately DKK 425 million, of which approximately 10% was paid in 2005. DUKE OF SCANDINAVIA was chartered out without a crew (i.e. bareboat charter) for two years, which was extended by a year in autumn 2006.

New North Sea passenger route

DFDS Seaways opened a new passenger route between Bergen, Haugesund, Stavanger and Newcastle on 9 November 2006. The route was previously operated by Fjord Line.

The primary passenger markets for the route are West Norway, the area around Kristiansand, and Great Britain. The route's most important customer groups in the passenger market are Mini Cruise passengers and passengers with their own cars. Freight customers are also part of the route's revenue base.

The route is serviced by the passenger ship PRINCESS OF NORWAY, which was bought from Fjord Line and taken over on 16 October 2006. The ship, previously known as Fjord Norway, was renamed and renovated before the route opened. The ship has 480 cabins, with a total capacity of 1,460 passengers. Its freight capacity is 1,410 lane metres.

Closure of the Gothenburg route

Following continued unsatisfactory financial performance and the opening of the route between Norway and Great Britain, the passenger route Gothenburg/Kristiansand–Newcastle was closed on 1 November 2006. The land-based operation in Sweden was also closed down. Some of the Gothenburg route's British and Norwegian customers were transferred to the new route between Norway and Great Britain.

The passenger ship PRINCESS OF SCANDINAVIA, built in 1976, was sold off at the same time, reducing the passenger fleet's average age.

Cruise ferry routes

The Oslo route's level of activity was on a par with 2005. Onboard revenue per passenger continued to rise in 2006 following the upgrade to the onboard concepts, implemented in 2005. The development in freight revenue was also positive, while there was a minor fall in ticket revenue per passenger. The route's overall profit contribution was thus improved in 2006, but a significant rise in the route's bunker costs more or less offset the progress. It was only possible to compensate to a limited extent for the rise in the cost of bunkers through oil-price surcharges.

In November, the route stopped calling at Helsingborg, which reduced the route's port and bunkers costs. Sales and promotion of trips on the Swedish market have subsequently been handled by the Danish sales organisation. To replace the call in Helsingborg, a bus service has been established in the south of Sweden.

Passenger capacity in the Norwegian market was expanded in late 2005 and is expected to be extended further in late 2007. As a result, it is envisaged that the Norwegian market will be more competitive.

The Amsterdam route's passenger and freight capacity was increased in 2006. The utilisation of increased freight capacity fully lived up to expectations, although the expected rise in passenger volumes was not achieved. It was primarily the volume trend on the Dutch market that did not match expectations. In addition, the deployment of larger tonnage on the route led to some start-up costs and higher capital costs. Combined with a significant rise in the route's bunker costs, the result for the route was unsatisfactory and significantly lower than in 2005.

The competitive situation is expected to improve somewhat in 2007 due to a smaller reduction of passenger capacity in the market.

The level of activity on the Gothenburg route was considerably lower than in 2005 because the route was temporarily closed in February and March due to reallocation of tonnage to the Amsterdam route during this period.

The opening of the Bergen route went as planned, albeit with an unusually high number of days with strong winds on the

North Sea, which led to some timetable irregularities.

Ro-pax

The Esbjerg route is operated in partnership with DFDS Tor Line as a result of the large freight capacity of the ro-pax tonnage deployed. The number of passengers was slightly lower than in 2005, but better yield management, following the introduction of a dynamic price strategy, more than compensated for the lower level of activity. The result for the route's passenger section was thus satisfactory.

DFDS Canal Tours

DFDS Canal Tours operates canal tours in the Port of Copenhagen with 16 boats, including two with restaurants. The number of guests was approximately 700,000 in 2006. Last year's warm and sunny summer contributed to a satisfactory financial performance.

Dynamic price strategy

A new, dynamic price and distribution strategy was introduced in the course of the first half-year of 2006. Ticket prices are now set on the basis of the demand at the individual departure points, so that in advance of the sailing, the price is low in order to stimulate early booking, and then the price is adjusted as demand rises.

The results so far show that there has been a significant rise in the number of early bookings, the load factor has risen and a rising proportion of the turnover is generated by online sales. The actual price level is stable, and has not been negatively influenced by early bookings at lower prices.

www.dfdsseaways.com

The functionality of www.dfdsseaways.com was improved during the first half-year to correspond with the introduction of the dynamic price strategy.

The site now recognises to a greater extent that the customers are different and have different needs. As a result, it is now easier for individual customers to identify which parts of the website are relevant to them.

In addition, a higher degree of freedom of choice has been incorporated into the product programme, which not only enables the offering of more services to the customer, but also to present the customer with higher quality services at higher prices.

Due to the importance of the website for sales and communications, the customers' online experiences are regularly analysed and serve as the basis for ongoing improvements. In 2006, the website was visited by more than four million unique visitors in 2006.

The growth in the number of online bookings continued as expected in 2006, with approximately 35% of turnover generated on the Internet. By the end of 2006, the proportion of online sales had risen to over 40%. The target is still to achieve sales of approximately 50% of DFDS Seaways' revenues online by the end of 2007.

Financial performance

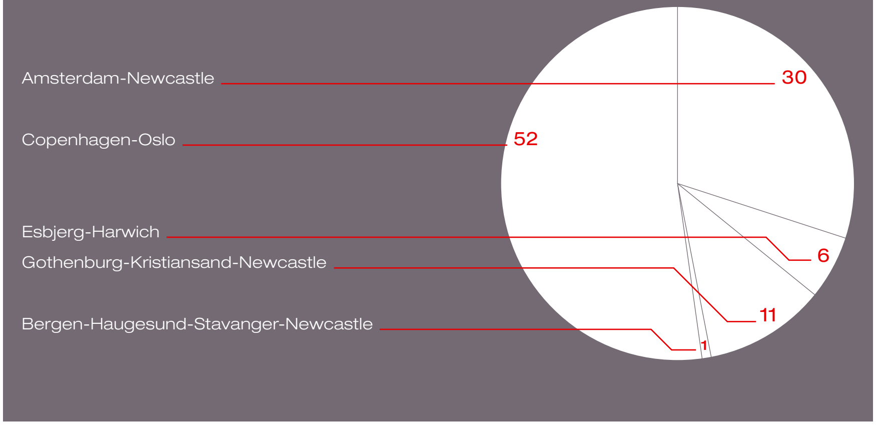
Revenue reached DKK 1,838 million, which was on a par with 2005. However, as a result of significant route and tonnage changes in both 2005 and 2006, the figures for the two years are not directly comparable. For the two continuing routes, Oslo and Amsterdam, revenue rose in 2006 by 4% and the number of passengers rose by 3%. Ticket revenue per passenger on these routes was slightly lower than in 2005, while the onboard revenue per passenger rose.

Operating profit before depreciation (EBITDA) of DKK 241 million was 9% lower than in 2005 because of a rise of around 20% in the cost of bunkers, which was only offset to a limited extent by oil-price surcharges. In addition, the deployment of new tonnage on the Amsterdam route, the closure of the Gothenburg route and the opening of the Bergen route led to a series of one-off costs.

Profit on the sale of ships, namely PRINCESS OF SCANDINAVIA, was DKK 7 million. As a result of the addition of new tonnage, depreciation rose by 15%, and operating profit after depreciation (EBITA) was DKK 61 million. Adjusted for profit on ship sales, operating profit (EBITA) was 45% lower than in 2005.

Average invested capital in 2006 was DKK 1,844 million, a rise of 20% as a result of the purchase of new tonnage. The return on invested capital was 3.1%.

Passenger distribution per route 2006 %



Target groups and product concepts

Transport
Transport products offer passengers the opportunity to take their own cars on trips – typically on visits to family and friends, business trips and individual holiday packages.

Holiday
Holiday products are package trips organised by DFDS Seaways, targeted at families and couples travelling in their own cars.

Mini Cruise
Mini Cruise products are trips where passengers travel on the same ship on the outbound and return journeys. The cruise typically includes two nights on board and the focus is on the maritime experience, the host of facilities on board and land-based activities at an attractive destination. The target group is a broad mix of couples and groups of friends of all ages and, in the holiday season, families with children. The concept also offers the opportunity to host large parties on board.

Conferences
The conference product comprises meetings and conferences on board, either at sea or in dock. The target group consists of companies, organisations and course organisers.

New experiences for passengers

The on-board experience is the cornerstone of DFDS Seaways' passenger strategy. Mini Cruise? Family car holiday? Attending a conference? It doesn't really matter. It is the on-board experience rather than the price that generates positive referrals and repeat customers.

We have to attract new groups of customers onto our ships, who appreciate and will pay for the unique maritime experience and the wide range of facilities on board a cruise-ferry ship.

The culinary experience is a crucial part of interacting with family and friends. In keeping with DFDS Seaways' tradition of providing high quality and service in all our activities, several new food concepts are being introduced in 2007.

In February, a new buffet concept saw the light of day. It puts contemporary culinary trends into focus, offering a variety of delicacies, including enticing smaller portions inspired by tapas and fusion cuisine, as well as traditional cooking with a modern twist.

The new concept is being introduced on the Oslo ships and will be adapted to suit local market conditions on the other routes. Alternating themes involving both the food and the surroundings are also on the menu, and on the Oslo route passengers will be able to see celebrity chefs at close quarters in 2007.

Another on-board trend is our new entertainment concept, which was launched on the Danish market in 2006. Several trend-setting groups and solo artists played on the Oslo route, something that caught the eye of both passengers and the media and, as intended, generated enquiries and bookings from groups of customers not previously tempted by the Mini-Cruise concept.

As part of this new entertainment concept, the feasibility of an on-board casino is also being considered.

The course has been set: new experiences are on their way, experiences that will add value for current and potential customers.

Rock cruises 2006

Nephew
Carpark North
Lars HUG
Blue Foundation
Powersolo
Teitur
Under byen
Peter Sommer
Randi Laubek
Allan Olsen Solo
Skousen og Eivør
Hush
Rasmus Nøhr

Jazz cruises 2006

Cecilie Norby
Caroline Henderson
Hugo Rasmussen
Jakob Fisher Trio
Rosendahl
Julie Marie

Risk Factors and the Environment

General and specific operational risks

The market for maritime transport of freight and passengers is affected by the general state of the economy. It is estimated that in the short term, the passenger market is more sensitive to economic change than the freight market. Partly in order to manage risks associated with changes to economic trends, approximately half of the freight fleet consists of chartered vessels, which provides an opportunity to redeliver tonnage at short notice.

The market for maritime transport of freight and passengers is also affected by changes to industry-specific conditions. This includes changes in the market for alternative forms of transport, such as road, rail and air, the latter of which mainly impacts upon the passenger sector. In addition, the market is influenced by changes to direct and indirect competition, including the opening of competing routes and the deployment of additional capacity on existing routes.

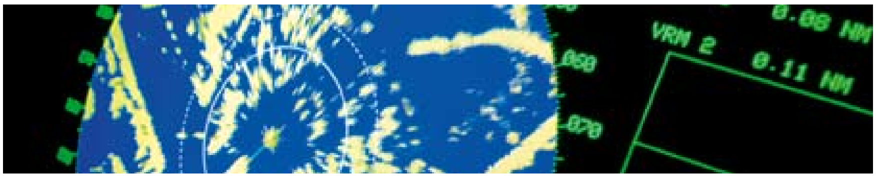
A significant proportion of the freight on some routes stems from a small number of customers. The risk inherent in such relationships is limited by entering into long-term partnership agreements.

DFDS uses freight and passenger ships, terminals and other operating equipment, which entails operational risks related to such equipment. These risks are controlled and minimised partly through compliance with safety requirements and routines, as well as preventative measures, and partly through insurance against risk.

Environmental and safety measures are based on DFDS' environmental and safety policies, as well as official regulations and customer demand. Changes in these factors can increase costs. The Group is insured against environmental risks as far as possible, and participates in preparatory legislative procedures through industry organisations.

Political decisions may alter the legal framework for DFDS' activities, with potentially negative consequences for the business. The main long-term risk is deemed to be the discontinuation of duty-free sales in Norway, which is not expected before 2010 at the earliest.

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



Oil risk

Bunker costs constitute a separate and significant operational risk as a result of large fluctuations in the price of oil and an annual total cost of approximately DKK 940 million, corresponding to approximately 12% of Group turnover.

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

The bunker consumption in 2007 is expected to be approximately 500,000 tons, an increase of approximately 5% compared to 2006. This rise is due in part to the acquisition of DFDS Container Line.

It Is estimated that around 20% of the total consumption is not hedged. This implies a profit impact of approximately DKK 1.5 million from a price change of 1% compared to the price level in February 2007, which was around USD 255 per ton.

In Q4 2006, around 45% the consumption of the first five months of 2007 was financially hedged. Presently, no further hedging of the consumption in the remaining part of 2007 has been undertaken.

Financial risks

The most important financial risk factors for DFDS are currency and interest-rate fluctuations, both of which are managed by DFDS' central finance department, in accordance with policies adopted by the Board of Directors.

Currency risks

Around 76% of DFDS' revenue is invoiced in foreign currency. The most important net income currencies are SEK, NOK, EUR and GBP. USD is the principal net expense currency.

DFDS actively seeks to reduce currency exposure by matching the currencies for assets and liabilities, and by taking out futures contracts, options and swaps.

For 2007, approximately 80% of the expected currency cash flow in SEK and GBP has been hedged. Approximately 90% of USD exposure has been hedged, and all time-charter contracts in USD have been hedged until 2008. The stable DKK/EUR exchange rate is expected to continue in 2007, and therefore the EUR exposure has not been hedged.

Interest-rate risks

DFDS' interest-rate risks are primarily derived from the interest-bearing debt. The loan portfolio at the end of 2006 amounted to DKK 5.0 billion, and the average loan duration was approximately 6.1 years. Around DKK 2.3 million of the loan portfolio is denominated in foreign currencies, mainly SEK and EUR.

The management of interest-rate risks is based on a loan portfolio with a proportion of fixed interest loans of at least 50%. Fixed interest loans accounted for approximately 55% of the portfolio at the end of 2006, and this level is expected to be maintained in 2007.

A 1% rise in interest rates compared to the level at the start of February 2007 would raise the interest-rate cost by around DKK 22 million in 2007.

For further information about the management of financial risks, including credit and liquidity risks, please refer to note 13 on page 62 and note 22 on page 70.

The environment

DFDS' environmental work is conducted in accordance with legislation such as the International Maritime Organisation's shipping conventions, EU directives, national legislation and local planning regulations. The work must follow the guidelines laid down in DFDS' own environmental policy, must be conducted in close collaboration with the relevant authorities, and must take into account the environmental expectations of our customers.

In 2006, the EU directive on the use of low-sulphur oil came into force for the Baltic Sea, and the North Sea follows in 2007. As a result, in May 2006 the tonnage in the Baltic Sea started exclusively to use low-sulphur oil, and as of August 2006, all passenger ships, regardless of the traffic area, also started exclusively to use low-sulphur oil. Therefore, in August 2007, all DFDS' vessels in the Baltic Sea and the North Sea will use only low-sulphur oil.

The Oslo route stopped calling in Helsingborg in 2006. This has resulted in an environmental improvement, since the route change reduces the annual use of oil by approximately 2,000 tons – a fact that was instrumental in the decision being taken. Similarly, the conversion of the Gothenburg route to the Bergen route will also lead to a reduction in the consumption of oil of approximately 4,000 tons per annum. The two route changes mean an annual reduction in CO_2 emissions of approximately 20,000 tons, as well as oil savings corresponding to just over 1% of total Group consumption.

DFDS' environmental policy

DFDS will:

- actively protect and preserve the environment in and around the company.
- implement preventative and forward-looking measures that will seek to use resources, technology and operating materials rationally in order to minimise the negative impact on the environment, with due recognition of the financial consequences of such decisions.
- in collaboration with suppliers and customers, constantly seek to improve and develop DFDS' services on the basis of an overall approach to the environment.
- seek to promote environmental awareness and commitment among its staff.
- ensure an on-going assessment on environmental issues, both internally and externally.
- ensure that current environmental legislation is complied with.

Shareholder information

Share capital

DFDS A/S' share capital remained unchanged at DKK 800 million throughout 2006. The company has only one class of share and the capital is divided up into 8,000,000 shares, each with a nominal value of DKK 100. The DFDS share is listed on the Copenhagen Stock Exchange.

Price trend

The DFDS share rose by 78% in 2006 to DKK 680 per share. By comparison, DFDS' Peer Group index rose by 15% and the Copenhagen Stock Exchange Total Index (OMXC) likewise rose by 15%.

DFDS' Peer Group Index includes the following companies: Attica Enterprises (GR), Birka Line (SE), Finnlines (FI), Irish Continental Group (IE), Tallink (EE), Transatlantic (SE) and Viking Line (FI).

The market value of the total share capital at year-end 2006 was DKK 5,440 million. The market value of the turnover in DFDS shares was DKK 1,119 million in 2006, a rise of 48% compared to 2005.

The total shareholder return, price change plus dividend yield, in 2006 was 80%.

Shareholders

At the end of 2006, DFDS had 18.636 registered shareholders who owned 91% of the share capital. Vesterhavet A/S is the principal shareholder with a shareholding of 56.0%. Clipper Group owns 5.9% of the total share capital.

Dividend

DFDS' dividend policy aims for distribution of an annual dividend corresponding to approximately 30% of the annual net profit. The annual dividend is, however, determined with due consideration for DFDS' development plans and a satisfactory capital structure.

The Board of Directors proposes payment of a dividend of DKK 11 per share with a nominal value of DKK 100, corresponding to 11% of the share capital and 24% of net profit for the year.

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Financial calendar

Annual General Meeting
28 March 2007 at 16:00
Radisson SAS Falconer Hotel and Conference Centre
Falkoner Allé 9
DK-2000 Frederiksberg, Denmark

Dividend
To be paid out in early April 2007

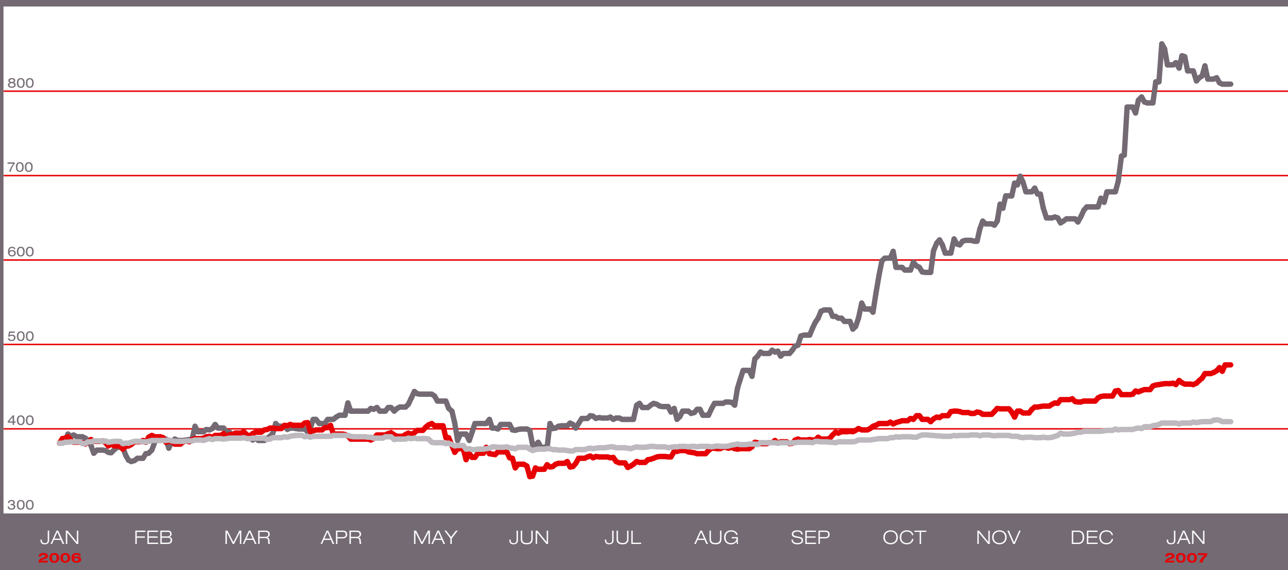
Publication of Group results in 2007
Report for the first quarter, 23 May
H1 report, 23 August
Report for the third quarter, 29 November

Stock Exchange Announcements 2006*

Date		Announcement
13/02	1	DFDS sells Ro-Pax ship
16/02	2	Share options
16/03	3	Annual Report 2005
05/04	6	Notice of DFDS' annual general meeting
20/04	7	New CEO of DFDS
20/04	8	Main business of Annual General Meeting
25/04	9	C4hange in holding of own shares
01/05	10	Change in Board of Directors
23/05	11	1st Quarter Report 2006
15/08	14	DFDS acquires Norfolk Line Containers B.V.
29/08	15	DFDS half-year Report 2006
06/09	17	DFDS buys m.s. Fjord Norway from Norwegian shipping company
03/10	18	DFDS' acquisition of Norfolk Line Containers B.V. approved by German authorities
30/10	19	Profit expectation 2006 upgraded to DKK 400 million
29/11	20	3rd Quarter Report 2006
14/12	22	Financial Calendar 2007 - provisional

* Compulsory announcements about share trading are not included in the list.

Share price development, 2006-2007 DKK (development relative to DFDS share)



Share-related key data

	2002	2003	2004	2005	2006
Earnings per share, DKK	na.	15	22	24	46
Dividend per share, DKK	7	5	7	7,5	11
Dividend payout ratio, %	na.	34	32	32	24
Dividend yield, %	5.1	2.7	2.5	2.0	1.6
P/E ratio, times	na.	13	13	16	15
Equity per share, DKK	326	316	318	350	394
Price/book value, times	0.43	0.58	0.89	1.08	1.73
Share price, DKK					
Price at year-end	138	185	285	382	680
Price high	148	201	285	465	698
Price low	121	143	185	282	360
Market value, DKK million	1,107	1,476	2,276	3,056	5,440
No. of shares at year-end, million	8	8	8	8	8

Ownership structure, end 2006

	% of share capital
Vesterhavet A/S (Copenhagen)	56.0
Clipper Group (Copenhagen)	5.9
Institutional and financial investors	11.3
Other registered shareholders	12.7
Own shares	4.9
Non-registered shareholders	9.2
Total	100.0

Analysts covering the DFDS share

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Financial Review

Revenue

Revenue increased by 20% to DKK 7,524 million in 2006 from DKK 6,278 million in 2005.

