DFDS ANNUAL REPORT

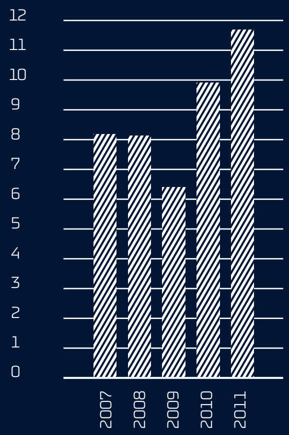
2011

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

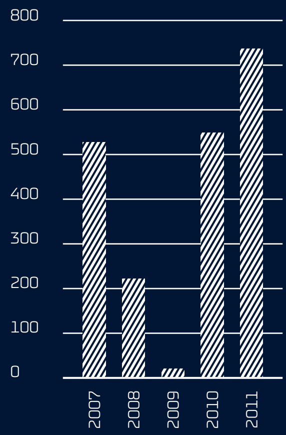
DFDS SEAWAYS OPERATES A NETWORK OF **25 ROUTES WITH 50 FREIGHT AND PASSENGER SHIPS,** WHILE DFDS LOGISTICS PROVIDES FREIGHT SOLUTIONS IN EUROPE WITH TRAILERS, CONTAINERS, AND RAIL.

DFDS HAS 5,100 EMPLOYEES IN 20 COUNTRIES WITH **REVENUES OF EUR 1.6 BN.** THE COMPANY WAS FOUNDED IN 1866, IS HEADQUARTERED IN COPENHAGEN, AND LISTED ON NASDAQ OMX COPENHAGEN.

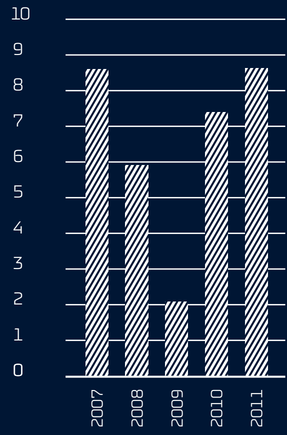
REVENUE
(DKK bn)



DFDS GROUP, PRE-TAX PROFIT
(DKK M)



RETURN ON INVESTED CAPITAL (ROIC)
(%)



MANAGEMENT REPORT

FINANCIAL STATEMENTS

MANAGEMENT REPORT, OTHER

KEY FIGURES

DKK MILLION	2011 EUR m [1]	2011	2010	2009	2008	2007
Income statement						
Revenue [2]	1,560	11,625	9,867	6,555	8,194	8,310
• Shipping Division	1,047	7,798	6,921	4,805	-	-
• Logistics Division	581	4,330	3,353	1,970	-	-
• Non-allocated items and eliminations	-68	-503	-407	-220	-668	-720
• Ro-Ro Shipping	-	-	-	-	3,799	3,680
• Container Shipping	-	-	-	-	1,636	1,623
• Passenger Shipping	-	-	-	-	1,779	1,932
• Terminal Services	-	-	-	-	647	703
• Trailer Services	-	-	-	-	963	986
• Tramp	-	-	-	-	38	106
Operating profit before depreciation (EBITDA) [2]	201	1,495	1,273	804	1,011	1,311
• Shipping Division	190	1,416	1,221	822	-	-
• Logistics Division	23	171	74	42	-	-
• Non-allocated items	-12	-92	-22	-60	-56	-62
• Ro-Ro Shipping	-	-	-	-	784	914
• Container Shipping	-	-	-	-	81	133
• Passenger Shipping	-	-	-	-	194	249
• Terminal Services	-	-	-	-	-31	12
• Trailer Services	-	-	-	-	31	56
• Tramp	-	-	-	-	8	9
Profit on disposal of non-current assets, net	3	26	5	18	45	37
Operating profit (EBIT) before special items	112	835	580	245	467	758
Special items	12	91	102	-71	n.a.	n.a.
Operating profit (EBIT)	124	925	682	174	467	758
Financing, net	-25	-183	-135	-154	-246	-232
Profit before tax	100	742	547	20	221	526
Profit for the year	99	735	522	89	253	412
Profit for the year after minority interests	98	731	509	86	247	400
Profit for analytical purposes	96	716	507	23	227	485
Capital						
Total assets	1,717	12,795	13,849	9,298	8,610	9,610
DFDS A/S' share of the equity	927	6,906	6,339	3,641	3,414	3,538
Total equity	935	6,964	6,396	3,688	3,484	3,653
Net interest bearing debt	343	2,555	3,887	4,067	3,425	3,828
Invested capital, average	1,348	10,042	9,061	7,762	7,663	8,107
Average number of employees	-	5,096	4,862	3,924	4,301	4,427
Cash flow						
Cash flow from operating activities before finance and after tax	191	1,419	929	836	983	1,264
Cash flow from investments	29	219	-1,521	-1,265	-345	-151
Acquisition of companies, activities and minority interests	-1	-8	-1,417	-39	-40	-35
Other investments	30	227	-104	-1,226	-305	-116
Free cash flow	220	1,638	-592	-429	638	1,113
Operations and return						
Number of operating ships		49	57	51	60	64
Revenue growth, %		17.8	50.5 [3]	-20.0	-1.4	10.5
EBITDA-margin, %		12.9	12.9	12.3	12.3	15.8
Operating margin, %		8.0	6.9	2.7	5.7	9.1
Invested capital turnover rate, times		1.16	1.09	0.84	1.07	1.03
Return on invested capital (ROIC) p.a., %		8.6	7.2	2.1	5.8	8.6
Return on equity p.a., %		10.8	10.2	0.7	6.5	14.5
Capital and per share						
Equity ratio, %		54.4	46.2	39.7	40.5	38.0
Financial gearing, times		0.37	0.61	1.12	1.00	1.08
Earnings per share (EPS), DKK		50	47	11	32	52
Dividend per share, DKK		14.0	8.0	0.0	0.0	15.0
Number of shares at the end of the period, '000		14,856	14,856	8,000	8,000	8,000
Share price at the end of the period, DKK		355	418	358	399	790
Market value, DKK mill.		5,274	6,210	2,864	3,192	6,320