DFDS Tor Line's revenue rose by 28% to DKK 5,710 million. Around 60% of the rise can be attributed to the acquisition of companies and activities in 2005 and 2006, as well as the take over of a 50% conference agreement in DFDS Lisco Line early in 2006. The rest of the rise stems from a generally higher level of activity in DFDS Tor Line's route network on the North Sea and the Baltic Sea, including the opening of a new route between Russia and Germany in Q4 2005.

DFDS Seaways' revenues were on a par with 2005. As a result of the closure of the Cuxhaven route in November 2005 and the Gothenburg route in November 2006, as well as the opening of the Bergen route in November 2006 and the chartering out of a passenger ship, revenues in 2005 and 2006 are not directly comparable. For the two continuing routes, the Oslo and Amsterdam routes, revenues rose by 4% in 2006. Higher revenues on the two continuing routes, the opening of a new route and revenues from chartering out a passenger ship thus offset the effect of the two route closures.

EBITDA

Operating profit before depreciation (EBITDA) in 2006 was DKK 1,129 million, an increase of 27%. The EBITDA margin was 15.0%, an increase of 0.8 percentage point in relation to 2005.

Rising bunker costs negatively influenced the EBITDA margin in both divisions in 2006. The impact was greatest on DFDS Seaways, as the rise in costs could only be offset to a limited extent by oil-price surcharges, while price-regulation agreements in DFDS Tor Line offset the rise in costs significantly. As a result, the EBITDA margin in DFDS Seaways decreased, while a high level of activity in the freight market improved capacity utilisation in DFDS Tor Line, increasing DFDS Tor Line's EBITDA margin in 2006.

Revenue

DKK million	2005	2006	Change, %
DFDS Tor Line	4,478	5,710	28
DFDS Seaways	1,837	1,838	0
Eliminations etc.	-37	7,524	n.a.
DFDS Group	6,278	7,524	20

Operating profit before depreciations (EBITDA)

DKK million	2005	2006	Change, %
DFDS Tor Line	674	937	39
DFDS Seaways	272	265	-2
Non-allocated items	-48	-49	6
Non-comparable items	-8	-24	n.a.
DFDS Group	890	1,129	27

As a result of the deployment of new passenger tonnage and the restructuring of passenger routes, including the closure of sales offices, DFDS Seaways' EBITDA includes one-off costs of DKK 24 million in 2006. Excluding these non-comparable items, DFDS Seaways' EBITDA decreased by 2% in 2006.

Profit/loss on sale of assets

Profits from the sale of vessels, buildings and terminals in 2006 was DKK 33 million. The sale of two freight ships and a terminal and the premature return of two freight ships on a long-term charter accounted for profits of DKK 26 million, while profit from the sale of a passenger ship amounted to DKK 7 million.

Depreciation and write-downs

Total depreciation rose by 16%, or DKK 78 million, to DKK 565 million in 2006. Ship depreciation accounted for DKK 443 million, a rise of DKK 31 million, primarily as a result of the acquisition of a ro-pax ship and two passenger ships, as well as the delivery of a ro-ro newbuilding. In addition, one lo-lo freight ship incurred a write down of DKK 5 million. The return of two freight ships on long-term charters reduced depreciation compared with 2005.

Depreciation on long-term intangible assets rose by DKK 19 million as a result of the acquisition of companies and activities.

The rest of the rise in total depreciation is primarily due to additions from acquisitions of companies and activities.

EBITA

Group operating profit (EBITA) rose by 38% in 2006 to DKK 597 million, and the EBITA margin rose to 7.9%, from 6.9% in 2005.

Value adjustment of goodwill

Value adjustment of goodwill amounted to a cost of DKK 10 million as a result of a goodwill write-off on two smaller companies acquired in 2006. The depreciation test is described in greater detail in note 32.

Financing

Net financing amounted to a cost of DKK 184 million, a decrease of 9%, or DKK 18 million, compared to 2005. The net-interest costs rose by DKK 13 million, but this rise was more than offset by a rise in net income from price adjustments of DKK 28 million.

The average net interest-bearing debt rose by 17% in 2006, while netinterest costs rose by 6%. The proportionally lower rise in net-interest costs was due to a reduction of the Group's net-interest rate of approximately 0.4 percentage point, which can be attributed to mainly a higher proportion of floating rate loans in the loan portfolio.

The rise in net income from price adjustments was mainly derived from changes in the currency rates for SEK and USD.

Tax and annual profit

Pre-tax profit in 2006 was DKK 402 million, an improvement of 74% on 2005.

The activities of the DFDS Group are covered by the tonnage tax scheme in Denmark and Norway. Tax on the annual profit amounted to DKK 41 million, including a cost of DKK 4 million for regulation of tax in previous years. Adjusted to take this into account, the tax rate was 11% in 2006.

The annual profit after tax was DKK 364 million.

Investments

Total investments amounted to DKK 1,698 million, of which DKK 1,392 million consisted of operational investments in intangible and tangible assets, and DKK 306 million consisted of company acquisitions.

DKK million	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2005 Full year	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006 Full year
Revenue	1,301	1,597	1,721	1,659	6,278	1,591	1,859	2,020	2,054	7,524
Operating profit before depreciation (EBITDA)	62	296	356	176	890	142	325	430	232	1,129
Sale of assets	7	4	0	18	29	18	0	11	4	33
Depreciations	-118	-122	-120	-127	-487	-127	-140	-143	-155	-565
Operating profit (EBITA)	-49	178	236	67	432	33	185	298	81	597
Operating margin, %	-3.8	11.1	13.7	4.0	6.9	2.1	10.0	14.8	3.9	7.9
Profit before tax	-100	121	193	17	231	-13	145	247	23	402
Average invested capital	6,429	6,621	6,751	6,882	6,667	7,107	7,544	7,750	7,845	7,551
Return on invested capital (ROIC) p.a., %	-3.1	10.0	13.5	3.3	6.0	1.9	9.2	14.8	2.1	7.1

The net investment in ships amounted to DKK 1,221 million, the majority of which was related to investment in two passenger ships, a ro-pax vessel and the sixth ro-ro newbuilding from the Flensburg Shipyard. The sale of three freight ships and a passenger ship provided DKK 224 million.

In addition, DKK 120 million was invested in the extension of the port terminal in Immingham.

The most significant company acquisition in 2006 was the acquisition of DFDS Container Line (formerly Norfolk Line Containers), at a purchase price of DKK 301 million.

Assets and invested capital

Total assets rose by 18% to DKK 9,991 million.

Around half of the rise can be attributed to investments in ships. The other half of the rise is primarily derived from the acquisition of companies and activities, which has increased goodwill and other long-term intangible assets, as well as long-term tangible assets and short-term assets.

Average invested capital rose by 13% to DKK 7,551 million. The average rate of turnover on invested capital was 1.00, compared to 0.94 in 2005. This improvement reflects, amongst other things, expanded capacity utilisation in freight activities and the addition of trailer operators, whose turnover rate is higher than that of shipping companies.

The return on invested capital was 7.1%, an improvement of 1.1 percentage points compared with 2005.

Financing and capital structure

Interest-bearing debt rose by 21% to DKK 5,005 million at the end of 2006. The majority of the rise stems from debt with deposits secured in vessels. In addition, the proportion of floating-rate debt increased. At the end of 2006, the proportion of fixed-interest rate debt was thus reduced from 77% in 2005 to 54% in 2006.

Net interest-bearing debt rose by 17% to DKK 4,654 million at the end of 2006 and made up 58% of the invested capital, an increase of 1% compared to 2005.

Cash flow

Gross cash flow from operations rose by 65% to DKK 1,193 million. The rise in the cash flow was due to growth in EBITDA and a DKK 236 million reduction of funds tied up in working capital.

The free cash flow from operations, calculated before interest and after investments, was as a result of the high level of investment minus DKK 531 million. Financing of this was mainly procured through loans, with deposits secured in vessels.

Valuation of ships

An annual depreciation test is conducted on ships based on their expected future cash flow. The calculations for 2006 led to a write-down of a freight ship by DKK 5 million. The test is described in greater detail in note 32.

The demand for ro-ro freight ships and ro-pax ships increased in 2006, and the market value of the DFDS fleet, based partially on brokers' evaluations, was at the end of 2006 higher than the book value of DKK 7.0 billion.

Equity

Equity rose by 12% to DKK 3,265 million.

The total equity movement in 2005 amounted to DKK 362 million, of which the transfer of the annual profit constituted DKK 352 million. There was also a positive price adjustment, primarily from hedging transactions, of DKK 49 million. From this has to be deducted the dividend for 2005 of DKK 57 million, excluding the dividend on Group-owned shares.

The equity ratio at the end of the year was 33%, a reduction of 1% compared to 2005.

The parent company's financial performance

The annual profit for the parent company, DFDS A/S, was DKK 347 million. Total assets at the end of the year amounted to DKK 8,021 million and the equity was DKK 3,309 million.

DFDS

Financial statements 2006

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Income statement

Parent Company DKK '000				Consolidated DKK '000	
2005	**2006**	**Note**	**Income statement**	**2005**	**2006**
4,204,849	4,859,366	1,2	Revenue	6,278,418	7,523,840
			Costs		
-2,092,342	-2,442,681	3	Operating costs	-3,154,362	-4,006,575
-588,636	-648,395		Charter hire	-525,471	-533,138
-575,419	-599,601	4	Staff costs	-1,291,541	-1,406,059
-483,438	-491,443	5	Other costs of operation, sales and administration	-416,678	-449,119
-3,739,835	*-4,182,120*		*Total costs*	*-5,388,052*	*-6,394,891*
465,014	**677,246**		**Operating profit before depreciation (EBITDA)**	**890,366**	**1,128,949**
46,063	63,567		Profit on disposal of ships, buildings and terminals	28,553	33,339
		9,10	*Depreciation and impairment*		
-242,414	-262,466		Ships	-412,099	-442,565
-27,622	-38,149		Other non-current fixed assets	-74,907	-114,508
0	0		Impairment losses for ships and other non-current assets	0	-8,177
-270,036	*-300,615*		*Total depreciation and impairment*	*-487,006*	*-565,250*
241,041	**440,198**		**Operating profit (EBITA)**	**431,913**	**597,038**
0	0	12	Share of profit/loss of associates	557	-517
0	0	9	Value adjustment of goodwill/negative goodwill	569	-9,682
-126,848	-95,525	6	Financing, net	-202,425	-184,419
114,193	**344,673**		**Profit before tax**	**230,614**	**402,420**
3,093	2,213	7	Tax on profit	-37,274	-38,892
117,286	**346,886**		**Profit for the year**	**193,340**	**363,528**
			Profit for the year is attributed to		
117,286	346,886		Equity holders of DFDS A/S	175,416	352,189
-	-		Minority interest	17,924	11,339
117,286	346,886			193,340	363,528
		8	**Earnings per share**		
			Basic earnings per share (EPS) of DKK 100	23.14	46.33
			Diluted earnings per share (EPS-D) of DKK 100	23.14	46.30
			Proposed profit appropriation		
60,000	88,000		Proposed dividends, DKK 11.00 per share (2005: DKK 7.50 per share)		
57,286	258,886		Retained earnings		
117,286	346,886				

Balance sheet – assets

Parent Company
DKK '000

Consolidated
DKK '000

2005	2006	Note	Balance sheet at 31 December	2005	2006
272,307	275,188		Goodwill	157,605	298,595
47,614	38,187		Other non-current intangible assets	95,890	151,804
33,086	41,757		Software	33,087	41,756
4,977	1,117		Development projects in progress	4,977	1,117
357,984	*356,249*	*9*	*Total non-current intangible assets*	*291,559*	*493,272*
11,935	10,638		Buildings	74,265	71,428
32,325	30,273		Terminals	265,244	380,156
3,654,485	4,083,146		Ships	5,912,857	6,967,599
63,220	69,008		Equipment, etc.	231,783	325,111
219,981	5,208		Work in progress and prepayments	250,773	11,705
3,981,946	*4,198,273*	10	*Total non-current tangible assets*	*6,734,922*	*7,755,999*
1,235,554	1,613,603	11	Investments in group enterprises	-	-
500	7,333	12	Investments in associates	6,190	8,464
650,072	616,442	13	Receivables	23,629	2,981
26,607	25,023	14	Securities	26,688	25,138
0	0	18	Pensions, receivables	306	0
0	0	16	Deferred tax assets	91,418	84,425
1,912,733	*2,262,401*		*Total other non-current assets*	*148,231*	*121,008*
6,252,663	**6,816,923**		**Total non-current assets**	**7,174,712**	**8,370,279**
76,154	64,993		Inventories	91,530	79,394
581,435	1,039,275	13	Receivables	818,882	1,020,106
47,310	69,493		Prepayments	91,961	150,096
9,382	30,583		Cash at bank and in hand	249,569	371,367
714,281	**1,204,344**		**Total current assets**	**1,251,942**	**1,620,963**
0	0	10	Assets held for sale	30,239	0
6,966,944	**8,021,267**		**Total assets**	**8,456,893**	**9,991,242**

Balance sheet – equity and liabilities

Parent Company
DKK '000

Consolidated
DKK '000

2005	2006	Note	Balance sheet at 31 December	2005	2006
800,000	800,000	15	Share capital	800,000	800,000
-139,377	-114,832		Reserves	-149,621	-101,881
2,262,924	2,540,232		Retained earnings	2,094,964	2,372,012
56,888	83,698		Proposed dividends	56,888	83,698
2,980,435	*3,309,098*		*Total equity attributable to equity holders of DFDS A/S*	*2,802,231*	*3,153,829*
-	-		Minority interests	101,455	111,422
2,980,435	**3,309,098**		**Total equity**	**2,903,686**	**3,265,251**
2,532,824	3,209,543	20	Interest bearing liabilities	3,470,565	4,287,855
0	0	16	Deferred tax	190,147	212,088
18,382	16,040	18	Pension and jubilee liabilities	234,586	239,359
6,914	0	19	Other provisions	6,914	2,609
2,558,120	*3,225,583*		*Total non-current liabilities*	*3,902,212*	*4,741,911*
919,403	912,040	20	Interest bearing liabilities	650,611	716,872
109,678	126,745		Trade payables	321,733	408,464
2,147	2,610	19	Other provisions	2,147	8,638
0	0		Corporate tax	12,951	23,215
377,598	386,333	21	Other payables	565,771	646,576
19,563	58,858		Deferred income	97,782	180,315
1,428,389	*1,486,586*		*Total current liabilities*	*1,650,995*	*1,984,080*
3,986,509	**4,712,169**		**Total liabilities**	**5,553,207**	**6,725,991**
6,966,944	**8,021,267**		**Total equity and liabilities**	**8,456,893**	**9,991,242**

Guarantees pledged as surety, etc., see note 10 and 20
Share options, see note 17
Guarantees and contingent liabilities, etc., see note 29
Contractual commitments, etc., see note 22 and 30
Related parties, see note 31
Impairment tests, see note 32
Critical accounting estimates and judgements, see note 33
Events after the balance sheet date, see note 34

Statement of changes in equity – Consolidated

		Reserves								
DKK '000	Share capital	Currency translation	Hedging	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends	Total equity attributable to equity holders of DFDS A/S	Minority interests	Total
Equity at 1 January 2005	**800,000**	**2,426**	**-242,448**	**0**	**-43,349**	**1,975,853**	**52,966**	**2,545,448**	**154,437**	**2,699,885**
Changes in accounting policies				6,718		-6,718		0		0
Adjusted equity at 1 January 2005	**800,000**	**2,426**	**-242,448**	**6,718**	**-43,349**	**1,969,135**	**52,966**	**2,545,448**	**154,437**	**2,699,885**
Equity movements 2005										
Foreign exchange adjustment relating to foreign companies' beginning equity and goodwill		4,663						4,663	3,497	8,160
Effect of difference between year-end and average rates on profit		-46						-46	-38	-84
Value adjustment of hedging instruments transferred to the income statement (before tax)			118,161					118,161		118,161
Value adjustment of hedging instruments			-3,175					-3,175	770	-2,405
Tax of equity movements			-1,935			1,798		-137		-137
Value adjustment of securities				8,810				8,810		8,810
Value adjustment of securities from sale transferred to the income statement				-1,306				-1,306		-1,306
Net income/(expense) recognised directly in equity	0	4,617	113,051	7,504	0	1,798	0	126,970	4,229	131,199
Profit for the year						115,416	60,000	175,416	17,924	193,340
Total recognised income	0	4,617	113,051	7,504	0	117,214	60,000	302,386	22,153	324,539
Distributed dividends							-53,091	-53,091	-7,921	-61,012
Adjustments of distributed dividends 2004						-125	125	0		0
Dividends treasury shares						3,112	-3,112	0		0
Addition of minority interests								0	34,029	34,029
Disposal of minority interests								0	-101,394	-101,394
Share-based payment						1,699		1,699		1,699
Sale of treasury shares related to exercise of share options					1,860	923		2,783		2,783
Exercise of share options						3,572		3,572		3,572
Other adjustments						-566		-566	151	-415
Equity movements 2005	**0**	**4,617**	**113,051**	**7,504**	**1,860**	**125,829**	**3,922**	**256,783**	**-52,982**	**203,801**
Equity at 31 December 2005	**800,000**	**7,043**	**-129,397**	**14,222**	**-41,489**	**2,094,964**	**56,888**	**2,802,231**	**101,455**	**2,903,686**

Statement of changes in equity – Consolidated

		Reserves								
DKK '000	Share capital	Currency translation	Hedging	Revalua-tion of securities	Treasury shares	Retained earnings	Proposed dividends	Total equity attributable to equity holders of DFDS A/S	Minority interests	Total
Equity at 1 January 2006	**800,000**	**7,043**	**-129,397**	**14,222**	**-41,489**	**2,094,964**	**56,888**	**2,802,231**	**101,455**	**2,903,686**
Equity movements 2006										
Foreign exchange adjustment relating to foreign companies' beginning equity and goodwill		10,774						10,774	-98	10,676
Effect of difference between year-end and average rates on profit		-1,751						-1,751	-28	-1,779
Value adjustment of hedging instruments transferred to the income statement (before tax)			8,256					8,256		8,256
Value adjustment of hedging instruments			32,950					32,950	479	33,429
Tax of equity movements			-3,146					-3,146		-3,146
Value adjustment of securities				-363				-363		-363
Value adjustment of securities from sale transferred to the income statement				-1,357				-1,357		-1,357
Net income/(expense) recognised directly in equity	0	9,023	38,060	-1,720	0	0	0	45,363	353	45,716
Profit for the year						264,189	88,000	352,189	11,339	363,528
Total recognised income	0	9,023	38,060	-1,720	0	264,189	88,000	397,552	11,692	409,244
Distributed dividends							-57,035	-57,035		-57,035
Adjustments of distributed dividends 2005						-147	147	0		0
Dividends treasury shares						4,302	-4,302	0		0
Addition of minority interests								0	80	80
Disposal of minority interests								0	-1,802	-1,802
Share-based payment						2,852		2,852		2,852
Sale of treasury shares related to exercise of share options					2,377	1,485		3,862		3,862
Exercise of share options						6,620		6,620		6,620
Other adjustments						-2,253		-2,253	-3	-2,256
Equity movements 2006	**0**	**9,023**	**38,060**	**-1,720**	**2,377**	**277,048**	**26,810**	**351,598**	**9,967**	**361,565**
Equity at 31 December 2006	**800,000**	**16,066**	**-91,337**	**12,502**	**-39,112**	**2,372,012**	**83,698**	**3,153,829**	**111,422**	**3,265,251**

Statement of changes in equity – Parent Company

DKK '000	Share capital	Reserves Hedging	 Revaluation of securities	 Treasury shares	Retained earnings	Proposed dividends	Total
Equity at 1 January 2005	**800,000**	**-216,750**	**0**	**-43,349**	**2,204,079**	**52,966**	**2,796,946**
Changes in accounting policies			6,774		-6,774		0
Adjusted equity at 1 January 2005	**800,000**	**-216,750**	**6,774**	**-43,349**	**2,197,305**	**52,966**	**2,796,946**
Equity movements 2005							
Foreign exchange adjustment relating to goodwill					-848		-848
Value adjustment of hedging instruments transferred to the income statement (before tax)		101,055					101,055
Value adjustment of hedging instruments		2,498					2,498
Tax of equity movements		1,031					1,031
Value adjustment of securities			8,810				8,810
Value adjustment of securities from sale transferred to the income statement			-1,306				-1,306
Net income/(expense) recognised directly in equity	0	104,584	7,504	0	-848	0	111,240
Profit for the year					57,286	60,000	117,286
Total recognised income	0	104,584	7,504	0	56,438	60,000	228,526
Distributed dividends						-53,091	-53,091
Adjustments of distributed dividends 2004					-125	125	0
Dividends treasury shares					3,112	-3,112	0
Share-based payment					1,699		1,699
Sale of treasury shares related to exercise of share options				1,860	923		2,783
Exercise of share options					3,572		3,572
							0
Equity movements 2005	**0**	**104,584**	**7,504**	**1,860**	**65,619**	**3,922**	**183,489**
Equity at 31 December 2005	**800,000**	**-112,166**	**14,278**	**-41,489**	**2,262,924**	**56,888**	**2,980,435**
Equity movements 2006							
Foreign exchange adjustment relating to goodwill					3,410		3,410
Value adjustment of hedging instruments transferred to the income statement (before tax)		-2,010					-2,010
Value adjustment of hedging instruments		26,929					26,929
Tax of equity movements		-1,031					-1,031
Value adjustment of securities			-363				-363
Value adjustment of securities from sale transferred to the income statement			-1,357				-1,357
Other adjustments					-100		-100
Net income/(expense) recognised directly in equity	0	23,888	-1,720	0	3,310	0	25,478
Profit for the year					258,886	88,000	346,886
Total recognised income	0	23,888	-1,720	0	262,196	88,000	372,364
Distributed dividends						-57,035	-57,035
Adjustments of distributed dividends 2005					-147	147	0
Dividends treasury share					4,302	-4,302	0
Share-based payment					2,852		2,852
Sale of treasury shares related to exercise of share options				2,377	1,485		3,862
Exercise of share options					6,620		6,620
Equity movements 2006	**0**	**23,888**	**-1,720**	**2,377**	**277,308**	**26,810**	**328,663**
Equity at 31 December 2006	**800,000**	**-88,278**	**12,558**	**-39,112**	**2,540,232**	**83,698**	**3,309,098**

The Company's share capital, which is not divided into different classes of shares, is divided into 8,000,000 shares of DKK 100 each. The share capital has been unchanged the last 5 years.

Cash flow statement

Parent Company DKK '000				Consolidated DKK '000	
2005	**2006**	**Note**	**Cash flow statement**	**2005**	**2006**
465,014	**677,246**		**Operating profit before depreciation (EBITDA)**	**890,366**	**1,128,949**
3,601	1,415	23	Adjustments for non-liquid operating items, etc.	15,330	4,489
-116,149	149,945	24	Change in working capital	-165,699	70,234
-4,925	-3,626		Payment of pension liabilities and other provisions	-14,908	-10,589
347,541	**824,980**		**Cash flow from operating activities, gross**	**725,089**	**1,193,083**
-119,660	-101,182		Financing, net	-190,586	-170,174
0	3,487		Taxes paid	-14,563	-26,306
227,881	**727,285**		**Cash flow from operating activities, net**	**519,940**	**996,603**
-236,763	-1,045,177		Purchase of ships	-452,407	-1,445,409
22,405	655,092		Disposal of ships and ship contracts	45,727	224,022
-1,409	601	25	Buildings and terminals	-67,681	-100,556
-31,004	-11,441	25	Equipment, etc.	-37,249	-56,688
-15,506	-13,327		Purchase of non-current intangible assets	-15,506	-13,945
-181,015	-306,251	27	Acquisition of companies and activities	-221,856	-298,104
-7,100	-91,783		Capital increase in subsidiaries	-	-
-104,794	-645	28	Acquisition of minority interests	-104,794	-1,020
28,066	3,993	6	Dividends from group enterprises	-	-
0	-6,083		Associates	-841	-6,461
-527,120	**-815,021**		**Cash flow from investing activities**	**-854,607**	**-1,698,161**
472,038	823,206		Proceeds from loans secured by mortgages in ships	472,038	1,220,753
-248,072	-302,403		Payment and redemptions of loans secured by mortgages in ships	-353,892	-424,646
31,421	-462,235		Change in other non-current investments	52,294	30,035
51,122	283,320	26	Change in other financial loans	83,890	250,953
0	-3,699		Payment of financial lease liabilities	-50,328	-53,784
44,060	-171,663		Change in operating credits	149,013	-141,247
413	-554		Exercise of share options	413	-554
-52,966	-57,035		Dividends paid to shareholders	-60,887	-57,035
298,016	**108,937**		**Cash flow from financing activities**	**292,541**	**824,475**
-1,223	**21,201**		**Cash flow for the year**	**-42,126**	**122,917**
10,605	9,382		Cash at bank and in hand at the beginning of the year	288,228	249,569
0	0		Foreign exchange adjustments	3,467	-1,119
9,382	**30,583**		**Cash at bank and in hand at year-end**	**249,569**	**371,367**

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

Accounting Policies

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. The latter Danish disclosure requirements are laid down in the Danish Executive Order on applying IFRS standards issued pursuant to the Danish Financial Statements Act and the Copenhagen Stock Exchange.

Change of accounting policies

The accounting policies applied in the preparation of the annual report are consistent with those of the annual report for 2005 except for the below mentioned:

Amendment to IAS 39 'Financial Instruments: Recognition and Measurement – The Fair Value Option'
The valuation adjustment of the securities portfolio is no longer recognised in the profit and loss account, but is done directly via the equity to a separate reserve in the equity. This is a result of implementing the amendment to IAS 39 'Financial Instruments: Recognition and Measurement – the Fair Value Option'. The securities are classified as 'available-for-sale'. At realisation the reserve is transferred from the equity to the profit and loss account.

The amendment is applied on 1 January 2006 with restated comparatives and reduces the pre-tax profit for the Group for 2005 by DKK 7.5 million from DKK 238.1 million to DKK 230.6 million. The reduction is done in 'Financing, net'. EPS and EPS-D are both reduced by DKK 0.99. Equity and the balance sheet total for 2005 remain unchanged.

In connection with the amendment a write-up on the securities portfolio at the beginning of 2006 amounting to DKK 14.2 million (corresponding to DKK 6.7 million at the beginning of 2005) was transferred from Retained earnings to Reserves within the equity.

The changes in the amounts for the parent company are the same as the changes for the Group.

Amendment to IAS 19 'Employee Benefits'
Implementation of amendment to IAS 19 changed the format of the note for pension liabilities and has increased the information in the note. Accounting policies for recognition and measurement has not been changed.

IFRIC 4 ' Determining whether an Arrangement contains a Lease'
The interpretation provides guidance for determining whether arrangements contain a financial lease. The implementation of the interpretation had no impact on recognition and measurement for the Group as well as the information provided in the notes.

The following standards, amendments and interpretations are effective in 2006 but not relevant for the Group:

- Amendment to IAS 21 'The Effects of Changes in Foreign Exchange Rates' (1 January 2006)
- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions' (1 January 2006)
- Amendment to IFRS 6 'Exploration for and Evaluation of Mineral Resources' (1 January 2006)
- IFRIC 5 'Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds' (1 January 2006)
- IFRIC 6 'Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment' (1 December 2005)

The effect of new accounting regulation

At the end of 2006 the following standards were issued with effective date for annual periods beginning on or after 1 May 2006 or later but have not yet been implemented (effective date):

- Amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosures' (1 January 2007)
- IFRS 7 'Financial Instruments: Disclosures' (1 January 2007)
- IFRS 8 'Operating Segments' (1 January 2009)
- IFRIC 7 'Applying the Restatement Approach under IAS 29 Financial Reporting in Hyper-inflationary Economies' (1 March 2006)
- IFRIC 8 'Scope of IFRS 2' (1 May 2006)
- IFRIC 9 'Reassessment of Embedded Derivatives' (1 June 2006)
- IFRIC 10 'Interim Financial Reporting and Impairment' (1 November 2006)
- IFRIC 11 'IFRS 2: Group and Treasury Share Transactions' (1 March 2007)
- IFRIC 12 'Service Concession Arrangements' (1 January 2008)

The application of these standards is not expected to have a significant effect on the Financial Statements of DFDS.

Critical accounting policies

DFDS's management estimates that applied accounting policies for recognition, consolidated financial statement, translation of foreign currencies, ships, operational lease versus financial lease and derivative financial instruments are the most important for the Group. Below are the individual areas described together with other accounting policies.

Description of accounting policies

Recognition and measurement

Income is recognised in the income statement when an increase in future economic benefits related to increase in assets or a decrease in liability has arisen and can be measured reliably, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Revenue is recognised in the income statement as it is earned.

Expenses are recognised in the income statement when a decrease in future economic benefits related to decrease in an asset or an increase in a liability has arisen and can be measured reliably. Equally, costs incurred to generate the year's earnings, including depreciation, amortisation and impairment are recognised in the income statement.

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits from the Group is probable and the liability can be reliably measured. If a liability cannot be reliably measured, the liability is recognised in contingent liabilities.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost, less any principal repayments and plus or less the cumulative amortisation of any difference between cost and nominal amount, which is due on maturity. Accordingly, any gains or losses are allocated over the term to maturity.

In recognising assets and liabilities, any gains, losses or risks occurring prior to the presentation of the annual report that proves conditions existing at the balance sheet date are taken into account.

Consolidated financial statements

The consolidated financial statements include the financial statement of DFDS A/S (the Parent Company) and all the companies in which DFDS A/S, at the balance sheet date, directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence (subsidiaries). DFDS A/S and these companies are referred to as the Group.

Companies that are not subsidiaries, but in which the Group holds between 20% and 50% of the voting rights or in some other way exerts significant influence on the operational and financial management, are treated as associates, cf. the Group chart.

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 intercompany transactions, shareholdings, balances and unrealised intercompany profits and losses. The consolidated financial statements are based on financial statements prepared by applying the Group's accounting policies.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' net asset value at the acquisition date.

The Group's investments in associates are recognised in the consolidated financial statements at the proportionate share of the associates' net asset value. Unrealised intercompany profits and losses from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity.

Minority interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the proposed profit appropriation and statement of changes in equity.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Acquisitions of enterprises in which the Parent Company will be able to exercise control are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given and liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Negative goodwill (badwill) is recognised as income in the income statement at the time of the acquisition.

For business combinations achieved in stages, goodwill and negative goodwill are measured at each transaction using the above-described method until control is obtained. Share of profit or loss is recognised using the acquired ownership at each stage of transaction. For business combinations achieved in stages after control is obtained, goodwill and negative goodwill are measured as the difference between the cost of the additional acquisition and the carrying amount of the acquired net assets.

Gains or losses on subsidiaries and associates disposed of are stated as the difference between the sales amount or disposal costs and the carrying amount of net assets at the date of disposal, including the carrying amount of goodwill, accumulated exchange gains and losses previously recognised in the equity plus anticipated disposal costs.

Translation of foreign currencies

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the Group.

Translation of transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying for cash flow hedges.

Translation differences on non-monetary items, such as shares held at fair value, are reported as part of the fair value gain or loss.

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

Translation of group companies
Financial statements of foreign subsidiaries are translated into Danish kroner at the exchange rates at the balance sheet date for assets and liabilities and at average exchange rates for income statement items.

All exchange rate adjustments are recognised in the income statement with the exception of exchange gains and losses arising from:

- The translation of subsidiaries' net assets at the beginning of the year translated at the exchange rates at the balance sheet date.
- Goodwill arising on the acquisition of foreign subsidiaries is considered as an asset belonging to the foreign subsidiaries and translated into Danish kroner at the exchange rates at the balance sheet date.
- The translation of subsidiaries' income statements from using average exchange rates to the exchange rates at the balance sheet date.
- The translation of long-term intercompany receivables regarded as an addition to net assets in subsidiaries.
- The translation of investments in associates.

The above exchange gains and losses are recognised in the equity.

Derivative financial instruments

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

DFDS applies hedge accounting under the specific rules of IAS 39 to forward exchange contracts, currency options and interest-rate swaps and collars. On initiation of the contract, the Group designates each derivative financial contract that qualifies for hedge accounting as a hedge of specific hedged transactions; either i) a recognised asset or liability (fair value hedge) or ii) a forecasted financial transaction or firm commitment (cash flow hedge).

All contracts are initially recognised at cost and subsequently measured at their fair value at the balance sheet date. The value adjustments on forward exchange contracts, currency options and interest-rate swaps and collars designated as hedges of forecasted transactions are recognised directly under equity, if the hedge is effective. The cumulative value adjustment of these contracts is removed from equity and recognised in the income statement in the items where the hedged position is recognised.

Forward exchange contracts and currency swaps hedging recognised assets and liabilities in foreign currencies are measured at fair value at the balance sheet date. Value adjustments are recognised in the income statement under financial income or financial expenses, along with any value adjustments of the hedged asset or liability that is attributable to the hedged risk. Value adjustments of derivative financial instruments that do not qualify for hedge accounting, are recognised in the balance sheet at fair value and value adjustments are recognised on a continuing basis in the income statement.

All fair values are based on market-to-market prices or standard pricing models.

The accumulated net fair value of derivative financial instruments is presented as other receivables if positive or other liabilities if negative.

Government grants

Government grants for investments are offset against the cost of the non-current tangible asset and reduces the depreciation of the assets for which the grants are awarded.

Rental and lease matters

When contracts for the hire and lease of ships, buildings and operating assets are of an operational nature, rental payments are recognised in the income statement for the period to which they relate. The remaining rental liability and lease obligations under such contracts are disclosed as contingent liabilities.

Assets held under financial leases are recognised in the balance sheet and depreciated in the same way as the Group's other non-current assets.

Incentive plans

The Group has set up equity-settled and cash-settled share-based compensation plans. Part of the Company's holding of treasury shares is used for the granting of share options under the Group's share option plan.

The value of services received in exchange for incentive plans is measured at the fair value of the options granted.

Fair value is measured at the grant date for equity-settled plans. Fair value is measured at each balance sheet date and when vested for cash-settled plans. The fair value is recognised as a staff cost over the period in which the options vest with a corresponding increase in equity (equity-settled plans) and other payables (cash settled plans).

The fair value of granted share options for equity-settled plans is estimated using the Black-Scholes option-pricing model. Vesting conditions are taken into account when estimating the fair value of the share options.

Key ratios

Key ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of key ratios "Recommendations and Financial Ratios 2005". The key ratios stated in the survey of consolidated financial highlights are defined on the "Definitions and Glossary" page.

Income statement

Revenue

Revenue from passenger conveyance, sea freight transport and land transport etc. is recognised in the income statement at the time of delivery to the customer, which is the time of transfer of the risk.

Revenue is measured at fair value, excluding value added tax and after the deduction of trade discounts.

Costs

When passenger transport and seaborne carriage are recognised as income, related costs are recognised in the income statement.

Operating costs related to ships

The operating costs of the ships comprise costs related to catering, ship fuel consumption including hedging and costs for ship maintenance and improvement that are not capitalised under non-current tangible assets.

Charter hire

Charter hire comprises costs related to bareboat and time charter agreements.

Staff costs

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

Other costs of operation, sales and administration

Other costs of operation, sales and administration comprise operating costs concerning land-based activities, including the lease, rental and maintenance of operating equipment. In addition, costs of sales, marketing and administration are included.

Gain/loss on disposal of ships, property and terminals

Gains and losses on disposal of ships, property and terminals are determined as the difference between the selling price or the disposal price and the carrying amount of net assets at the date of disposal including costs in connection with dismissal of staff on the ships and other disposal costs, such as obligations related to harbour dues and lease of terminal area, etc.

Financing, net

Financing, net comprises interest income and expense, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies, realised gains and losses on securities, as well as the amortisation of financial assets and liabilities. 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, joint taxation contribution for the year of Danish companies and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. Further is recognition of adjustment to prior years.

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. In connection with the settlement the companies with a negative taxable income receive a joint taxation contribution from companies that have used 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 considering the payments on account.

Deferred tax is measured on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill that is not tax deductible, where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax relating to assets and liabilities subject to tonnage taxation is recognised to the extent that deferred tax is expected to occur.

Deferred tax assets are recognised at the expected value of their utilisation. Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured on the basis of the expected use and settlement of the individual assets and liabilities and according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Assets

Current assets are defined as:

- Assets expected to be realised in, or are held for sale or consumption in, the normal course of DFDS's operating cycle, or
- Assets held primarily for trading purposes or which are expected to be realised within twelve months of the balance sheet date, or
- Cash or cash equivalent assets that are not restricted in use.

All other assets are defined as non-current assets.

Non-current intangible and tangible assets

Generally the following applies unless otherwise specified:

- Non-current intangible and tangible assets are measured at cost less the accumulated amortisation/depreciation and impairment.
- Cost for non-current intangible and tangible assets include the costs of external suppliers, materials and components (only non-current tangible assets), direct wages and salaries.
- Interest paid from the time of payment until the date when the asset is available for use is included in cost. Cost also comprises gains and losses on transactions designated as hedges of non-current tangible assets.
- The basis for amortisation/depreciation is determined as the cost less the expected residual value.
- Non-current intangible and tangible assets are amortised/depreciated on a straight-line basis to the estimated residual value over the expected useful life at DFDS.
- Expected useful life at DFDS and residual value are reassessed at least once a year. In estimating the expected useful life for ships it is taken into consideration that DFDS is continuously spending substantial funds on ongoing maintenance.

Goodwill

Positive amounts (goodwill) between the cost of acquisition and the fair value of the identified assets and liabilities are recognised as non-current intangible assets. Goodwill is not amortised. Negative goodwill is recognised as income in the income statement at the acquisition date.

Positive and negative balances from acquired subsidiaries can be adjusted until one year after the acquisition if the first recognition was preliminary. All other adjustments are recognised in the income statement.

The accounting treatment of the disposal of business areas, activities and enterprises to which goodwill relates is described under business combinations.

Development projects

Development projects, primarily the development of IT software, are recognised as non-current intangible assets if the following criteria are met:

- the projects are clearly defined and identifiable;
- the Group intends to use the projects;
- there is sufficient assurance that future earnings can cover development costs and administrative expenses; and
- the cost can be reliably measured.

The amortisation of capitalised development projects starts after the completion of the development project. The amortisation period is normally 3-5 years, but in certain cases may be up to 10 years.

Other non-current intangible assets

Other non-current intangible assets comprise the value of customer relations or similar identified as a part of a business combination. The depreciation period is normally 3-5 years, but in certain cases may be up to 10 years.

Ships

The rebuilding of ships is capitalised if the rebuilding can be attributed to:

- safety measures,
- measures to lengthen the useful life of the ship,
- measures to improve earnings, or
- docking.

Expenses for improvements and maintenance are recognised in the income statement as incurred, including general maintenance work, to the extent the work can be designated as ongoing general maintenance (day-to-day service). Basically, other costs are capitalised.

Docking costs are capitalised and depreciated on a straight-line basis over the period between two dockings. In most cases, the docking interval is two years for passenger ships and 2½ years for freighters and ro-pax ships.

Gains or losses on the disposal of ships are determined as the difference between the selling price less the selling costs and the carrying amount at the disposal date. Gains or losses on the disposal of ships are recognised as gain/loss on disposal of ships, buildings and terminals.

Passenger and ro-pax ships

Due to differences in the wear of passenger and ro-pax ship components, the cost of these ships is divided into components with minor wear, such as hulls and engines, and components with hard wear, such as parts of the hotel and catering area.

Freighters

Cost related to freighters is not divided, as the wear of the components for these ships is evenly broken down over the useful lives of the ships.

Depreciation, expected useful life and residual value

For ships the residual value of components with hard wear is determined as DKK 0.

For passenger and ro-pax ships, components with hard wear are depreciated over 10-15 years. The average depreciation period for component with minor wear is 30 years (passenger ships) and 25 years (ro-pax ships) from the year in which the ships were built. The average depreciation period for freighters is 25 years from the year in which the ships were built.

Other non-current tangible assets

Other non-current tangible assets comprise buildings, terminals and machinery, tools and equipment and leasehold improvements.

The expected useful lives are as follows:

Buildings	25-50 years
Terminals etc.	10-40 years
Equipment, etc.	4-10 years
Leasehold improvements are	max. amortised over the term of the lease

Gains or losses on the disposal of equipment and leasehold improvements are determined as the difference between the selling price less the disposal costs and the carrying amount at the date of disposal. The gains or losses on cargo equipment as well as on tools and equipment, etc., are recognised in the income statement as operating costs or costs regarding operation, sales and administration.

Gains or losses on the disposal of buildings and terminals are recognised in the income statement as a gain/loss on the disposal of ships, buildings and terminals.

Assets held under financial leases

Assets held under financial leases are recognised in the balance sheet at the lower of fair value and the present value of the minimum lease payments. The capitalised minimum lease payments are recognised in the balance sheet as a liability and the interest element of the lease payments is recognised in the income statement. Assets held under financial leases are depreciated and written-down as the Company's own non-current assets, however not exceeding the term of the lease.

Sales proceeds over the carrying amounts are deferred and amortised over the lease term for financial lease. For operational leases any sales proceeds over the carrying amount are recognised in the income statement immediately, if the sales price equals the fair value of the asset. Otherwise, the gains/losses are deferred and amortised over the term of the operational lease.

Investment in associates

Investment in associates are measured in the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the accounting policies of the Group adjusted for the carrying value of goodwill and unrealised intra-group profits and losses.

Associates with negative net asset values are measured at DKK 0. If the Group has legal or actual commitments to cover the associate's deficit, the liability is recognised.

Any receivables from the associates are written down to the extent that the receivables are considered to be irrecoverable.

Other assets

Other non-current assets and current assets are on initial recognition measured at cost. Subsequently these assets are measured as one of the following categories:

- Trading portfolio: the asset is measured at fair value and the change of value is recognised through the income statement.
- Available-for-sale: the asset is measured at fair value and change of value is recognised through the equity.
- Loans and receivables: the asset is measured at the amortised cost and the change of value is recognised through the income statement.

Investments in subsidiaries and associates (Parent Company)

Investments in subsidiaries and associates are measured at cost in the balance sheet.

Dividends, from subsidiaries and investments in associates, are recognised in the Parent Company' income statement in the year where the dividends are declared. The cost is written down to the extent that declared dividends exceeds the accumulated earnings after the acquisition or formation date.

Writing down

The carrying amounts of non-current intangible, tangible and financial assets are continuously assessed, at least once a year, to determine whether there is an indication of impairment. When such impairment is present the recoverable amount of the asset is assessed. The recoverable amount is the higher of the net selling price and the net present value of the future net cash flow expected from the asset (value in use). The value in use is calculated as the present value of the future net cash flow the asset is expected to generate or from the lowest cash-generating unit to which the asset is allocated.

Impairment tests of goodwill and ships (value in use) are conducted at least once a year. For ships, the individual route is considered to be the lowest cash-generating unit. In a few cases, a combination of several routes is considered to be the lowest cash-generating unit. The future net cash flow expected from each route is allocated to each ship based on the ships capacity compared to the route's total capacity and the expected timetable for the ship at the Group's route network in the remaining life in use for the ship within the Group.

For ships that are expected to be sold the recoverable amount equals the expected net selling price.

Inventories

Inventories including catering supplies are measured at cost based on the weighted average cost method or the net realisable value if this is lower. Inventories including bunkers are measured at cost based on the FIFO method or the net realisable value if this is lower.

Receivables and other receivables

Receivables are recognised at amortised cost. Write-down is made for loss on bad debts. Other receivables comprise calculated receivables on hedges, receivables on loss or damage of ships, outstanding balances for chartered ships, interest receivable, etc.

Prepayments

The item includes cost incurred no later than the balance sheet date but which relates to subsequent years, e.g. prepaid charter hire.

Securities

Securities are recognised at fair value, which for listed securities is the market price at the balance sheet date. When it is not possible to estimate a fair value for non-listed securities, they are recognised at cost. Unrealised gains and losses on securities are recognised as a separate reserve in equity. When securities are disposed the part of the reserve related to the disposed securities will be transferred to the profit and loss account.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting. The expected dividend payment for the year is disclosed as a separate item under equity.

Treasury shares

The cost of acquisition, consideration and dividends received from treasury shares is recognised directly in equity at the date of acquisition or disposal. Accordingly, gains and losses on disposals are not recognised in the income statement. Holdings of treasury shares are recognised in the balance sheet at zero value.

Liabilities

Current liabilities are:

- liabilities expected to be settled in the normal course of DFDS's 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.

Pensions

Contributions to defined contribution plans are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the balance sheet as other payables.