[1] Applied exchange rate for euro as of 31 December 2011: 7,4505

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

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

[4] Includes two newbuildings for delivery in 2012

STRONG 2011 READY FOR CHALLENGING 2012

Goals for 2011 achieved
In 2011, we succeeded in achieving our two most important strategic objectives: The planned synergies from the integration of Norfolkline were reached, and more, and the earnings from logistics activities improved significantly.

Record results increase dividend
Annual pre-tax profit for the DFDS Group was a record DKK 742m. Activities that do not support Group strategy were divested, and DFDS entered 2012 as a more focused and financially strong company. Without compromising our capacity to fund future growth, we propose to increase the annual dividend to DKK 14 per share, equivalent to a payout of DKK 208m.

Contingency for possible mild recession in 2012
DFDS is strongly positioned, but there is evidence to suggest that 2012 will be impacted by a mild recession. In the first months of the year, demand in the markets around the North Sea has been declining, while the Baltic area remains robust, driven by growth in Russia and the surrounding countries.

Since August 2011, we have been working on a contingency plan to address any decline in freight volumes, which are essential for our financial performance. We have a plan, and the organisation is ready to meet any new challenges.

New routes, new competition
The Baltic route network was expanded by two new routes in 2011, and in February 2012, we launched a new route between Dover and Calais. Following the opening of a new competing route in January 2012, competition has increased in the freight market between Sweden and the UK. A number of initiatives have been launched to meet the new competition. Just as DFDS is in motion, so is the world around us.

We are moving closer to our customers
In 2012, DFDS will move even closer to our customers. To improve customer service and add value to customers, we are striving to optimise our understanding of customer needs and execution of customer service. The Customer Focus improvement project will start at the beginning of Q2. The project will involve the whole Group, and preparations are underway.

Adding value through social responsibility
DFDS's first comprehensive report on corporate responsibility (CR) is contained in this annual report. Continued development of DFDS' role as a responsible corporate citizen should contribute to adding value to our customers, employees, partners, shareholders and other stakeholders, as well as to the environment. Our ambition is to be our stakeholders' preferred partner.

DFDS is ready for new growth
Market conditions in 2012 are expected to be less favourable than in 2011. We therefore foresee limited organic growth – but, on the other hand, we envisage opportunities to grow through acquisitions. DFDS is ready for new growth, also financially.

A huge effort from our staff, close collaboration with our partners, and, not least, our loyal customers have enabled us to make much greater progress than anticipated in 2011. Thank you all for your contribution and co-operation.