Defined benefit plans are subject to an annual actuarial estimate of the present value of future benefits under the defined benefit plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The present value is determined only for benefits earned by employees from employment in the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under pensions, cf. below.

Any difference between the expected development in plan assets and the defined benefit obligation and actual amounts result in actuarial gains or losses. If the cumulative actuarial gains or losses exceed the greater of 10% of the defined benefit obligation or 10% of the fair value of the plan assets, the gains or losses are recognised in the income statement over the expected remaining working lives of the employees until pension payments are made. Actuarial gains or losses not exceeding the above limits are not recognised in the income statement.

If changes in benefits relating to services rendered by employees in previous years result in changes in the actuarial present value, the changes are recognised in the income statement for the year as historical costs, provided employees have already earned the changed benefits. If employees have not earned the benefits, the historical costs are recognised in the income statement over the period in which the employees earn the changed benefits.

Other provisions

Other provisions are recognised where a legal or constructive obligation has been incurred as result of past events, and it is probable that it will lead to an outflow of resources that can be reliably estimated. Provisions are recognised for the estimated ultimate liability that is expected to arise, taking into account the foreign currency effects and the time-related monetary value.

Financial liabilities

Amounts owed to mortgage credit institutions and banks, relating to loans which the Group expects to hold to maturity, are recognised at the date of borrowing at the net proceeds received less the transaction costs paid.

In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on financial leases. Other liabilities, which include trade payables and amounts owed to group enterprises, are recognised at amortised cost.

Other payables

Other payables comprise amounts owed to staff, including wages, salaries and holiday pay. Amounts owed to public authorities include payable withholding tax, VAT, excise duties, real property taxes, etc., and amounts owed in connection with disposal of ships, buildings and terminals, interest expense, hedges, amounts due in respect of loss on ships and costs related to shipping operations, etc. Other payables also include amounts owed regarding defined contribution plans.

Deferred income

Includes payments received no later than at the balance sheet date but which relate to income in subsequent years.

Cash flow statement

The cash flow statement has been prepared using the indirect method and shows the consolidated cash flow from operating, investing, and financing activities for the year, and the consolidated cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisition and disposal of enterprises is shown separately in cash flows from investing activities.

Cash flow from the acquisition of enterprises is recognised in the cash flow statement from the date of acquisition. Cash flow from the disposal of enterprises is recognised up to the date of disposal.

Cash flow from operating activities is calculated on the basis of the profit/loss before amortisation and depreciation and financing, net and adjusted for 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 include 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.

Significant estimates and judgements of accounts

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions which affect the reported amounts of assets and liabilities, contingent assets and liabilities, and also income and costs. The management base their estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. The results of this form the basis of estimating the reported accounting values of assets and liabilities and the reported income and costs that do not appear directly from other material. The actual results might diverge from these estimates.

Estimates and judgements are assessed regularly. Changes in accounting estimates are recognised in the period when the estimates are changed and are moving forward.

Estimates and judgements made by the management that have an essential influence on the annual report and judgement with considerable risk that actual amounts might diverge from the amounts estimated by the management, are stated in note 33.

Notes

Note 1 Segment information

The segments and the allocation of operating profit, assets and liabilities, etc., are the same as used for internal reporting which makes it possible to make a reliable assessment of risks and return. The costs in the business segments are allocated directly with the addition of a few systematically attributed indirect costs that primarily are related to central service functions.

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

Business segments - primary segment
DKK '000

The risk of the Group and, thus, the management control is mainly attached to the divisions DFDS Tor Line and DFDS Seaways, which is why the primary segment information is stated for these.

	DFDS Tor Line	DFDS Seaways	Not allocated	Total
2005				
Revenue from external customers	4,450,726	1,823,470	4,222	6,278,418
Inter-segment revenue	27,099	13,970	122,588	163,657
Total revenue	*4,477,825*	*1,837,440*	*126,810*	*6,442,075*
Operating expenses, external	-3,745,176	-1,472,886	-169,990	-5,388,052
Inter-segment operating expenses	-59,098	-100,893	-3,666	-163,657
Operating profit before depreciation (EBITDA)	**673,551**	**263,661**	**-46,846**	**890,366**
Profit on disposal of ships, buildings and terminals	6,999	17,246	4,308	28,553
Depreciation of ships and other non-current assets	-321,413	-163,249	-2,344	-487,006
Operating profit (EBITA)	**359,137**	**117,658**	**-44,882**	**431,913**
Share of profit/loss after tax of associates	557	0	0	557
Value adjustment goodwill/negative goodwill			569	569
Financing, net			-202,425	-202,425
Profit before tax			**-246,738**	**230,614**
Tax on profit			-37,274	-37,274
Profit for the year			**-284,012**	**193,340**
Total assets	6,524,330	1,806,155	126,408	8,456,893
Non-liquid operating items	6,644	3,741	4,945	15,330
Capital expenditures of the year	658,608	138,860	6,414	803,882
Investments in associates	1,308	0	0	1,308
Assets held for sale	30,239	0	0	30,239
Liabilities	3,842,189	1,338,515	372,503	5,553,207

NOTE 1 CONTINUES ON THE FOLLOWING PAGE >>>

	DFDS Tor Line	DFDS Seaways	Not allocated	Total
2006				
Revenue from external customers	5,696,492	1,821,972	5,376	7,523,840
Inter-segment revenue	13,758	16,231	125,384	155,373
Total revenue	*5,710,250*	*1,838,203*	*130,760*	*7,679,213*
Operating expenses, external	-4,706,127	-1,510,156	-178,608	-6,394,891
Inter-segment operating expenses	-67,122	-86,082	-2,169	-155,373
Operating profit before depreciation (EBITDA)	**937,001**	**241,965**	**-50,017**	**1,128,949**
Profit on disposal of ships, buildings and terminals	25,830	6,872	637	33,339
Depreciation of ships and other non-current assets	-366,543	-187,209	-3,321	-557,073
Impairment losses for ships and other non-current assets	-8,177	0	0	-8,177
Operating profit (EBITA)	**588,111**	**61,628**	**-52,701**	**597,038**
Share of profit/loss after tax of associates	-517	0	0	-517
Value adjustment of goodwill/negative goodwill			-9,682	-9,682
Financing, net			-184,419	-184,419
Profit before tax			**-246,802**	**402,420**
Tax on profit			-38,892	-38,892
Profit for the year			**-285,694**	**363,528**
Total assets	7,597,177	2,319,948	74,117	9,991,242
Non-liquid operating items	-118	901	3,706	4,489
Capital expenditures of the year	1,215,313	765,430	5,288	1,986,031
Investments in associates	7,797	0	0	7,797
Liabilities	4,686,806	1,488,720	550,465	6,725,991

Geographical segments - secondary segment
DKK '000

According to the international financial reporting standards DFDS shall state information regarding both primary and secondary segments. The Group's risk and management control is attached to the divisions' activities, which are routes, terminals, agencies and vessel pools (primary segment). The Group does not have a natural secondary segment because the group is based on a connected route network where the routes support each other in international waters. It should be mentioned that some form of geographical concentration exists among the three route owners in the division DFDS Tor Line: DFDS Tor Line (the North Sea), DFDS LISCO (The Baltic) and DFDS Lys Line (Oslo Fjord). DFDS Seaways operates in the North Sea and Skagerrak.

All route owners have routes that intersect wholly or partly through the geographical areas. The Group has therefore prepared an adjusted geographical segmentation as the secondary segment.

	Revenue	Segment assets	Capital expenditures
2005			
The North Sea, Skagerrak, etc.	4,985,057	6,465,181	779,456
The Baltic	529,324	1,195,115	15,164
Oslo Fjord	897,445	670,189	2,848
Other	126,808	126,408	6,414
Elimination	-260,216	0	0
Total	**6,278,418**	**8,456,893**	**803,882**
2006			
The North Sea, Skagerrak, etc.	5,586,751	7,484,837	1,418,814
The Baltic	611,137	1,502,295	387,742
Oslo Fjord	1,350,565	929,993	174,187
Other	130,760	74,117	5,288
Elimination	-155,373	0	0
Total	**7,523,840**	**9,991,242**	**1,986,031**

Parent Company DKK '000			Consolidated DKK '000	
2005	**2006**	**Note 2 Revenue**	**2005**	**2006**
908,781	935,252	Sale of goods on board	918,704	949,849
3,163,644	3,757,710	Sale of service	5,066,911	6,286,919
132,424	166,404	Rental income from timecharter and bareboat of ships and operating equipment	292,803	287,072
4,204,849	**4,859,366**	**Total revenue**	**6,278,418**	**7,523,840**

Parent Company DKK '000			Consolidated DKK '000	
2005	**2006**	**Note 3 Cost of sales**	**2005**	**2006**
918,898	1,179,123	Cost of sales in operating costs related to ships	1,129,012	1,405,059
1,580	1,869	Write-down of inventories for the year	1,580	1,869
920,478	**1,180,992**	**Total cost of sales**	**1,130,592**	**1,406,928**

Cost of sales consists of bunkers and cost of sales related to sale of goods and service on board.

Parent Company DKK '000			Consolidated DKK '000	
2005	**2006**	**Note 4 Staff costs**	**2005**	**2006**
473,280	493,734	Wages and salaries	1,011,524	1,096,673
31,664	32,891	Defined contribution plans	43,943	54,235
-802	250	Defined benefit plans, see note 18	15,469	7,958
25,053	29,769	Social security costs, etc.	120,186	132,397
10,201	6,582	Share based payment	10,201	6,582
36,023	36,375	Other staff costs	90,218	108,214
575,419	**599,601**	**Total staff costs**	**1,291,541**	**1,406,059**
		Of this, remuneration for the Board of Directors		
8,578	9,075	Wages and salaries	8,578	9,075
1,845	1,932	Defined contributions plans	1,845	1,932
421	0	Defined benefit plans	421	0
4,021	4,546	Share based payment	4,021	4,546
320	286	Other staff costs	320	286
15,185	**15,839**		**15,185**	**15,839**
		Remuneration for the Parent Company's Board of Directors		
500	625	Chairman	500	625
300	375	Deputy chairman	300	375
1,200	1,674	Other members of the Board of Directors	1,200	1,674
2,000	**2,674**		**2,000**	**2,674**
1,745	1,720	Average number of employees	4,215	4,346

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

Parent Company DKK '000 | **Consolidated** DKK '000

2005	2006	Note 5 Other costs of operation, sales and administration	2005	2006
143,604	153,555	Selling costs, external	187,133	200,049
224,804	218,586	Selling costs, internal	-	-
115,030	119,302	Other costs	229,545	249,070
483,438	**491,443**	**Total other costs of operation, sales and administration**	**416,678**	**449,119**
		Of this, the fee for auditor appointed at the Annual General Meeting, KPMG		
1,148	1,175	Audit	4,175	4,280
1,442	1,436	Non-audit services	2,791	2,986
2,590	**2,611**	**Total fee**	**6,966**	**7,266**

Non-audit services include among others fee in accordance with tax consultancy, financial due dilligence in accordance with acquisitions etc.

Parent Company DKK '000 | **Consolidated** DKK '000

2005	2006	Note 6 Finance, net	2005	2006
4,486	2,104	Interest income, cash, cash equivalents and securities, etc.	9,959	10,865
43,198	48,198	Interest income from group enterprises	-	-
-151,026	-162,210	Interest expenses, credit institutions, etc.	-208,541	-221,676
-14,517	-13,960	Interest expenses for group enterprises	-	-
-117,859	*-125,868*	*Interest, net*	*-198,582*	*-210,811*
48,856	74,290	Foreign exchange gains	90,764	80,170
-75,801	-34,113	Foreign exchange losses	-89,956	-50,912
-26,945	*40,177*	*Foreign exchange gains and losses, net*	*808*	*29,258*
1,306	1,357	Capital gains on securities	1,306	1,357
-9,200	-19,797	Impairment loss of investments in group enterprises	-	-
28,066	3,993	Dividends from group enterprises	-	-
0	1,250	Dividends from associates	-	-
198	1,659	Other dividends	198	1,659
-2,414	1,704	Other interest expenses and similar items	-6,155	-5,882
17,956	*-9,834*	*Other financial income and expenses, net*	*-4,651*	*-2,866*
-126,848	**-95,525**	**Finance, net**	**-202,425**	**-184,419**

DFDS A/S makes forward exchange transactions, etc., on behalf of all group enterprises and therefore exchange gains and losses among others include the Group's gross transactions. Transactions entered into on behalf of group enterprises are transferred to the group enterprises on back-to-back terms.

Parent Company DKK '000				Consolidated DKK '000
2005	**2006**	**Note 7 Tax**	**2005**	**2006**
0	0	Current tax	-15,866	-35,121
4,171	0	Current joint tax contributions	2,305	-2,525
0	0	Deferred tax	-13,979	-7,539
-47	1,182	Adjustment of deferred tax, previous years	-6,945	3,940
0	0	Adjustment of deferred tax, 30% to 28%	40	0
4,124	**1,182**	**Total tax for the year**	**-34,445**	**-41,245**
		Total tax for the year can be specified as follows:		
3,093	2,213	Tax in the income statement (effective tax)	-37,274	-38,892
1,031	-1,031	Tax of equity movements	2,829	-2,353
4,124	**1,182**	**Total tax for the year**	**-34,445**	**-41,245**
		Tax in the income statement can be specified as follows:		
114,193	344,673	Profit before tax	230,614	402,420
117,244	358,683	Of this, tonnage income	162,310	383,063
-3,051	-14,010	Result before tax (company taxation)	68,304	19,357
854	3,923	28% tax of profit before tax	-19,125	-5,420
0	0	Adjustment to computed tax in foreign subsidiaries compared to the 28% tax rate	9,693	-12,054
		Tax effect of:		
3,573	-1,450	Non-taxable items	-15,324	-11,126
0	0	Tax asset, not recognised	-4,184	-12,647
-47	1,182	Adjustments of tax related to previous years	-6,945	3,940
4,380	3,655		-35,885	-37,307
-1,287	-1,442	Tonnage tax	-1,389	-1,585
3,093	**2,213**	**Tax in the income statement (effective tax)**	**-37,274**	**-38,892**
-2.7	-0.6	Effective tax rate	16.2	9.7
		Tax of equity movements can be specified as follows:		
1,031	0	Current tax	2,829	-1,322
0	-1,031	Adjustments to previous years	0	-1,031
1,031	**-1,031**	**Total tax of equity movements**	**2,829**	**-2,353**

The Parent Company has not paid Danish corporation tax in 2006 and the company has no tax liability for that year.

The Parent Company and its Danish subsidiaries are within the Danish Act of compulsory joint taxation with Vesterhavet A/S and Vesterhavet's Danish subsidiaries. DFDS A/S is liable for the tax of its own taxable income. Vesterhavet A/S is the administration company in the joint taxation and settles all payments of corporation tax with the tax authorities. The current joint taxation contribution is recognised in the balance sheet as receivables and is stated in note 13.

DFDS A/S and DFDS Lys Line Rederi AS (Norway) have entered into tonnage tax arrangements where the taxable income related from transport of passengers and goods is computed based on the tonnage used during the year. Taxable income related to other activities is taxed according to the normal tax rules.

Consolidated
DKK '000

Note 8	Earnings per share	2005	2006
Profit for the year		193,340	363,528
Minority interest of the Group's profit for the year		-17,924	-11,339
Equity holders share of profit for the year		**175,416**	**352,189**
Weighted average number of issued ordinary shares		8,000,000	8,000,000
Weighted average number of treasury shares		-419,123	-398,679
Weighted average number of ordinary shares		7,580,877	7,601,321
Weighted average number of share options issued		1,221	5,162
Weighted average number of ordinary shares (diluted)		7,582,098	7,606,483
Basic earnings per share (EPS) of DKK 100		23.14	46.33
Diluted earnings per share (EPS-D) of DKK 100		23.14	46.30

Note 9 Non-current intangible assets

Consolidated DKK '000	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Balance at 1 January 2005	56,935	14,301	53,792	1,230	126,258
Foreign exchange adjustment	1,453	-702	0	0	751
Transfer to/from other items	0	0	882	-882	0
Addition related to acquisition	99,217	95,024	0	0	194,241
Addition	0	0	10,877	4,629	15,506
Cost at 31 December 2005	**157,605**	**108,623**	**65,551**	**4,977**	**336,756**
Balance at 1 January 2005	0	1,163	25,535	0	26,698
Foreign exchange adjustment	0	-8	0	0	-8
Depreciation	0	11,578	6,929	0	18,507
Impairment and depreciation at 31 December 2005	**0**	**12,733**	**32,464**	**0**	**45,197**
Carrying amount at 31 December 2005	**157,605**	**95,890**	**33,087**	**4,977**	**291,559**
Balance at 1 January 2006	157,605	108,623	65,551	4,977	336,756
Foreign exchange adjustment	729	2,216	0	0	2,945
Transfer to/from other items	0	0	6,732	-6,732	0
Addition related to acquisition	150,505	85,305	0	0	235,810
Addition	0	0	10,642	2,872	13,514
Cost at 31 December 2006	**308,839**	**196,144**	**82,925**	**1,117**	**589,025**
Balance at 1 January 2006	0	12,733	32,464	0	45,197
Foreign exchange adjustment	100	736	0	0	836
Depreciation	0	27,887	8,705	0	36,592
Impairment	10,144	2,984	0	0	13,128
Impairment and depreciation at 31 December 2006	**10,244**	**44,340**	**41,169**	**0**	**95,753**
Carrying amount at 31 December 2006	**298,595**	**151,804**	**41,756**	**1,117**	**493,272**

NOTE 9 CONTINUES ON THE FOLLOWING PAGE >>>

The Group's carrying amount of goodwill and other non-current intangible assets are allocated to the principal to which the assets can be attributed.

The additions of goodwill and other non-current intangible assets in 2006 are primary related to the acquisition of DFDS Container Line (former Norfolk Line Containers B.V.) and a number of small enterprises and one activity addition in DFDS Tor Line. See note 27.

The carrying amount of recognised goodwill primary concerns DFDS Container Line DKK 133.4 million (2005: DKK 0 million), Halléns N.V. DKK 33.3 million (2005: DKK 33.3 million), goodwill from the acquisition of a route/bridge 58.1 million (2005: 55.0 million), DFDS Lys Line AS DKK 40.4 million (2005: 41.7 million) and DFDS Canal Tours DKK 14.1 million (2005: DKK 14.1 million).

Value adjustment goodwill/negative goodwill in the income statement consists of impairment loss relating to goodwill, DKK 10.1 million (2005: DKK 0 million) and negative goodwill from acquisition of shares in AB DFDS LISCO, DKK 0.4 million (2005: DKK 0.6 million).

The carrying amount of other non-current intangible assets primary consist of value of customer portfolio/-relations identified from acquisitions and the right of sailing for a route (non-competition clause) acquired in 2005.

The carrying amount of recognised completed software and development projects in progress is primarily related to software for DFDS Seaways' on-line booking and finance and logistic systems on the ships of DFDS Seaways.

Based on the impairment tests impairment of goodwill has been made, DKK 10.1 million (2005: DKK 0 million), recognised in "Value adjustment goodwill/negative goodwill" in the income statement, and other non-current intangible assets, DKK 3.0 million (2005: 0 million), recognised in "Impairment of ships and other non-current assets" in the income statement. See note 32.

Parent Company DKK '000	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Balance at 1 January 2005	216,325	0	53,792	1,230	271,347
Foreign exchange adjustment	-475	-390	0	0	-865
Transfer to/from other items	0	0	882	-882	0
Addition	56,457	53,380	10,876	4,629	125,342
Cost at 31 December 2005	**272,307**	**52,990**	**65,550**	**4,977**	**395,824**
Balance at 1 January 2005	0	0	25,535	0	25,535
Foreign exchange adjustment	0	-9	0	0	-9
Depreciation	0	5,385	6,929	0	12,314
Impairment and depreciation at 31 December 2005	**0**	**5,376**	**32,464**	**0**	**37,840**
Carrying amount at 31 December 2005	**272,307**	**47,614**	**33,086**	**4,977**	**357,984**
Balance at 1 January 2006	272,307	52,990	65,550	4,977	395,824
Foreign exchange adjustment	2,121	1,703	0	0	3,824
Transfer to/from other items	0	0	6,702	-6,702	0
Addition	760	0	10,672	2,842	14,274
Cost at 31 December 2006	**275,188**	**54,693**	**82,924**	**1,117**	**413,922**
Balance at 1 January 2006	0	5,376	32,464	0	37,840
Foreign exchange adjustment	0	414	0	0	414
Depreciation	0	10,716	8,703	0	19,419
Impairment and depreciation at 31 December 2006	**0**	**16,506**	**41,167**	**0**	**57,673**
Carrying amount at 31 December 2006	**275,188**	**38,187**	**41,757**	**1,117**	**356,249**

The carrying amount of the Parent Company's goodwill of DKK 275.2 million (2005: DKK 272.3 million) is related to acquisition of DFDS Tor Line routes from the Swedish subsidiary in 2001 and the acquisition of a route in 2005.

The carrying amount of other non-current intangible assets consist of the right of sailing for a route acquired in 2005.

The carrying amount of recognised completed software and development projects in progress is primarily related to software for DFDS Seaways' on-line booking and finance and logistic systems on the ships of DFDS Seaways.

Based on the impairment tests no impairment losses of the non-current intangible assets has been found. See note 32.

Note 10 Non-current tangible assets

Consolidated DKK '000	Buildings	Terminals	Ships	Equipment, etc.	Work in progress and prepayments	Total
Balance at 1 January 2005	84,046	352,573	8,201,419	455,162	325,220	9,418,420
Foreign exchange adjustment	148	5,789	-16,557	2,470	9	-8,141
Transfer to/from other items	210	0	440,859	881	-441,950	0
Addition related to acquisition	9,960	0	0	72,725	0	82,685
Addition	399	41,831	112,140	44,656	367,494	566,520
Disposal	-516	-3,656	-52,543	-27,880	0	-84,595
Assets classified as held for sale	0	0	-63,914	0	0	-63,914
Cost at 31 December 2005	**94,247**	**396,537**	**8,621,404**	**548,014**	**250,773**	**9,910,975**
Balance at 1 January 2005	19,272	119,337	2,389,231	295,758	0	2,823,598
Foreign exchange adjustment	260	1,925	-7,781	880	0	-4,716
Depreciation	643	13,672	413,107	42,085	0	469,507
Depreciation on disposal	-193	-3,641	-52,335	-22,492	0	-78,661
Assets classified as held for sale	0	0	-33,675	0	0	-33,675
Impairment and depreciation at 31 December 2005	**19,982**	**131,293**	**2,708,547**	**316,231**	**0**	**3,176,053**
Carrying amount at 31 December 2005	**74,265**	**265,244**	**5,912,857**	**231,783**	**250,773**	**6,734,922**
Of this, financial leased assets			171,016	0		171,016
Interest recognised in cost at 1 January 2005			35,647		3,794	39,441
Foreign exchange adjustment			-406		0	-406
Recognised interest for the year			0		3,223	3,223
Transfer to/from other items			2,546		-2,546	0
Interest recognised in cost at 31 December 2005			**37,787**		**4,471**	**42,258**
Balance at 1 January 2006	94,247	396,537	8,621,404	548,014	250,773	9,910,975
Foreign exchange adjustment	1,100	3,262	36,023	6,597	579	47,561
Transfer to/from other items	0	27,349	906,062	175	-933,586	0
Addition related to acquisition	0	0	0	77,455	0	77,455
Addition	378	121,248	774,981	75,575	702,231	1,674,413
Disposal	-1,915	-20,087	-819,923	-43,805	-8,292	-894,022
Cost at 31 December 2006	**93,810**	**528,309**	**9,518,547**	**664,011**	**11,705**	**10,816,382**
Balance at 1 January 2006	19,982	131,293	2,708,547	316,231	0	3,176,053
Foreign exchange adjustment	330	1,294	9,548	5,167	0	16,339
Depreciation	3,539	17,574	443,371	56,803	0	521,287
Impairment	0	0	5,193	0	0	5,193
Depreciation on disposal	-1,469	-2,008	-615,711	-39,301	0	-658,489
Impairment and depreciation at 31 December 2006	**22,382**	**148,153**	**2,550,948**	**338,900**	**0**	**3,060,383**
Carrying amount at 31 December 2006	**71,428**	**380,156**	**6,967,599**	**325,111**	**11,705**	**7,755,999**
Of this, financial leased assets			83,885	32,833		116,718
Interest recognised in cost at 1 January 2006			37,787		4,471	42,258
Foreign exchange adjustment			399		0	399
Recognised interest for the year			0		3,756	3,756
Transfer to/from other items			8,227		-8,227	0
Interest recognised in cost at 31 December 2006			**46,413**		**0**	**46,413**
Carrying amount of public assessed Danish buildings, etc.	1,383	8,250				
Latest public assessment of Danish buildings, etc.	6,370	0				
Carrying amount of assets pledged as securities	0	0	6,527,012	0	0	

Work in progress and prepayments include prepayments related to newbuildings, DKK 0 million (2005: DKK 179 million).

The carrying amount of ships includes passenger ships, DKK 2,108 million (2005: DKK 1,574 million) of which components with hard wear amounts to DKK 633 million (2005: DKK 418 million) and components with minor wear amounts to DKK 1,475 million (2005: DKK 1,156 million).

NOTE 10 CONTINUES ON THE FOLLOWING PAGE >>>

Interest included in costs for the Group is calculated by using an interest rate based on the general borrowing of the Group. The applied interest rate is 2.0 - 4.3%.

Profit on sale of assets held for sale at 31 December 2005 is realised in 2006, DKK 15.5 million.

The income statement includes depreciation on ships of DKK -443 million (2005: DKK -412 million). Of this, amortisation of profit/loss on sale and lease back transactions amounts to DKK 0.8 million (2005: DKK 1.0 million), are set off.

Based on the impairment tests of ships and other non-current tangible assets impairment loss for one ship of DKK 5.2 million has been done. See note 32.

Parent Company DKK 1.000	Buildings	Terminals	Ships	Equipment, etc.	Work in progress and prepayments	Total
Balance at 1 January 2005	15,420	70,348	5,556,833	94,491	315,084	6,052,176
Transfer to/from other items	210	324	0	763	-1,297	0
Addition	245	1,693	158,272	30,349	130,264	320,823
Disposal	-422	0	-21,699	-1,494	-224,070	-247,685
Cost at 31 December 2005	**15,453**	**72,365**	**5,693,406**	**124,109**	**219,981**	**6,125,314**
Balance at 1 January 2005	2,382	38,043	1,817,869	50,053	0	1,908,347
Depreciation	1,235	1,997	242,414	12,076	0	257,722
Depreciation on disposal	-99	0	-21,362	-1,240	0	-22,701
Impairment and depreciation at 31 December 2005	**3,518**	**40,040**	**2,038,921**	**60,889**	**0**	**2,143,368**
Carrying amount at 31 December 2005	**11,935**	**32,325**	**3,654,485**	**63,220**	**219,981**	**3,981,946**
Interest recognised in cost at 1 January 2005			21,356		3,794	25,150
Recognised interest for the year			0		3,223	3,223
Disposal			0		-2,546	-2,546
Interest recognised in cost at 31 December 2005			**21,356**		**4,471**	**25,827**
Balance at 1 January 2006	15,453	72,365	5,693,406	124,109	219,981	6,125,314
Transfer to/from other items	0	0	0	175	-175	0
Addition	378	57	1,283,288	21,190	675,675	1,980,588
Disposal	-501	0	-1,106,102	-681	-890,273	-1,997,557
Cost at 31 December 2006	**15,330**	**72,422**	**5,870,592**	**144,793**	**5,208**	**6,108,345**
Balance at 1 January 2006	3,518	40,040	2,038,921	60,889	0	2,143,368
Depreciation	1,275	2,109	262,466	15,346	0	281,196
Depreciation on disposal	-101	0	-513,941	-450	0	-514,492
Impairment and depreciation at 31 December 2006	**4,692**	**42,149**	**1,787,446**	**75,785**	**0**	**1,910,072**
Carrying amount at 31 December 2006	**10,638**	**30,273**	**4,083,146**	**69,008**	**5,208**	**4,198,273**
Of this, financial leased assets			22,976	7,162		30,138
Interest recognised in cost at 1 January 2006			21,356		4,471	25,827
Recognised interest for the year			0		3,756	3,756
Transfer to/from other items			8,227		-8,227	0
Disposal			-2,952		0	-2,952
Interest recognised in cost at 31 December 2006			**26,631**		**0**	**26,631**
Carrying amount of public assessed Danish buildings, etc.	1,383	8,250				
Latest public assessment of Danish buildings, etc.	6,370	0				
Carrying amount of assets pledged as securities	0	0	2,550,700	0	0	

Work in progress and prepayments include prepayments related to a newbuilding/shipscontract, DKK 0 million (2005: DKK 179 million).

The carrying amount of ships includes passenger ships, DKK 2,082 million (2005: DKK 1,545 million) of which components with hard wear amounts to DKK 633 million (2005: DKK 418 million) and components with minor wear amounts to DKK 1,449 million (2005: DKK 1,127 million).

Interest included in costs for the Parent Company is calculated by using an interest rate based on the general borrowing. The applied interest rate is 2.0 - 4.3%.

Based on the impairment tests no impairment of ships and other non-current tangible assets have been found. See note 32.

DKK '000

Note 11 Investments in group enterprises	2005	2006
Balance at 1 January	1,106,076	1,279,754
Addition	182,789	397,846
Disposal	-9,111	0
Cost at 31 December	**1,279,754**	**1,677,600**
Accumulated impairment loss at 1 January	-36,390	-44,200
Impairment loss	-9,200	-19,797
Disposal	1,390	0
Accumulated impairment loss at 31 December	**-44,200**	**-63,997**
Carrying amount at 31 December	**1,235,554**	**1,613,603**

Overview of group enterprises, see page 82.

Besides the above investments in group enterprises, DFDS A/S considers receivables, net at DKK 494.8 million (2005: DKK 476.8 million) as a part of the investment in group enterprises. The foreign exchange adjustment hereof is DKK 18.1 million (2005: DKK -18.6 million), which is recognised directly in equity in the consolidated financial statements. In the financial statements for the parent company the foreign exchange adjustment is recognised in the income statement in financial income and expenses, net. The amount is included in the foreign exchange adjustment relating to foreign companies' beginning equity at the statement of changes in equity on page 42-43.

Impairment tests of the carrying amount of the Parent Company's investments in group enterprises are prepared at least once a year. In 2006 three group enterprises are impaired. See note 32.

Parent Company DKK '000			Consolidated DKK '000	
2005	**2006**	**Note 12 Investments in associates**	**2005**	**2006**
500	500	Balance at 1 January	2,430	3,743
0	0	Foreign exchange adjustment	63	-97
0	7,333	Addition	1,308	7,797
0	-500	Disposal	-58	-1,405
500	**7,333**	**Cost at 31 December**	**3,743**	**10,038**
-	-	Accumulated adjustments at 1 January	2,558	2,447
-	-	Foreign exchange adjustment	-23	26
-	-	Disposal	-178	-1,963
-	-	Share of profit for the year	557	-517
-	-	Dividends from associates	-467	-1,567
-	**-**	**Accumulated adjustments at 31 December**	**2,447**	**-1,574**
500	**7,333**	**Carrying amount at 31 December**	**6,190**	**8,464**

	Domicile	Ownership	Revenue	Profit for the year	Total assets	Total liabilities	The Group's share DKK '000 Equity	The Group's share DKK '000 Profit for the year
2005								
Westcoast Off-Shore Base A/S[1)]	Esbjerg	50.0%	50	-1,864	5,926	124	2,901	-932
UAB Krantas Forwarding	Klaipeda	50.0%	2,145	26	414	102	156	13
Containerpartner AS	Kristiansand	50.0%	20,860	1,090	14,898	12,182	1,358	545
Oslo Containerterminal AS	Oslo	33.3%	51,496	2,793	12,366	7,041	1,775	931
							6,190	557
2006								
Westcoast Off-Shore Base A/S[1)]	Esbjerg	0.0%	0	802	0	0	0	401
Suardiaz DFDS Autologistics NV[1)]	Ghent	50.0%	0	-12	454	9	223	-6
ICT Holding A/S[1)]	Vejle	19.9%	177,444	639	23,742	0	7,232	127
UAB Krantas Forwarding	Klaipeda	50.0%	1,881	78	540	151	194	39
Moss Containerterminal AS	Moss	50.0%	0	0	923	0	462	0
Oslo Containerterminal AS	Oslo	33.3%	58,698	1,949	17,921	11,803	2,037	649
DFDS Suardiaz Line Ltd.	Immingham	50.0%	199,383	-3,611	34,541	38,066	-1,763	-1,805
SCF Lines Ltd.	Skt. Petersburg	40.0%	2,373	194	1,016	819	79	78
							8,464	-517

1) Owned by the parent company. The ownership in Westcoast Off-Shore Base A/S was owned by the parent company until 31/5 2006.

The parent company has significant control of ICT Holding A/S by representation in the board of directors, and therefore the company is considered an associate.

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DKK '000

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DKK '000

2005	2006	Note 13 Receivables	2005	2006
637,199	616,442	Amounts owed by group enterprises	-	-
12,873	0	Other non-current receivables	23,629	2,981
650,072	**616,442**	**Total non-current receivables**	**23,629**	**2,981**
109,258	110,872	Trade receivables	678,200	925,427
390,999	895,936	Amounts owed by group enterprises	-	-
0	0	Amounts owed by associates	0	13,395
2,305	0	Corporation tax and joint taxation contribution, receivable	6,104	6,630
78,873	32,467	Other receivables and current assets	134,578	74,654
581,435	**1,039,275**	**Total current receivables**	**818,882**	**1,020,106**
1,231,507	**1,655,717**	**Total receivables**	**842,511**	**1,023,087**
		Trade receivables are specified as follows:		
113,797	111,583	Trade receivables, gross	686,785	933,451
-4,539	-711	Reservation for bad debts	-8,585	-8,024
109,258	**110,872**	**Trade receivables, net**	**678,200**	**925,427**

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

Credit risk
DFDS's primary financial activity is trade receivables, other receivables, cash at bank and in hand and derivative financial instruments.

The credit risk is primarily attributable to trade receivables and other receivables.

The amounts in the balance sheet are stated net of reservation for bad debts, which has been estimated based on a specific assessment of the present economic situation.

DFDS's risks regarding trade receivables are not considered unusual, and no material risk is attached to a single customer or cooperative partner. According to the Group's policy of undertaking credit risks, current credit ratings of all major customers and other cooperative partners are performed. A few customers have provided guarantees for payment. Besides the abovementioned reservations, no other reservations on receivables have been done, and no insurance cover has been taken out on any of the receivables.

The credit risk of cash at bank and in hand and derivative financial instruments is limited because DFDS uses financial partners, which at a minimum have a solid credit rating (P-1 from Moody's).

Parent Company
DKK '000

Consolidated
DKK '000

2005	2006	Note 14 Securities	2005	2006
16,990	14,982	Listed shares	16,995	14,982
8,818	8,818	Other shares and equity investments	8,894	8,933
799	1,223	Other investments	799	1,223
26,607	**25,023**	**Total securities**	**26,688**	**25,138**

Securities in both the Parent Company and the Group are non-current assets.

Other shares and equity investments and other investments consist of some minor unlisted enterprises and investments. These assets are not adjusted to fair value because the valuation cannot be done based on an objective basis. Instead the securities are recognised at cost.

	Parent Company Number of shares	
Note 15 Holding of treasury shares	**2005**	**2006**
Holding of treasury shares at 1 January	433,495	414,895
Disposals of the year	-18,600	-23,775
Holding of treasury shares at 31 December	**414,895**	**391,120**
Market value of treasury shares at 31 December, DKK '000	158,490	265,962

At the Annual General Meeting in April 2006 the Board of Directors was authorised until the Annual General Meeting 2007 – to acquire treasury shares at a nominal value totalling 10% of the Company's share capital.

The Company has not acquired treasury shares in 2006. The Company's holdings of treasury shares at 31 December 2006 are 391,120 shares, corresponding to 4.89% (2005: 5.19%) of the Company's share capital. Treasury shares have originally been acquired to cover a share option scheme for 21 present and former employees.

Parent Company DKK '000			Consolidated DKK '000	
2005	**2006**	**Note 16 Deferred tax**	**2005**	**2006**
0	0	Balance at 1 January	63,405	98,729
-	-	Foreign exchange adjustment	-6,177	4,811
0	0	Change of corporation tax rate	-40	0
0	0	Addition related to acquisition	31,849	17,801
0	0	Deferred tax for the year recognised in the income statement	13,979	7,539
0	0	Deferred tax for the year recognised in the equity	2,658	2,347
0	0	Adjustment, previous years in the income statement	-6,945	-3,570
0	0	Adjustment, previous years in the equity	0	6
0	**0**	**Deferred tax at 31 December, net**	**98,729**	**127,663**
		Deferred tax is recognised in the balance sheet as:		
0	0	Deferred tax asset	-91,418	-84,425
0	0	Deferred tax liability	190,147	212,088
0	**0**	**Deferred tax, net at 31 December**	**98,729**	**127,663**

By joining the tonnage taxation scheme, DFDS A/S is subject to the requirements of the scheme until 2012. 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 provided for. If DFDS A/S withdraws from the tonnage taxation scheme, deferred tax in the amount of not exceeding DKK 423 million (2004: DKK 374 million) may crystallise.

DFDS A/S has tax losses carried forward of DKK 248 million (2005: DKK 348 million) of which the tax base has not been recognised in the deferred tax. Taxable losses carried forward of DKK 248 million has no maturity date. Of the taxable loss carried forward in 2005 DKK 100 million expired in 2006, and the remaining DKK 248 million has no maturity date.

The tax base of the tax losses carried forward is not recognised because the tax losses carried forward are uncertain, because DFDS A/S for the moment do not expect positive taxable income in the near future.

NOTE 16 CONTINUES ON THE FOLLOWING PAGE >>>

Consolidated	Balance at 1 January	Foreign exchange adjustment	Addition related to acquisition	Recognised in the income statement	Recognised in the equity	Adjustment, previous years in the income statement	Balance at 31 December
2005							
Ships	141,613	-4,512	0	21,265	0	-8,312	150,054
Buildings, terminals and operating equipment	-3,447	-125	17,731	-5,864	0	0	8,295
Provisions	-56,297	-1,364	0	1,913	0	44	-55,704
Value of hedging instruments	-5,028	16	0	359	2,658	0	-1,995
Tax deficit carried forward	-7,452	132	0	-1,412	0	0	-8,732
Other	-5,984	-324	14,118	-2,322	0	1,323	6,811
	63,405	-6,177	31,849	13,939	2,658	-6,945	98,729
2006							
Ships	150,054	5,923	0	1,647	0	0	157,624
Buildings, terminals and operating equipment	8,295	-144	2	-229	0	-269	7,655
Provisions	-55,704	-1,026	-3,341	4,688	0	-3,064	-58,447
Value of hedging instruments	-1,995	-66	0	0	2,359	0	298
Tax deficit carried forward	-8,732	5	-40	4,052	0	31	-4,684
Other	6,811	119	21,180	-2,619	-6	-268	25,217
	98,729	4,811	17,801	7,539	2,353	-3,570	127,663

Parent Company
DFDS A/S has no deferred tax.

Note 17 Share options

The decision to grant share options is made by the Board of Directors. In 1999 the Group established a share option scheme for the Executive Board and other executive employees. From 2005 share options have only been granted to the Executive Board. Each share option gives the holder of the option the right to acquire one existing share in the company of nominal DKK 100. The share option scheme equals a right to acquire 1.7% of the share capital (2005: 1.9%) if the remaining share options are exercised.

Share options granted up to and including 2004 have been granted at an exercise price equal to the average share price of the company's shares of 10 banking days after the publication of the Annual Report with an addition of 10%. Share options granted in 2005 and 2006 have been granted at an exercise price equal to the average share price of the company's shares in December the year before the grant. There are no unusual conditions of vesting. Vesting is done on a straight line basis over a period of three years from the date of grant. Special conditions apply regarding illness and death and if the capital structure of the 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.

For share options granted in the years 1999 to 2003 the holder of the share option can choose between settlement in shares or cash settlement. Share options granted in 2004 and later can only be settled with shares. A part of the treasury shares is reserved for settling the outstanding share options.

2005	Executive Board number	Executive employees number	Total number	Average exercise price per option DKK	Average fair value per option DKK	Total fair value DKK '000
Outstanding at the beginning of the year	52,500	102,100	154,600	202.52	98.29	15,195
Granted during the year	30,000	0	30,000	277.00	110.29	3,309
Exercised during the year	-15,000	-16,000	-31,000	149.60	192.05	5,953
Forfeited during the year	0	-3,500	-3,500	149.60	132.98	465
Outstanding at the end of the year	67,500	82,600	150,100	229.57	162.35	24,369
Exercisable at the end of the year	0	4,100	4,100	147.41	232.09	952

Value after deduction of the exercise price of exercised share options for the Executive Board amounts to DKK 2.9 million in both the Group and in the Parent Company.

NOTE 17 CONTINUES ON THE FOLLOWING PAGE >>>

	Executive Board[1] number	Executive employees number	Total number	Average exercise price per option DKK	Average fair value per option DKK	Total fair value DKK '000
2006						
Outstanding at the beginning of the year	67,500	82,600	150,100	229.57	162.35	24,369
Granted during the year	30,000	0	30,000	380.00	85.74	2,572
Exercised during the year	-12,125	-27,500	-39,625	162.40	278.45	11,034
Forfeited during the year	0	-5,500	-5,500	161.24	369.57	2,033
Expired during the year	0	-1,600	-1,600	144.00	236.47	378
Outstanding at the end of the year	85,375	48,000	133,375	287.21	406.58	54,228
Exercisable at the end of the year	2,875	4,500	7,375	158.93	521.69	3,847

1) Hereof is at the end of the year 27,500 options to the former managing director.

Value after deduction of the exercise price of exercised share options for the Executive Board amounts to DKK 3.9 million in both the Group and in the Parent Company.

The average weighted price per share exercised in 2006 amounts to 441 (2005: 342).

The cost of the year related to share based payment is recognised in the Parent Company's income statement with DKK 6.6 million (2005: DKK 10.2 million) and in the Group's income statement with DKK 6.6 million (2005: DKK 10.2 million).

The weighted average fair value per share option (market price minus average exercise price per option) is assessed at DKK 392.8 (2005: DKK 152.4).

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

The outstanding options at 31 December 2006 have an average weighted time to maturity of 2.9 years (2005: 3.1 years) and the exercise prices in the ranges 150-162, 264-277 and 380 (2005: 144-162 and 264-277).

Share options granted during 1999 - 2003

Recognised liabilities regarding share options with the option to choose between settlement in shares or cash as of 31 December 2006 amounts to DKK 3.8 million (2005: DKK 11.2 million). At 31 December 2006 DKK 3.8 million (2005: DKK 1.0 million) can be exercised by the option holder.

Share options granted from 2004 and later

The recognised value of share options with settlement in shares amounts to DKK 5.4 million (2005: DKK 2.5 million).

The calculation of the fair value of the share options granted in 2004 assumes that the dividends per share are 6% and the expected volatility is 22.0%. The risk free interest rate is determined at 3.54% based on five-year Danish government bonds. The average share price at the grant date was 264, which equals the agreed exercise price. The expected life is fixed at five years corresponding to the latest possible exercise, which corresponds to the historical experiences. The expected volatility is based on the historical volatility for the last 40 months.

The calculation of the fair value of the share options granted in 2005 assumes that the dividends per share are 6% and the expected volatility is 21.5%. The risk free interest rate is determined at 2.77% based on five-year Danish government bonds. The average share price at the grant date was 359 and the exercise price is fixed at 277 corresponding to the average share price of December 2004. The expected life is fixed at five years corresponding to the latest possible exercise, which corresponds to the historical experiences. The expected volatility is based on the historical volatility for the last 47 months.

The calculation of the fair value of the share options granted in 2006 assumes that the dividends per share are 7.5% and the expected volatility is 21.2%. The risk free interest rate is determined at 3.23% based on five-year Danish government bonds. The average share price at the grant date was 396 and the exercise price is fixed at 380 corresponding to the average share price of December 2005. The expected life is fixed at five years corresponding to the latest possible exercise, which corresponds to the historical experiences. The expected volatility is based on the historical volatility for the last 58 months.

Note 18 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 some countries (the United Kingdom, Norway, The Netherlands, Denmark and Sweden) the Group has pension plans, which are defined benefit plans, and are included in the balance sheet as shown below.

Some of the pension plans in Sweden are multi-employer plans. The plans are collective and are covered through premiums paid to Alecta. The Swedish Financial Accounting Standards Council's interpretations committee (Redovisningsrådet) has defined this plan as a multi-employer defined benefit plan. Presently, it is not possible to obtain sufficient information from Alecta to assess the plans as defined benefit plans. Consequently, the pension plans are treated as defined contribution plans. The contributions made amount to DKK 8.9 million in 2006 (2005: DKK 6.8 million). The collective funding ratio at Alecta amounts to 143.1% (2005: 128.5%).

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

Parent Company DKK '000			Consolidated DKK '000	
2005	**2006**		**2005**	**2006**
0	0	Present value of funded obligations	647,533	690,386
0	0	Fair value of plan assets	-401,149	-448,787
0	**0**	**Remaining external coverage of funded obligations, net**	**246,384**	**241,599**
9,099	8,098	Present value of unfunded obligations	24,201	25,256
0	0	Unrecognised actuarial gains and losses	-45,700	-35,827
9,099	**8,098**	**Recognised liabilities for defined benefit obligations at 31 December**	**224,885**	**231,028**
9,283	7,942	Provision for jubilee liabilities	9,395	8,331
18,382	**16,040**	**Total actuarial liabilities at 31 December**	**234,280**	**239,359**
		Recognised in the balance sheet		
0	0	Assets	-306	0
18,382	16,040	Liabilities	234,586	239,359
18,382	**16,040**	**Actuarial liabilities, net at 31 December**	**234,280**	**239,359**
		Movements in the net liability for defined benefit funded and unfunded obligations		
11,410	9,099	Balance at 1 January	574,320	671,734
-	-	Foreign exchange adjustments	20,335	8,793
-802	250	Current service costs	5,323	5,491
0	0	Interest costs	30,736	30,081
0	0	Actuarial gain/loss on obligation	53,619	-166
-1,509	-1,251	Benefits paid	-12,606	-12,408
0	0	Employee contributions	7	0
0	0	Settlements and curtailments	0	-12,834
-	-	Addition related to acquisition	0	24,951
9,099	**8,098**	**Funded and unfunded obligations at 31 December**	**671,734**	**715,642**
		Movements in the defined benefit plan assets		
0	0	Balance at 1 January	-331,359	-401,149
-	-	Foreign exchange adjustments	-11,830	-5,327
0	0	Expected return on plan assets	-20,852	-21,687
0	0	Actuarial gain/loss on plan assets, net	-38,237	-9,993
0	0	Employer and employee contributions	-8,196	-5,707
0	0	Benefits paid	9,325	9,901
0	0	Settlements and curtailments	0	6,605
-	-	Addition related to acquisition	0	-21,430
0	**0**	**Plan assets at 31 December**	**-401,149**	**-448,787**

NOTE 18 CONTINUES ON THE FOLLOWING PAGE >>>

Parent Company DKK '000			Consolidated DKK '000	
2005	**2006**		**2005**	**2006**
		Movements in the actuarial gains/losses		
0	0	Balance at 1 January	-29,573	-45,700
-	-	Foreign exchange adjustments	-1,007	-588
0	0	Actuarial gain/loss, net on funded and unfunded liabilities	-53,619	166
0	0	Actuarial gain/loss, net on plan assets	38,237	9,993
0	0	Actuarial gain/loss, net from previous years (corridor)	262	302
0	**0**	**Actuarial gains/losses at 31 December**	**-45,700**	**-35,827**
		Expenses recognised in the income statement		
-802	250	Current service costs	5,323	5,491
0	0	Calculated interest on obligations	30,736	30,081
0	0	Expected return on plan assets	-20,852	-21,687
0	0	Net actuarial gain/loss recognised	262	302
-802	250		15,469	14,187
0	0	Gain on settlements and curtailments	0	-6,229
-802	**250**	**Total expenses recognised in the income statement**	**15,469**	**7,958**

Actual return on plan assets in the Group's plans amounts to DKK 31.7 million (2005: DKK 59.1 million). There are no plan assets in the Parent Company's plans.

The expected return on plan assets is assessed as a limited spread against the used discount rate for each plan.

The Group expects to contribute DKK 7.5 million to the defined benefit plans in 2007. The parent company expects to contribute DKK 0.5 million in 2007.

		Plan assets consist of the following		
0	0	Listed shares	314,977	356,803
0	0	Bonds	74,233	82,575
0	0	Cash and cash equivalents	2,645	722
0	0	Buildings	5,810	5,429
0	0	Other assets	3,484	3,258
0	**0**		**401,149**	**448,787**
		Defined benefit plans - assumptions[1]		
2.0%	2.0%	Discount rate	4.7%	4.9%
-	-	Expected return on plan assets	5.6%	5.7%
0.0%	0.0%	Social security rate	0.0%	0.0%
0.0%	0.0%	Future salary increase	0.4%	0.4%
0.9%	1.0%	Future pension increase	0.3%	0.3%
0.9%	1.0%	Inflation	2.8%	3.0%

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

		Amount for defined benefit obligations consists of the following		
-9,099	-8,098	Present value of the defined benefit obligation	-671,734	-715,642
0	0	Fair value of plan assets	401,149	448,787
-9,099	**-8,098**	**Deficit in the plan**	**-270,585**	**-266,855**
0	0	Experience adjustments arising on plan liabilities	-6,987	-1,359
0	0	Experience adjustments arising on plan assets	38,237	21,845

DFDS's most significant risks regarding the defined benefit plans are related to the assets and the obligations (liabilities) in the plans.

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

Parent Company DKK '000				Consolidated DKK '000
2005	**2006**	**Note 19 Other provisions**	**2005**	**2006**
40,674	9,061	Balance at 1 January	40,674	9,061
0	0	Provisions made during the year	0	8,637
-2,666	-1,835	Used during the year	-2,666	-1,835
-28,947	-4,616	Reversal of unused provisions	-28,947	-4,616
9,061	**2,610**	**Other provisions at 31 December**	**9,061**	**11,247**
		Other provisions are expected to be payable in:		
2,147	2,610	0 - 1 year	2,147	8,638
6,914	0	1 - 5 year	6,914	2,609
9,061	**2,610**	**Other provisions at 31 December**	**9,061**	**11,247**

Of the Group's provision of DKK 11.2 million, DKK 2.6 million (2005: DKK 6.1 million) relate to costs decided on concerning implementation of the Group's fleet strategy. Provisions of DKK 8.6 million made during the year relates to costs regarding sale of a ship.

The parent company's other provisions consist of DKK 2.6 million (2005: DKK 6.1 million) regarding provisions on decided future costs concerning implementation of the Parent Company's fleet strategy.

Parent Company DKK '000			Consolidated DKK '000	
2005	**2006**	**Note 20 Interest-bearing liabilities**	**2005**	**2006**
2,463,015	2,892,280	Mortgage on ships	3,137,093	3,818,715
0	21,451	Financial lease liabilities	129,334	87,652
0	238,592	Bank loans	118,360	303,347
69,809	57,220	Other non-current liabilities	85,778	78,141
2,532,824	**3,209,543**	**Total interest bearing non-current liabilities**	**3,470,565**	**4,287,855**
288,158	389,342	Mortgage on ships	393,955	525,457
0	8,637	Financial lease liabilities	38,261	37,542
456,179	410,552	Owed to group enterprises	-	-
160,145	88,597	Bank loans	189,794	134,838
14,921	14,912	Other non-current liabilities	28,601	19,035
919,403	**912,040**	**Total interest bearing current liabilities**	**650,611**	**716,872**
3,452,227	**4,121,583**	**Total interest bearing liabilities**	**4,121,176**	**5,004,727**

The fair value of the interest-bearing liabilities in the Group amounts to DKK 5,004 million (2005: DKK 4,113 million). The fair value of the interest-bearing liabilities in the Parent Company amounts to DKK 4,122 million (2005: DKK 3,452 million).

DKK 1,736 million of the interest bearing liabilities in the Group fall due after five years (2005: DKK 1,357 million). DKK 1,427 million of the interest-bearing liabilities in the Parent Company fall due after five years (2005: DKK 1,137 million).

Regarding assets pledged as securities see note 10.

No exceptional conditions in connection with borrowing are made. The Group's loan agreements can be settled at fair value plus a small surcharge.

The effective rate of interest of the interest-bearing liabilities exclusive interest swaps in the Group is 2.0% - 5.9% p.a. (2005: 2.0% - 4.9% p.a.). Of the interest-bearing liabilities with floating interest rate, DKK 2,516 million (2005: DKK 2,862 million) have been hedged to a fixed interest rate between 2.6% and 5.9% p.a. (2005: 2.6% and 5.9% p.a.).

The effective rate of interest of the interest-bearing liabilities in the Parent Company is 2.0% - 4.8% p.a. (2005: 2.0% - 3.5% p.a.). Of the interest-bearing liabilities with floating interest rate, DKK 2,203 million (2005: DKK 2,113 million) have been hedged to a fixed interest rate between 2.6% and 5.6% p.a. (2005: 2.6% and 5.9% p.a.).

2005	2006	Allocation of currency, principal nominal amount	2005	2006
2,833,328	2,095,785	DKK	2,960,225	2,445,255
447,715	1,323,025	EUR	502,830	1,310,355
28,489	628,174	SEK	338,094	905,205
41,497	31,656	NOK	176,236	298,297
96,760	34,967	GBP	64,882	38,422
4,945	7,612	USD	78,883	7,193
0	364	LTL	532	0
-507	0	Other	-506	0
3,452,227	**4,121,583**	**Total interest bearing liabilities**	**4,121,176**	**5,004,727**

Parent Company DKK '000			Consolidated DKK '000	
2005	**2006**	**Note 21 Other debt**	**2005**	**2006**
9,896	11,731	Amounts owed to group enterprises	-	-
24,772	41,636	Accrued interests	33,975	53,647
3,625	5,097	Public authorities	38,759	59,372
73,944	88,905	Holiday pay obligations, etc.	115,153	128,536
11,152	3,847	Share based payments; cash-settled	11,152	3,847
174,767	92,815	Interest rate swaps, forward transactions and bunkerhedges	174,767	92,815
79,442	142,302	Other	191,965	308,359
377,598	**386,333**	**Total other debt**	**565,771**	**646,576**

Note 22 Risks related to currency, oil, interest rates, cash flow and derivative financial instruments applied

The Group's financial risk management policy
The most important financial risk factors for DFDS are oil, currency, interest rate and liquidity risks. Credit risks are explained in note 13. 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 reduce the financial risks attached to operations, investments and financing activities.

The Board of Directors annually approves the financial risk management policy and strategy.

Currency risks
Currency risks arise from disparities between revenue and expenses, in particular currencies and from net investments in foreign companies.

DFDS's policy is to hedge the major part of the net currency position of the Group one year ahead on a continuing basis at fair rates compared to the latest budget.

DFDS actively seeks to reduce currency exposure by matching the currencies for assets and liabilities, obtaining multi currency loans and by entering into forward currency contracts, currency options and swaps.

Around 76% of DFDS's revenue is in foreign currency, and the most important net income currencies are SEK, NOK, EUR and GBP. USD is the principal net expense currency.

The Group is affected by changes in exchange rates, when the results of foreign subsidiaries at the end of the year are translated into DKK using average exchange rates.

Around 76% of the expected currency cash flow in SEK and 10% of NOK for 2007, has been hedged, and around 80% of the exposure in GBP has been hedged. The stable DKK/EUR exchange rate is expected to continue in 2007 and the EUR exposure has therefore not been hedged. On the other hand 90% of DFDS's USD exposure for 2007 has been hedged.

Translation risks relates to the translation of the profit and equity of foreign subsidiaries into DKK. These risks are to some extent covered by borrowing in local in the subsidiaries' local currencies but are generally not hedged.

Interest risks
DFDS is primarily exposed to interest rate risks arising from interest-bearing debt. DFDS's strategy for interest rate exposure is limiting especially the negative effects of fluctuations in interest rate levels in the income statement and balance. It is DFDS's strategy that a minimum of 50% of the loan portfolio must be fixed-rate loans. The total interest bearing debt of the Group amounts to DKK 5,005 million (2005: DKK 4,121 million). Of this the floating-rate loans amounts to DKK 2,252 million (2005: DKK 966 million). This means that the fixed-interest bearing debt share at year-end is 55% (2005: 77%).

The loan portfolio of DKK 5,005 million (2005: DKK 4,121 million) had an average life of 6.1 years (2005: 6.9 years) and primarily consists of syndicated floating-rate loans secured by ships. The financing is obtained at market rate with an addition of a margin, which reflects the financial strength of DFDS. As a part of the strategy of DFDS interest rate swaps of a total of DKK 2,516 million (2005: DKK 2,862 million) have been entered. These interest rate swaps changes a part of the floating-interest rate bank loans to fixed interest.

The average interest rate of mortgage in ships is 4.26% (2005: 2.89%).

An increase of 1%-point of the interest rate in 2007 will raise the interest rate costs by around DKK 22 million for the Group.

Oil risks
Bunker costs constitute a separate and significant operational risk as a result of large fluctuations in the price of oil and an annual total cost of approximately DKK 940 million, corresponding to approximately 12% of Group turnover.

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

The bunker consumption in 2007 is expected to be approximately 500,000 tons, an increase of approximately 5% compared to 2006. This rise is due in part to the acquisition of DFDS Container Line.

It is estimated that 20% of the total bunker consumption in 2007 is not hedged. This will imply a change of the result of about DKK 1.5 million at a 1% change of the oil price relative to the price level of February 2007, which was around USD 255 per ton.

Financial hedge of about 45% of the bunker consumption for the first five months of 2007 was done in the 4th quarter of 2006. At the moment no additional hedge of the bunker consumption for the rest of 2007 has been done.

Liquidity risks
DFDS aims to maintain a minimum cash resource of DKK 300 million, which is regarded as sufficient even in peak requirement periods. The central treasury department manages excess liquidity and cash resources. Cash at bank and in hand are primarily placed in the short money market and in bonds.

NOTE 22 CONTINUES ON THE FOLLOWING PAGE >>>

Hedging of expected future transactions (DKK '000)

Consolidated

Expected future transactions	Hedge instrument	Time to maturity	Notional principal amount	Gains/losses recognised in the equity 0-1 year	Gains/losses recognised in the equity More than 1 year
2005					
Goods purchased and sold	Forward exchange contract	0-3 years	648,917	39,459	6,089
Interest	Interest swap	0-10 years	2,164,245	0	-170,098
Interest	Interest rate option (collar)	½ year	697,300	-8,822	0
Goods purchased	Oil contract for forward delivery, ton	0-6 months	50,000	2,000	0
				32,637	-164,009
2006					
Goods purchased and sold	Forward exchange contract	0-2 years	987,890	-22,244	131
Interest	Interest swap	0-10 years	2,516,313	136	-52,908
Goods purchased	Oil contract for forward delivery, ton	0-6 months	90,000	-14,769	0
				-36,877	-52,777

Parent Company

Expected future transactions	Hedge instrument	Time to maturity	Notional principal amount	Gains/losses recognised in the equity 0-1 year	Gains/losses recognised in the equity More than 1 year
2005					
Goods purchased and sold	Forward exchange contract	0-3 years	648,917	39,459	6,089
Interest	Interest swap	0-10 years	1,812,573	0	-157,500
Interest	Interest rate option (collar)	½ year	300,000	-3,245	0
Goods purchased	Oil contract for forward delivery, ton	0-6 months	50,000	2,000	0
				38,214	-151,411
2006					
Goods purchased and sold	Forward exchange contract	0-2 years	987,890	-20,596	131
Interest	Interest swap	0-10 years	2,203,229	136	-53,180
Goods purchased	Oil contract for forward delivery, ton	0-6 months	90,000	-14,769	0
				-35,229	-53,049

Hedging of assets and liabilities
At 31 December 2006 unrealised net losses on derivative financial instruments on hedging of currency risks associated with balance sheet items for both the Parent Company and the Group amount to DKK 2.1 million (2005: Unrealized net losses DKK 0.5 million), which have been recognised in the income statement.

NOTE 22 CONTINUES ON THE FOLLOWING PAGE >>>

Interest rate risks (DKK '000)

Consolidated 2005	Principal amount/outstanding debt at		
Category	31/12/05	31/12/06	31/12/10
Loan commitments[1]	0	261,416	180,067
Mortgages on ships	3,531,048	3,137,093	1,806,114
Bank loans	128,379	118,360	26,128
Bank overdrafts	179,775	0	0
Other loans	114,379	85,778	0
Financial lease liabilities	167,595	129,334	0
Interest-bearing liabilities	4,121,176	3,731,981	2,012,309
Financial lease liabilities, fixed interest rate	-167,595	-129,334	0
Mortgages on ships, fixed interest rate	-125,909	-111,547	-54,102
Interest rate options (collars)	-697,300	0	0
Interest swap, (principal amount), fixed rate, (interest paid)	-2,164,245	-1,737,812	-822,200
Interest swap, start May 2006, (principal amount), fixed rate, (interest paid)	0	-300,000	-232,000
Loans with floating interest rates	966,127	1,453,288	904,007

Consolidated 2006	Principal amount/outstanding debt at		
Category	31/12/06	31/12/07	31/12/11
Loan commitments			
Mortgages on ships	4,344,171	3,818,715	1,736,189
Bank loans	399.657	303,347	0
Bank overdrafts	38,528	0	0
Other loans	97,176	78,141	0
Financial lease liabilities	125,195	87,653	0
Interest-bearing liabilities	5,004,727	4,287,856	1,736,189
Financial lease liabilities, fixed interest rate	-125,195	-87,653	0
Mortgages on ships, fixed interest rate	-111,480	-97,127	-39,716
Interest swap, (principal amount), fixed rate, (interest paid)	-2,516,313	-2,152,119	-850,652
Loans with floating interest rates	2,251,739	1,950,957	845,821

Parent Company 2005	Principal amount/outstanding debt at		
Category	31/12/05	31/12/06	31/12/10
Loan commitments[1]	0	261,416	180,067
Mortgages on ships	2,751,173	2,463,015	1,109,534
Bank overdrafts	160,145	0	0
Debt to group enterprises	456,179	0	0
Other loans	84,730	69,809	0
Interest-bearing liabilities	3,452,227	2,794,240	1,289,601
Interest rate options (collars)	-300,000	0	0
Interest swap, (principal amount), fixed rate, (interest paid)	-1,812,573	-1,573,679	-743,700
Interest swap, start May 2006, (principal amount), fixed rate, (interest paid)	0	-300,000	-232,000
Loans with floating interest rates	1,339,654	920,561	313,901

Parent Company 2006	Principal amount/outstanding debt at		
Category	31/12/06	31/12/07	31/12/11
Mortgages on ships	3,281,622	2,892,280	1,427,372
Bank loans	298,240	238,592	0
Bank overdrafts	28,949	0	0
Debt to group enterprises	410,552	0	0
Other loans	72,132	57,220	0
Financial lease liabilities	30,088	21,451	0
Interest-bearing liabilities	4,121,583	3,209,543	1,427,372
Financial lease liabilities, fixed interest rate	-30,088	-21,451	0
Interest swap, (principal amount), fixed rate, (interest paid)	-2,203,230	-1,873,687	-784,952
Loans with floating interest rates	1,888,265	1,314,405	642,420

1) Executed in connection with the delivery of newbuildings from Flensburg Shipyard.

Parent Company
DKK '000

Consolidated
DKK '000

2005	2006	Note 23 Non-liquid operating items	2005	2006
-7,864	-5,417	Change in provisions	-7,864	-5,186
2,066	0	Gain/loss on sale of operating equipment etc.	-2,476	-4,865
-802	250	Defined benefit plans in the income statement	15,469	7,958
10,201	6,582	Fair value of the share options in the income statement	10,201	6,582
3,601	**1,415**	**Non-liquid operating items**	**15,330**	**4,489**

Parent Company
DKK '000

Consolidated
DKK '000

2005	2006	Note 24 Change in working capital	2005	2006
-27,219	11,161	Change in inventories	-33,252	13,948
-4,394	-59,232	Change in receivables	-30,995	-185,858
-84,536	198,016	Change in current liabilities	-101,452	242,144
-116,149	**149,945**	**Change in working capital**	**-165,699**	**70,234**

Parent Company
DKK '000

Consolidated
DKK '000

2005	2006	Note 25 Investments in fixed assets, net	2005	2006
-2,055	-435	Investments	-68,327	-121,626
646	1,036	Sale	646	21,070
-1,409	**601**	**Investments in buildings and terminals, net**	**-67,681**	**-100,556**
-31,287	-11,673	Investments	-45,113	-66,058
283	232	Sale	7,864	9,370
-31,004	**-11,441**	**Investments in operating equipment, etc., net**	**-37,249**	**-56,688**

Parent Company
DKK '000

Consolidated
DKK '000

2005	2006	Note 26 Change in other loans	2005	2006
-33,258	-14,920	Installments and redemption	-12,308	-57,884
84,380	298,240	Proceeds from loans	96,198	308,837
51,122	**283,320**	**Change in other loans, net**	**83,890**	**250,953**

Parent Company
DKK '000

Note 27 Acquisition of companies and activities

2005	Total	
	Carrying amount before acquisition	Opening balance at fair value
Non-current intangible assets	104	95,024
Non-current tangible assets	35,613	82,685
Inventories	455	1,201
Receivables	93,693	97,088
Cash funds	6,430	6,430
Deferred tax, net	-1,909	-31,849
Long term liabilities	-16,510	-16,510
Short term liabilities	-66,437	-66,437
Company tax	-164	-164
Acquired net assets	**51,275**	**167,468**
Minority interests		-34,151
Goodwill on acquisition and activities		94,969
Purchase price		**228,286**
Of this, cash funds		-6,430
Cash flow from acquisitions		**221,856**
Payments deferred to following years		-96,198
Cash flow from acquisitions, net		**125,658**

Consolidated
Cobelfret
With effect from 14 June 2005, DFDS A/S acquired a new shipping service between Gothenburg, Sweden, and Killingholme, UK. The shipping service was acquired from the former operator, Cobelfret AB. Subsequently, the shipping service has been changed calling at Immingham instead of Killingholme.

Goodwill at the acquisition amounts to DKK 56.5 million and can be allocated to the market position that Cobelfret held on the shipping service and the synergies arising from other DFDS shipping services between Gothenburg and Immingham.

It is not possible to assess the exact effect of the acquisition on the profit and loss statement in 2005 since the acquired shipping service has been integrated with DFDS's existing shipping service between Gothenburg and Immingham.

Halléns N.V.
As per 28 October 2005 DFDS acquired 66% of the shares in Halléns N.V., Ghent in Belgium. Halléns N.V. is a trailer forwarding company mainly serving customers in the automotive industry and is a major customer of the DFDS Tor Line EuroBridge service.

At the initial recognition, goodwill amounted to DKK 33.3 million which can be explained both by supporting of volume utilization on the EuroBridge service and offering value added services to the automotive industry.

Halléns N.V. and its subsidiaries have realized a net revenue and EBITA of DKK 61.3 million and DKK 1.2 million respectively in the period 28 October 2005 to 31 December 2005.

Other
During 2005 the Group has acquired a few minor companies and one minor activity.

Parent Company
Acquisition of companies and activities in the parent company consists of the acquisition of Cobelfret, an ownership of 34% of Halléns, minor companies and a minor activity. The cash flow effect of the acquisitions amounts to DKK 181.0 million.

NOTE 27 CONTINUES ON THE FOLLOWING PAGE >>>

2006	Norfolk Line Containers B.V.		Other		Total	
	Carrying amount before acquisition	Opening balance at fair value	Carrying amount before acquisition	Opening balance at fair value	Carrying amount before acquisition	Opening balance at fair value
Non-current intangible assets	8,880	81,258	71	1,064	8,951	85,305
Non-current tangible assets	61,203	77,313	142	142	61,345	77,455
Inventories	1,812	1,812	0	0	1,812	1,812
Receivables	109,881	109,881	5,351	5,351	115,232	115,232
Cash funds	19,598	19,598	-934	-934	18,664	18,664
Deferred tax, net	962	-17,799	-2	-2	960	-17,801
Provision for pensions	-3,774	-3,774	0	0	-3,774	-3,774
Other provisions	-1,981	-1,981	0	0	-1,981	-1,981
Long term liabilities	-24,767	-26,740	0	0	-24,767	-26,740
Short term liabilities	-71,863	-71,863	-9,131	-9,131	-80,994	-80,994
Company tax	0	0	-915	-915	-915	-915
Acquired net assets	**99,951**	**167,705**	**-5,418**	**-4,425**	**94,533**	**166,263**
Goodwill on acquisition and activities		133,740		16,765		150,505
Purchase price		**301,445**		**12,340**		**316,768**
Of this, cash funds		-19,598		934		-18,664
Cash flow from acquisitions, net		**281,847**		**13,274**		**298,104**

Consolidated

Norfolk Line Containers B.V.
As per 15 August 2006 DFDS A/S acquired 100% of the shares in Norfolk Line Containers B.V. Recognition in the Group is done per 1 October 2006 of which the Group controls the company. The company operates in the lo/lo container shipping business between the Continent and Ireland and has the disposal of about 2,400 containers and five chartered ships. The most material part of the cargo is own door/door production between the Continent and Ireland. The company has changed it's name to DFDS Container Line B.V.

Goodwill at the acquisition amounts to DKK 133.7 million and can be allocated to the synergies arising from the existing container activities in DFDS Lys Line and DFDS Suardiaz Line which navigates in the North Sea, The Irish Sea and Spain. The company will complement the existing network, and an improved geographic marked coverage and increased operational flexibility will be achieved.

Norfolk Line Containers B.V. has realised a revenue and a EBITA of DKK 171.3 million and DKK 11.0 million respectively in the period 1 October 2006 to 31 December 2006.

Other acquisitions of companies and activities
During 2006 the Group has acquired a few minor companies and one activity.

Other
It has not been possible to calculate the effect for the year regarding acquired companies and activities.

In connection with acquisitions usual consultant fees of DKK 2 million are paid.

Parent Company
Acquisition of companies and activities in the parent company consists of the acquisition of Norfolk Line Containers B.V. and two minor companies. The cash flow effect of the acquisitions amounts to DKK 306.3 million.

Parent Company
DKK '000

Consolidated
DKK '000

2005	2006	Note 28 Acquisition of minority interests	2005	2006
1,754	645	AB DFDS LISCO	1,754	645
23,491	0	DFDS Lys Line AS	23,491	0
79,549	0	DFDS Lys Line Rederi AS	79,549	0
0	0	Halléns OY	0	209
0	0	LHT (UK) Limited	0	166
104,794	**645**	**Total minority interests**	**104,794**	**1,020**

2005

AB DFDS LISCO
During 2005 acquisition of shares in AB DFDS LISCO amounts to DKK 1.8 million, equivalent to an ownership share of 0.3%, providing an ownership share of 92.1%.

DFDS Lys Line AS and DFDS Lys Line Rederi AS
At 9 December 2005 the remaining ownership of 34% in DFDS Lys Line AS and DFDS Lys Line Rederi AS was acquired by DFDS A/S providing an ownership of 100% in both companies.

2006

AB DFDS LISCO
During 2006 acquisition of shares in AB DFDS LISCO amounts to DKK 0.6 million, equivalent to an ownership share of 0.2%, providing an ownership share of 92.3%.

LHT (UK) Limited
At 17 October 2006 the remaining ownership in LHT (UK) Limited was acquired providing an ownership of 100% by LHT (Transport) Holding BV.

Halléns OY
At 1 January 2006 the remaining ownership in Halléns OY was acquired providing an ownership of 100% by Halléns NV.

Note 29 Guarantees and contingent liabilities

Guarantees and contingent liabilities amounts to DKK 133.2 million (2005: DKK 103.1 million) for the Group.

Guarantees and contingent liabilities amounts to DKK 1,207.5 million (2005: DKK 786.2 million) for the Parent Company.

A contaminated land has been registered in one of the Group's companies. Currently the Group does not have a commitment to cleanse the land. If such a commitment should occur, the Group has the possibility to get the cost adjusted in the original purchase price for the company. The deferred payments regarding the purchase price reflect among other things the opportunity for a set-off.

As at 31 December 2006 the Group and the Parent Company are parties in a number of lawsuits. The outcome of these lawsuits is not expected to affect the Group's financial position apart from amounts recognised in the balance sheet.

Parent Company DKK '000			Consolidated DKK '000	
2005	**2006**	**Note 30 Contractual commitments**	**2005**	**2006**
260,873	0	Contract for newbuildings, term 0-1 year	260,873	0
340,050	0	Other contractual commitments, term 0-1 year	340,050	0
600,923	**0**	**Total contractual commitments**	**600,923**	**0**
		Operating lease contracts		
		Minimum lease payments		
18,837	21,320	0-1 year	29,039	30,582
79,767	89,975	1-5 years	104,488	104,102
58,339	39,890	After 5 years	59,523	69,570
156,943	**151,185**	**Total buildings**	**193,050**	**204,254**
8,782	8,782	0-1 year	98,640	105,913
37,379	38,314	1-5 years	409,066	418,595
160,366	143,582	After 5 years	1,999,281	1,938,331
206,527	**190,678**	**Total terminals**	**2,506,987**	**2,462,839**
553,066	656,226	0-1 year	337,755	435,511
898,883	1,054,876	1-5 years	688,846	957,777
629,180	1,240,291	After 5 years	629,180	1,240,291
2,081,129	**2,951,393**	**Total ships**	**1,655,781**	**2,633,579**
14,021	14,316	0-1 year	28,644	32,470
30,310	23,771	1-5 years	65,108	41,920
153	0	After 5 years	274	0
44,484	**38,087**	**Total machinery and equipment**	**94,026**	**74,390**
		Total minimum lease payments are expected to fall due as follows:		
594,706	700,644	0-1 year	494,078	604,476
1,046,339	1,206,936	1-5 years	1,267,508	1,522,394
848,038	1,423,763	After 5 years	2,688,258	3,248,192
2,489,083	**3,331,343**	**Total minimum lease payments**	**4,449,844**	**5,375,062**

The specified obligations are not discounted.

Operational leasing and rent costs recognised in the income statement amount for the Group to DKK 635.6 million (2005: DKK 448.4 million) and for the Parent Company to DKK 641.1 million (2005: DKK 574.5 million).

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

Future minimum sublease payments expected to be received under non-cancellable subleases amount for the Group to DKK 128.2 million (2005: DKK 78.8 million) and for the Parent Company to DKK 368.8 million (2005: DKK 141.2 million).

NOTE 30 CONTINUES ON THE FOLLOWING PAGE >>>

Parent Company DKK '000			Consolidated DKK '000	
2005	2006		2005	2006
		Operating lease contracts - assets leased out		
		Minimum lease payments		
		Ships		
58,521	20,984	0-1 year	88,998	92,047
146,725	24,318	1-5 years	157,385	173,126
205,246	**45,302**	**Total ships**	**246,383**	**265,173**

The specified obligations are not discounted.

Operational leasing and rent income recognised in the income statement amounts for the Group to DKK 287.1 million (2005: DKK 292.8 million) and for the Parent Company to DKK 166.4 million (2005: DKK 132.4 million).

		Financial lease contracts		
		Minimum lease payments		
0	24,923	0-1 year	77,498	86,047
0	47,941	1-5 years	221,567	190,253
0	72,864	Total minimum lease payments	299,065	276,300
0	-11,780	Elements of timecharter	-92,548	-123,985
0	-30,996	Elements of finance	-38,922	-27,121
0	**30,088**	**Total**	**167,595**	**125,194**
		Recognised in the balance		
0	8,637	Current liabilities	38,261	37,542
0	21,451	Non-current liabilities	129,334	87,652
0	**30,088**	**Total recognised in the balance**	**167,595**	**125,194**

The financial lease contracts included in the balance sheet relate to lease of four ships (2005: three ships), which are leased on timecharter agreements until 2010. In 2005 further two ships was included, which were leased on bareboat agreements until 2008. These ships are returned in 2006. The lease payments are fixed in the lease terms. DFDS has an option to extend the lease terms by an additional three years for those ships leased on timecharter. The lease agreements include no option to acquire the ships.

Note 31 Related parties

The Group's related parties exercising control are Vesterhavet A/S, Copenhagen, which holds more than 50% of the shares in DFDS A/S, and JL Fondet, Copenhagen, as the JL Fondet by statute exercises control of Vesterhavet A/S. The members of the Board of Directors and the Executive Board of Vesterhavet A/S and JL Fondet are also related parties.

Furthermore, related parties comprise all companies owned by JL Fondet Vesterhavet A/S, DFDS's group enterprises and associates, cf. page 82 and note 12, and these companies' Executive Board and Board of Directors, executive employees and close members of the family of those.

Apart from intra-group balances and transactions (primary charter hire, trade in ships and commissions etc.), which are eliminated on consolidation, the usual Executive Board remuneration and Board of Directors emoluments (informed in note 4), share option to the Executive Board (informed in note 17) and the below transactions, no related-party transactions have been carried out during the year.

Regarding J. Lauritzen A/S, trade in 2005 and 2006 has primarily related to rendering of services. Trade is conducted on an arm's length basis.

Consolidated

Sale of services to J. Lauritzen A/S in 2006 amounts to DKK 0.9 million (2005: DKK 1.2 million).

Parent Company
DKK '000

	Sale of services	Purchase of services	Sale of assets	Receivables	Liabilities
2005					
J. Lauritzen A/S	1,226	0	0	0	0
Subsidiaries	148,775	845,563	401,755	1,028,198	466,075
2006					
J. Lauritzen A/S	896	0	0	0	0
Subsidiaries	268,223	954,188	568,976	1,512,378	422,283

Consolidated
The calculation of impairment in the Group is based on impairment tests of the ships, as the book value of the ships make up the greater part of the total assets in the Group.

Ships
The impairment test is made for all ships in the Group individually. The individual routes are considered as the smallest cash-generating unit in the Group. In a few cases a combination of routes combined is considered the smallest cash-generating unit. The future expected net cash flow from the route is allocated to the ships. This allocation is based on the capacity of the ships compared to the capacity of the routes and the expected utilization of the ships during their useful lifetime within the Group. The expected net cash flow from each ship is added to the expected residual value of the ship at the end of the useful lifetime within the Group. The residual value is estimated on the basis of an expected net selling price or net scrap value.

The carrying amounts of the ships are compared to the higher of the expected future net cash flows from the ships and the net selling prices. The net selling prices are estimated on the basis of impartial broker valuations. If the higher value is less than the carrying amount an impairment loss is recognised.

Non-current intangible assets exclusive of goodwill and other non-current tangible assets
Intangible assets exclusive of goodwill and other tangible assets are allocated to each of the route owners (DFDS Tor Line, DFDS Seaways, DFDS Lys Line and DFDS LISCO), which represents the smallest cash-generating unit that the carrying amount of the assets can be allocated to and measured on a reliable basis.

Terminals and buildings often serve several routes. Operating equipment such as cargo carrying equipment also serves several routes and are often transferred to other terminals and/or other routes. In very few cases a proportional part of the routes net cash flow are allocated to specific tangible assets before allocating the remaining net cash flow to the ships.

The recoverable amount is the net cash flow from the routes per route owner minus the carrying amount of the ships owned by the route owner. If the recoverable amount is less than the carrying amount of other intangible and tangible assets an impairment loss is recognised.

Goodwill
Goodwill relates to acquisition of activities and companies. For those acquired activities or companies which have own routes and/or are already customers on the route network in the Group, goodwill will in this way represent different types of values such as routes, geographical placement, management qualifications and synergies as a result of integration with the Group.

Impairment tests are made for each route owner (DFDS Tor Line, DFDS Seaways, DFDS Lys Line and DFDS LISCO) which represents the smallest cash-generating unit that the carrying amount of the assets can be allocated to and measured on a reliable basis.

The recoverable amount is net cash flow from the routes per route owner minus the carrying amount of non-current tangible and intangible assets exclusive goodwill owned by the route owner. If the remaining recoverable amount is less than the carrying amount of goodwill an impairment loss is recognised.

For those companies where the net cash flow cannot be referred to one route owner, the recoverable amount is determined as the sum of the net cash flows for the individual company deducted the carrying amount of the non-current tangible and intangible assets including the consolidated goodwill, which belongs to the company. If the remaining recoverable amount is lower than the carrying amount of goodwill impairment to this lower value will be done.

Estimates used in calculating net cash flow (recoverable amount)
The estimated recoverable amount of cash flows is based on management approved budgets for the coming financial year and a prognosis for an additional period of four years and an extrapolation from year six until the end of the useful lifetime of the ships on the route.

The expected growth rate in the prognosis period is between 0-3% (2005: 0-3%). The extrapolation after the prognosis period assumes a growth rate of 0% (2005: 0%) on all routes.

The Group uses a discounting rate of 7% (2005: 7%) composed of a risk-free rate of 3.5%, a risk premium of 6.5%, beta of 0.895, an interest rate before of 5.2% and a tax rate of 7.9%.

Sensitivity analysis
Sensitivity analysis of the expected earnings are prepared annually testing relevant risk factors which the Group can measure on a reliable basis.

A calculation is also made on each ship determining the break-even point of the discounting rate, calculating which discount rate that would return a recoverable amount equal to the carrying amount of the ships.

Sensitivity analysis are prepared by changing the estimates within probable outcomes. None of these calculations changes the below stated result of impairment test.

Result of the impairment test
On the basis of the prepared impairment tests, total impairment loss on goodwill as well as non-current tangible assets are DKK 13.1 million (2005: 0 million) related to a few smaller investments in group enterprises and one activity in the Group. Futhermore af ship is impaired, DKK 5.2 million (2005: DKK 0 million). The impairments are made on the basis of the expectation for the future net cash flow, including planned changes in the activity level.

NOTE 32 CONTINUES ON THE FOLLOWING PAGE >>>

Impairment test of investments in group enterprises and associates (Parent Company)
Impairment tests are made for each investment in group enterprises and associates. Each group enterprise is considered to be the smallest cash-generating unit.

The estimated recoverable amount of cash flows is based on management approved budgets for the coming financial year and an extrapolation under the assumption of a growth rate of 0%. Estimate of future cash flows are adjusted for uncertainties based on historical results and take into account expectations of possible fluctuation of future cash flows.

The parent company uses a discounting rate of 7% (2005: 7%) composed of a risk-free rate of 3.5%, a risk premium of 6.5%, beta of 0.895, an interest rate before tax of 5.2% and a tax rate of 7.9%.

An impairment loss of the cost price has been recognised in a few minor group enterprises amounting to DKK 19.8 million (2005: DKK 9.2 million) as a result of expectations to future results, including decision made on changes in level of activity.

Note 33 Significant accounting estimates and judgements

Critical estimates in the implementation of accounting principles
The estimates and judgements that are considered by management to be material for the financial statement are described below.

Estimated useful life, residual values and impairment tests of ships
The useful life of the ships within the Group and the residual values are estimated annually as a minimum. Furthermore the carrying amount of the ships are tested for impairment annually. Material changes in estimated useful life as well as residual value and the result of the impairment tests can affect the operating profit (EBITA). For the current year this has caused a reduction of the useful life of 3 ships. The effect is an annual rise in depreciations by DKK 8 million.

See note 32 and Accounting Policies for a description of accounting policies and methods of critical estimates regarding expected useful life, residual values and value in use of ships.

Critical accounting estimates within the year
In the Annual Report 2006 the management has made critical accounting estimates as described below.

Acquisition of activity and companies
In connection with the acquisitions of a shipping service and companies during the year (detailed description in note 27) the excess value is recognised as identifiable intangible assets entitled to depreciation as well as not-identifiable non-current assets (goodwill). The allocation is a judgement based on discounted cash flow calculations.

Note 34 Events after the balance sheet day

As public in Stock Exchange Announcements of 15 January 2007 the company has granted 30,000 share options to the Executive Board.

Beside the above mentioned there have not been any significant events after the 31 of December 2006.

DFDS Group Companies

Company	Ownership share 2005*	Ownership share 2006*	Country	City	Currency	Share Capital
DFDS Tor Line NV			Belgium	Ghent	EUR	62,000
Halléns NV	66	66	Belgium	Ghent	EUR	297,000
Aukse Multipurpose Shipping Ltd.	92.1	92.3	Cypern	Limassol	CYP	1,000
Lisco Optima Shipping Ltd.	0	92.3	Cypern	Limassol	CYP	1,000
Rasa Multipurpose Shipping Ltd.	92.1	92.3	Cypern	Limassol	CYP	1,000
DFDS A/S			Denmark	Copenhagen	DKK	800,000,000
DFDS Canal Tours A/S			Denmark	Copenhagen	DKK	1,000,000
DFDS Logistics A/S			Denmark	Copenhagen	DKK	501,000
DFDS Stevedoring A/S			Denmark	Esbjerg	DKK	502,000
Jensen & Partners A/S	0	100	Denmark	Copenhagen	DKK	500,000
DFDS Lys Line UK Ltd.			England	Boston Dock	GBP	40,000
DFDS Seaways Ltd.			England	Harwich	GBP	8,050,000
DFDS Tor Line Plc.			England	Immingham	GBP	25,500,000
LHT (UK) Limited	90	100	England	Immingham	GBP	10,000
SpeedCargo Ltd.	0	100	England	Bradford	GBP	150,000
Halléns OY	52.8	66	Finland	Hamina	EUR	59,000
Halléns France SA	66	66	France	Paris	EUR	7,000
DFDS Container Line BV	0	100	The Netherlands	Rotterdam	EUR	18,151
DFDS Lys Line BV			The Netherlands	Rotterdam	EUR	18,151
DFDS Seaways BV			The Netherlands	IJmuiden	EUR	18,000
DFDS Tor Line BV			The Netherlands	Rotterdam	EUR	23,000
LHT (Repair) BV			Holland	Rotterdam	EUR	18,000
LHT (Transport) BV			Holland	Rotterdam	EUR	23,000
LHT (Trucking) BV			Holland	Rotterdam	EUR	19,000
Projector Transport Service BV			Holland	Rotterdam	EUR	18,000
Transport Partners Intermodal Ltd.	51	51	Irland	Dublin	EUR	200
DFDS Italia SRL			Italien	Genova	EUR	77,000
DFDS Tor Line SIA			Latvia	Riga	LVL	10,000
AB DFDS LISCO	92.1	92.3	Lithuania	Klaipeda	LTL	332,547,434
Laivyno Technikos Prieziuros Baze	92.1	92.3	Lithuania	Klaipeda	LTL	3,300,000
UAB Krantas Travel	92.1	92.3	Litauen	Klaipeda	LTL	400,000
UAB Lisco SL	92.1	92.3	Litauen	Klaipeda	LTL	100,000
DFDS Lys Line AS			Norway	Lilleaker	NOK	1,538,000
DFDS Lys Line Rederi AS			Norway	Oslo	NOK	24,990,000
DFDS Seaways AS			Norway	Oslo	NOK	12,000,000
KST Terminal AS			Norway	Kristiansand	NOK	100,000
NorthSea Terminal AS			Norway	Oslo	NOK	1,000,000
Von Riegen AS			Norway	Kristiansand	NOK	100,000
DFDS Tor Line Spôlka z.o.o.			Poland	Gdansk	PLZ	50,000
DFDS Seaways AB			Sweden	Gothenburg	SEK	2,050,000
DFDS Tor Line AB			Sweden	Gothenburg	SEK	25,000,000
SpeedCargo AB			Sweden	Gothenburg	SEK	1,100,000
DFDS (Deutschland) GmbH			Germany	Hamburg	EUR	102,000
DFDS Tor Line GmbH			Germany	Cuxhaven	EUR	25,000
Lisco Baltic Service GmbH	92.1	92.3	Germany	Kiel	EUR	26,000
SpeedCargo GmbH			Germany	Hamburg	EUR	525,000

28 inactive and holding companies

* Unless otherwise indicated, the companies are 100% owned

Statements

Statement by the Executive Board and Board of Directors

The Executive Board and Board of Directors have today discussed and adopted the annual report for 2006 of DFDS A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the Parent Company's assets, liabilities, financial position as of 31 December 2006 and the Group's and the Parent Company's operations and cash flow for the financial year 1 January - 31 December 2006.

The Annual Report is recommended for approval by the Annual General Meeting.

Copenhagen, 2 March 2007

Executive Board

Niels Smedegaard*
Managing Director

Christian Merrild
Director

Søren Jespersen
Director

Board of Directors

Ivar Samrén
Chairman

Vagn Sørensen
Deputy Chairman

Claus Arnhild**

Jill Lauritzen Melby

Anders Moberg

Thomas Mørk**

Ingar Skaug

Lene Skole

Ib Sørensen**

* Engaged as of 1 January 2007 ** Employee-elected board members

Independent auditors' report

To the shareholders of DFDS A/S

We have audited the annual report of DFDS A/S for the financial year 1 January - 31 December 2006, which comprises the statement by the Executive Board and the Board of Directors on the annual report, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as for the Parent Company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The Executive Board and the Board of Directors' responsibility for the annual report

The Executive Board and the Board of Directors are responsible for the preparation and fair presentation of this annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board and the Board of Directors, as well as evaluating the overall presentation of the annual report.

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

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent Company's financial position at 31 December 2006 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 2006 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 2 March 2007

KPMG C. Jespersen Statsautoriseret Revisionsinteressentskab

Jesper Koefoed
State Authorized Public Accountant

Jesper Mikkelsen Heilbuth
State Authorized Public Accountant

Fleet List

Freight ships (ro-ro)

	Year built	GT	Lanemetres
Tor Magnolia	2003	32,289	3,841
Tor Petunia	2004	32,289	3,841
Tor Primula	2004	32,289	3,841
Tor Begonia	2004	32,289	3,841
Tor Freesia	2005	32,289	3,841
Tor Ficaria	2006	32,289	3,841
Tor Selandia	1998	24,196	2,772
Tor Suecia	1999	24,196	2,772
Tor Britannia	2000	24,196	2,772
Tor Futura	1996/00	18,725	2,308
Tor Anglia	1977/89	17,492	2,450
Tor Bellona[1)]	1980	22,748	2,723
Tor Dania[1)]	1978/95	21,491	2,562
Tor Belgia[1)]	1978/94	21,491	2,562
Tor Minerva[1)]	1978/99	21,215	2,070
Tor Humbria[1)]	1978	20,165	2,128
Tor Maxima[1)]	1978/95	17,068	2,723
Tor Baltica[1)]	1977/86	14,374	1,866
Tor Neringa[1)]	1975	12,494	1,745
Tor Cimbria (Aquae)[1)]	1986	12,189	2,026
Victoria[1)]	1980	5,846	804

Freight ships (ro-ro) for delivery in 2007/09

	Year built	GT	Lanemetres
Jinling NB 402[1)]	2007	25,600	3,343
Jinling NB 403[1)]	2008	25,600	3,343
Jinling NB 404[1)]	2009	25,600	3,343
Jinling NB 405[1)]	2009	25,600	3,343

Ro-pax ships[4)]

	Year built	GT	Lanemetres	Passengers
Dana Sirena	2002/03	22,382	2,494	623
Lisco Optima	1999	25,206	2,300	327
Lisco Gloria	2002	20,140	2,494	302
Lisco Patria	1991	18,332	1,800	204
Kaunas	1989	25,606	1,539	235
Vilnius	1987	22,341	1,539	120
Mermaid II[1)]	1972	13,730	1,094	93

Passenger ships

	Year built	GT	Passengers
Pearl of Scandinavia	1989/01/05	40,039	2,166
Crown of Scandinavia	1994/05	35,498	2,110
Queen of Scandinavia	1981/00	34,093	1,756
King of Scandinavia	1987/93/06	31,788	1,620
Princess of Norway	1986/93/06	31,356	1,650
Pont L'Abbé[3)]	1978/00	19,589	1,241
Atlantic Traveller[2+3)]	1993/03	16,794	840

Sideport and container ships

	Year built	GT	TEU[5)]
Lysvik	1998/04	7,409	160
Lysbris	1999/04	7,409	160
Lysblink	2000/03	7,409	160
Lysfoss[1)]	1989/99	4,471	56
Lystind[1)]	1990/00	4,471	56
Lys-Skog[1)]	1991/98	4,471	56
Lyshav[1)]	1985	3,176	38

Container ships

	Year built	GT	TEU[5]
Lys Box[1]	2004	6,901	750
Lys Point[1]	2005	6,901	750
Heinz Schepers[1]	1993	3,992	509
Dana Hollandia[1]	2002	6,370	643
Dana Gothia[1]	2003	6,370	643
Vanguard[1]	1994	3,806	390
Angela J.[1]	1995	3,804	390
Vanquish[1]	1995	2,997	326
Endeavor[1]	2005	7,642	750

Tramp ships

	Year built	GT	TEU[5]
Rasa	1998	3,893	353
Aukse	1997	3,893	353
Gediminas	1996	3,097	264
Vytautas	1995	3,097	256
Graneborg[1]	1997	2,863	246
Kollund[1]	1994	2,818	245
Hanseatic Trader[1]	2001	2,896	181
Hanseatic Scout[1]	2002	2,896	181
Hanseatic Spirit[1]	1994	2,650	349
Anna-Maria Sibum[1]	2005	2,996	297
Auriga[1]	1996	2,456	176
Aries[1]	1997	2,456	176
Mermerdelen[1]	1991	2,450	180
Lys Carrier[1]	1994	2,446	176
Lys Chris[1]	1993	2,416	197
Maria D.[1]	1986	2,370	144
Isartal[1]	1989	2,369	144

Tramp ships for delivery in 2007/09

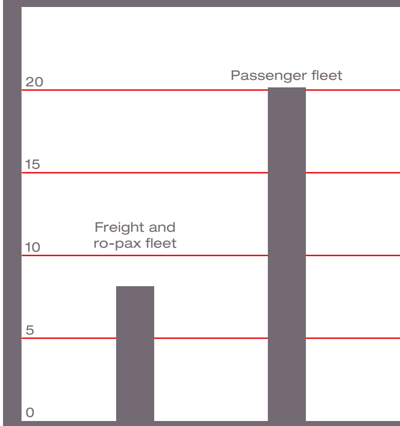
	Year built	GT	TEU[5]
Bodewes NB[1]	2007	3,183	221
Bodewes NB[1]	2008	3,183	221
Bodewes NB[1]	2008	3,183	221
Bodewes NB[1]	2009	3,183	221

Tourist boats

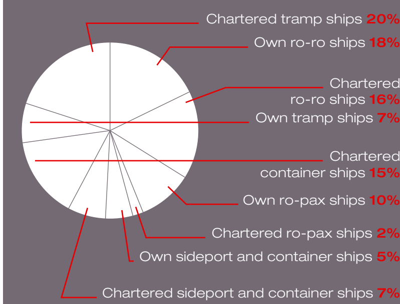
	Boat type	Year built	Passengers
Ole Lukøje	Restaurant boat, covered	2000	132
Klods Hans	Restaurant boat, covered	1998	132
H.C. Andersen	Covered	2004	150
Snedronningen	Covered	1995	144
Nattergalen	Covered	1994	144
Sommerfuglen	Open	2005	168
Prinsessen på Ærten	Open	2003	168
Tinsoldaten	Open	2002	168
Moster	Open	2001	168
Svinedrengen	Open	1998	168
Fyrtøjet	Open	1997	168
Skorstensfejeren	Open	1996	168
Hyrdinden	Open	1996	168
Den Grimme Ælling	Open	1992	168
Tommelise	Open	1991	168
Den Lille Havfrue	Open	1989	168

1) Chartered tonnage (time charter)
2) Chartered tonnage (bareboat)
3) Chartered tonnage, out (bareboat)
4) Ro/pax: Combined ro/ro and passenger ship
5) TEU: 20-foot of equivalent unit

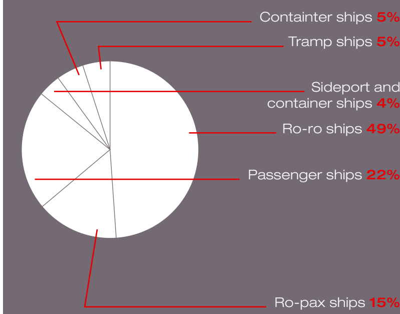
Own tonnage, average age
No. of years



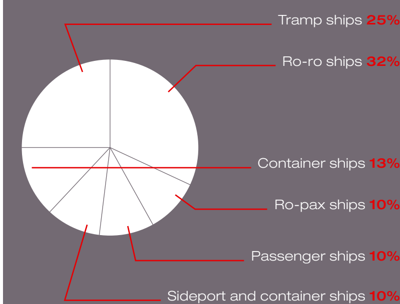
Freight and ro-pax fleet ownership distribution %



Fleet distribution, gross tonnage %



Fleet distribution, number of ships %



Commercial Duties

Board of Directors

Director Ivar Samrén, 66, Chairman
Date of birth: 29 November 1938
Joined the board: 18 April 2001
Re-elected: annually 2002-2006
Period of office ends: 28 March 2007

Board member: House of Business Partners (C), Egmont Fonden (C), Egmont International Holding A/S (C) and two of its subsidiaries, Otto Mønsted Aktieselskab A/S, Van Leer Group Foundation NL (C), Gate Gourmet USAS (C), Crecor BV (C), Oscar Jacobsen/Stenstrøms AB

Special competencies:
- International management experience, including as CEO of Magazijn de Bijenkorf BV, CEO of SAS Service Partner A/S and Director of SAS Gruppen
- Experience as board member in international companies and companies quoted on the stock exchange
- Service companies

Director Vagn Sørensen, Vice-chairman
Date of birth: 12 December 1959
Joined the board: 20 April 2006
Re-elected: -
Period of office ends: 28 March 2007

Board member: Codan A/S (C), Select Service Partner Ltd. (C), BTX Group A/S (C), deSter NV (C), TDC A/S (V-C), ST Global AG (V-C), Air Canada Inc., Braganza AS, SIMI-Fonden

Special competencies:
- International management experience, including as CEO of Austrian Airlines
- Experience as board member in international companies and companies quoted on the stock exchange
- Airlines, including air freight

Nautical Manager Thomas Mørk, Staff representative
Date of birth: 11 November 1972
Joined the board: 1 May 2006
Re-elected: -
Period of office ends: 28 March 2007

Captain Claus Arnhild, Staff Representative
Date of birth: 26 October 1949
Joined the board: 14 April 1999
Re-elected: 2003
Period of office ends: 28 March 2007

Director Anders Moberg, Board member
Date of birth: 21 March 1950
Joined the board: 11 April 2002

Niels Smedegaard

Søren Jespersen

Commercial duties of the Board of Directors and Executive Board as of 2 March 2007

Re-elected: annually 2003-2006
Period of office ends: 28 March 2007

Board member: Velux A/S, Husqvarna AB, Clas Ohlson AB (C), ICA AB (V-C)

Other commercial duties:
CEO of Royal Ahold NV

Special competencies:
- International management experience
- Experience as board member in international companies and companies quoted on the stock exchange
- Retail trade

Accounts Manager Jill Lauritzen Melby Board member
Date of birth: 6 December 1958
Joined the board: 18 April 2001
Re-elected: annually 2002-2006
Period of office ends: 28 March 2007

Special competencies:
- Financial control

Due to family relations to the company's majority shareholder, Vesterhavet A/S, Jill Lauritzen Melby is not considered independent as per the recommendations on Corporate Governance.

Head of Department Ib Sørensen, Staff Representative
Date of birth: 11 July 1964
Joined the board: 29 November 2001
Re-elected: 2003
Period of office ends: 28 March 2007

Managing Director Ingar Skaug, Board member
Date of birth: 28 September 1946
Joined the board: 16 April 1998
Re-elected: annually 1999-2006
Period of office ends: 28 March 2007

Board member: Lauritzen A/S, Center for Creative Leadership, Wilh. Wilhelmsen ASA, Berg-Hansen Reisebureau AS

Other commercial duties:
CEO of Wilh. Wilhelmsen ASA

Special competencies:
- International management experience
- Experience as board member in international companies and companies quoted on the stock exchange
- Shipping and logistics
- Airlines and service companies

Group Director Lene Skole, Board member
Date of birth: 28 April 1959
Joined the board: 20 April 2006
Re-elected: -
Period of office ends: 28 March 2007

Other commercial duties:
Director of Coloplast A/S

Special competencies:
- International management experience
- Financial control

Executive Board

CEO Niels Smedegaard
Date of birth: 22 June 1962

Director Christian Merrild
Date of birth: 9 October 1954

Director Søren Jespersen
Date of birth: 28 September 1957

Board member: Elite Investment A/S

The Executive Board are members on the boards of Group subsidiaries.

(C): CHAIRMAN / (V-C): VICE-CHAIRMAN

Christian Merrild, Ib Sørensen, Ivar Samrén, Lene Skole, Vagn Sørensen
Ole Frie, Jill Lauritzen Melby, Claus Arnhild, Thomas Mørk, Anders Moberg

Ingar Skaug was not present at photo shoot.

Corporate Governance in DFDS

The corporate governance of DFDS follows all of the main Copenhagen Stock Exchange recommendations for good corporate governance, under which companies listed on the stock exchange are obliged to provide information from the financial year 2006 and onwards.

A full report on DFDS' corporate governance is available from www.dfds.com. The most important issues are described below, as per the eight main sections of the recommendations.

I. The role of the shareholders and interaction with the management

Capital and share structure

DFDS' Articles of Association do not contain any restrictions on voting rights. Each share has a nominal value of DKK 100 and confers the right to one vote. Moreover, the Articles of Association contain no ownership limits.

The Board of Directors continuously evaluates the relationship between on the one hand the capital structure and on the other hand the Company's cost of capital and need for financial freedom to act. Such evaluations are based on financial reports, and separately in connection with major investments.

The target for the capital structure is an equity ratio of 35-40%. In periods of major investment, the equity ratio may be reduced to approximately 30%.

II. The role and importance of stakeholders to the Company

Company policy in relation to stakeholders

A central management tool in DFDS is the mission statement, objectives and policies, which include policies governing the Group's relationship to its stakeholders as well as the rest of the outside world. The policies also cover environmental and social conditions.

The role and interests of the stakeholders

The Board of Directors performs an ongoing evaluation of whether the prescribed policies correspond to the Group's relationship with its stakeholders and the outside world, and whether there is any need to revise the Group's mission statement, objectives and policies in response to

changes in circumstances in the outside world and within the organisation.

III. Openness and transparency

Investor relations

The DFDS website (www.dfds.com) contains much investor-related information including information about Corporate Governance.

DFDS has developed an Investor Relations Manual that summarises all of the guidelines and policies relating to the publication of information in general, and to the Copenhagen Stock Exchange and the financial markets in particular.

DFDS holds a meeting for analysts and investors after the publication of each quarterly and annual report. Presentations from these meetings are available on the DFDS website immediately after the meetings. The management of DFDS also regularly takes part in investor meetings in Denmark and abroad.

IV. The work and responsibilities of the Board of Directors

The overall work and responsibilities of the Board of Directors

The rules of procedure for the DFDS Board of Directors stipulate that the Board of Directors and the Executive Board have joint responsibility for the management and organisation of the Company.

The day-to-day management of the Company is handled by the Executive Board in accordance with its routes of procedure, which describe the allocation of work and responsibilities between the Board of Directors and Executive Board, as well as the rules of procedure, authorisations and instructions of each body.

The Board of Directors is responsible for drawing up an annual strategy plan and budget, as well as monthly and quarterly reports.

The Board of Directors appoints the Executive Board. Dispositions of an exceptional nature or of major importance may only be implemented by the Executive Board on the basis of special authorisation granted by the Board of Directors. The chairmen of the Board of Directors and the Executive Board meet on a regular basis.

V. The composition of the Board of Directors

Recruitment and election of members of the Board of Directors

Selection and nomination of new members of the Board of Directors is initiated by the chairmanship. When recruiting new members, special emphasis is placed on, for example, general management experience from companies quoted on the stock exchanges, as well as insight and experience of industries related to DFDS' business areas, which include shipping, logistics and the consumer market. Other significant recruitment criteria include experience of company acquisitions, international management experience, and financial insight into, for example, capital-intensive company operations. In addition, the spread of competencies and ages among the members of the Board of Directors will be taken into consideration.

Information about the special competencies of the individual members is listed on page 86-87.

The Board of Directors' overall profile is characterised by significant international management experience. In 2006, three members of the Board of Directors were non-Danes, i.e. two Swedes and one Norwegian. Five out of the six members elected at the AGM hold or have held top management positions in leading companies abroad.

VI. Remuneration of the Board of Directors and Executive Board

Remuneration policy

The remuneration policy is based on the principle that payment to both management and staff should be in relation to effort and results, as well as equivalent positions in comparable companies.

For the Executive Board, this means that remuneration comprises a basic salary, pension, a company car, a bonus scheme and a share-option scheme. The bonus schemes are based on both individual and joint performance targets. The bonus component must not exceed 19% of the basic salary.

The Board of Directors receives a fixed annual fee. The Board of Directors is not covered by bonus or share-option schemes. The fees are submitted to the AGM for approval every second year.

Openness about remuneration

The remuneration paid to chairman, vice-chairman and members of the Board of Directors is stipulated in note 4 of the annual report.

The total amount paid to the Executive Board is stipulated in note 4 of the annual report. The Board of Directors maintains at present that information about the remuneration of individual members of the Executive Board and severance schemes, as stipulated by the recommendations, is not significant for evaluation of the annual results.

Severance packages

Information about severance packages for the Executive Board is included in note 4 of the annual report.

Principles for establishment of incentive programmes

Share option schemes have been established for the Executive Board, and until the end of 2004 for other key staff. The schemes' principles, guidelines and coverage are described in greater detail in note 17 on page 64. Some of the schemes do not comply with the recommendations. All future schemes will be compliant.

VII. Risk management

Identification of risks

Risks associated with DFDS' activities are identified on an ongoing basis by the management. Efforts are made to reduce financial and operational risks by hedging financial exposure and by following safety policies and routines, as well as through compliance with all relevant regulations governing DFDS' activities. Strategic and business risks are assessed regularly during the annual strategy work and reporting processes, as well as during major investment projects.

VIII. Auditing

Accounting policy and accounting estimates

When submitting the annual results, the Board of Directors discusses with the accountants significant areas of accounting practice, including accounting estimates.

Definitions and Glossary

Definitions

Operating profit before depreciation (EBITDA)	Profit before depreciation and impairment on long-term tangible assets
Operating profit (EBITA)	Profit after depreciation and impairment on long-term tangible assets
Operating profit margin	$\frac{\text{Operating profit (EBITA)}}{\text{Revenue}} \times 100$
Net operating profit after taxes (NOPAT)	Operating profit (EBITA) plus value adjustment of goodwill/ negative goodwill minus payable tax for the period, adjusted for the tax effect of net interest costs
Invested capital	Average net current assets (non-interest-bearing current assets minus non-interest-bearing liabilities) plus long-term intangible and tangible assets minus jubilee and pension liabilities and other provisions
Return on invested capital (ROIC)	$\frac{\text{Net operating profit after taxes (NOPAT)}}{\text{Average invested capital}} \times 100$
Weighted average cost of capital (WACC)	Average capital cost for liabilities and equity, weighted according to the capital structure
Profit for analytical purposes	Profit for the year excluding regulation of taxes from previous years and remittance of deferred taxes plus extraordinary items
Free cash flow from operations	Cash flow from operations, net excluding interest costs, net minus cash flow from investments
Return on equity p.a.	$\frac{\text{Profit for analytical purposes}}{\text{Average equity excluding minority interests}} \times 100$
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}} \times 100$
Earnings per share (EPS)	$\frac{\text{DFDS' share of profit for the period}}{\text{Weighted average number of ordinary shares in circulation}}$
P/E ratio	$\frac{\text{Share price at the end of the year}}{\text{Earnings per share (EPS)}}$
Dividend per share	$\frac{\text{Dividend for the year}}{\text{Number of shares at year-end}}$
Dividend payout ratio	$\frac{\text{Dividend for the year}}{\text{Profit for analytical purposes}}$
Dividend yield	$\frac{\text{Dividend per share}}{\text{Share price at the end of the period}}$
Book value per share	$\frac{\text{Equity excluding minority interests at the end of the year}}{\text{Number of shares at the end of the year}}$
Market-to-book value (M/B)	$\frac{\text{Share price at the end of the year}}{\text{Book value per share at year-end}}$

Glossary

Divisions: DFDS Seaways and DFDS Tor Line

Non-allocated items: Central costs not allocated to the divisions

Ro-Ro Roll on-roll off: Ship type where cargo is driven on and off

Lo-lo: Lift on-Lift off: Ship type where cargo is lifted on and off

Ro-Pax: A combined ro-ro freight and passenger ship

Side-port ships: Ships that can be loaded/unloaded from the sideport of the vessel

Lanemetre: A linear metre in the width of a lane on a shipdeck

Space charter: Contract for the rental of a certain area of a ship deck

Time charter: Contract for the lease of a ship with crew for certain period of time

Bareboat charter: Contract for the lease of a ship without crew for certain period of time

Gate-to-gate: Sea transport from port terminal to port terminal

Short sea: Shipping betweeen destinations in a limited geographical area, as opposed to deep sea shipping between continents

Northern Europe: Scandinavia, the Benelux countries, Great Britain, Ireland, Germany, Poland and the Baltic countries

The history of DFDS

DFDS was founded in 1866, when C. F. Tietgen merged the three biggest Danish steamship companies of the day, and celebrated its 140th anniversary in 2006.

From its inception, DFDS was involved in domestic as well as international trade, conveying both freight and passengers. DFDS' international activities started in the North Sea and the Baltic Sea, followed later by the Mediterranean. Towards the end of the 19th century, routes were also established to the USA and South America.

Land-based transport and logistics also became a part of DFDS' business activities as freight transport by land began to grow, and in the 1960s a door-to-door concept for freight was developed.

A passenger route between New York and Miami, based on a cruise-ferry concept, started in 1982 but did not live up to expectations and closed in 1983. After that, the DFDS Group was restructured and the activities in the Mediterranean and the routes to the USA and South America were sold off.

Since then, DFDS' geographic focus for shipping has been Northern Europe.

Land-based haulage and logistics activities were developed on the basis of organic growth and company acquisitions. By the late 1990s, DFDS Dan Transport had become one of the largest land-based transport companies in Northern Europe.

DFDS Dan Transport was sold in 2000 to concentrate the Group's resources on shipping, and a focused new shipping strategy was introduced in January 2001.

Since then, freight and passenger shipping has also been developed on the basis of organic growth and a series of acquisitions. The most important investments have been in the Swedish passenger and freight shipping company Tor Line in the early 80s, the Norwegian freight shipping company North Sea Line in the late 90s, the Lithuanian freight and passengers shipping company LISCO in 2001 and the Norwegian freight shipping company Lys-Line in 2003. This acquisition strategy has been continued underpinned by organic growth generated by investments in tonnage, including the contract for six ro-ro newbuildings from Flensburg Shipyard, which has been critical to the development of DFDS in recent years.

DFDS is today one of the leading freight and passenger shipping companies in Northern Europe.

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