BENT ØSTERGAARD
Chairman of the board

NIELS SMEDEGAARD
President & CEO

CONNECTING EUROPE

DFDS' TRANSPORT NETWORK IS DRIVEN BY 5,100 EMPLOYEES **CREATING SOLUTIONS** FOR FREIGHT CUSTOMERS AND PASSENGERS

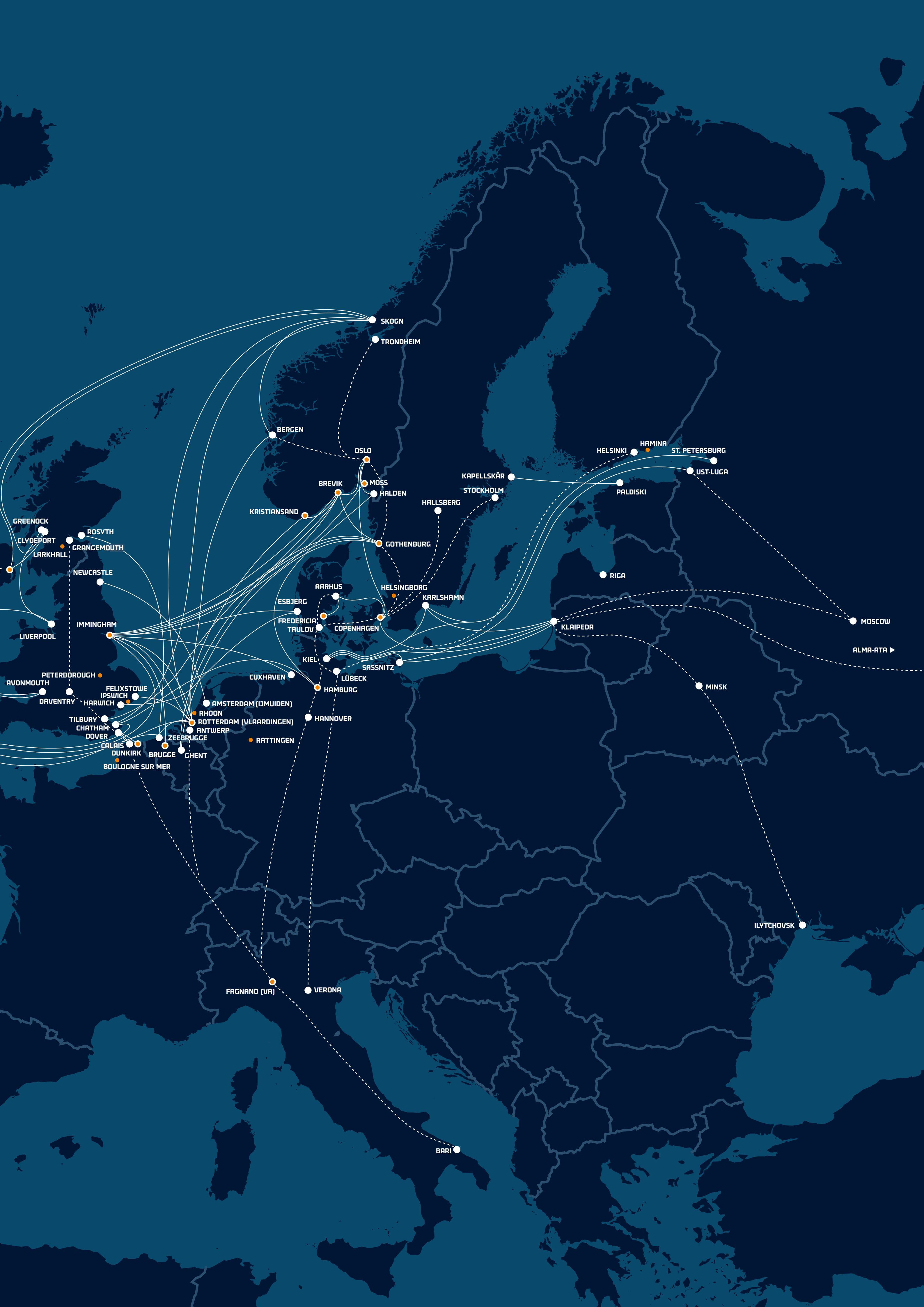
The network combines sea and land transport. 80% of revenues are generated by freight and 20% by passengers.

The route network comprise routes dedicated to freight and routes combining passengers and freight. An important success factor is deployment of ships that satisfies customer's needs and demand on individual routes allowing for a combination of satisfied customers and sound finances.

On the freight side DFDS' organisation includes local sales offices and own transport companies. The latter are mostly specialised in transport solutions combining several modes of transport – sea, road and rail.

Passenger trips are increasingly sold via the internet, where our goal is to make it as easy and inspiring as possible for customers to book their ideal trips.

The capacity of the largest freight ships is 3,000-5,000 lanemetres of freight, while the capacity on combined ships is 1,500-3,000 lanemetres. These ships typically have room for 600-1,200 passengers. Passenger ships typically have room for 1,500-2,000 passengers with a capacity for freight of 1,000-1,500 lanemetres.


SKOGN
TRONDHEIM
BERGEN
OSLO
BREVIK
MOSS
HALDEN
KRISTIANSAND
GOTHENBURG
HELSINGBORG
AARHUS
ESBJERG
FREDERICIA
TAULOV
COPENHAGEN
KARLSHAMN
HALLSBERG
STOCKHOLM
KAPELLSKÄR
HELSINKI
HAMINA
ST. PETERSBURG
UST-LUGA
PALDISKI
RIGA
KLAIPEDA
MOSCOW
ALMA-ATA ▶
MINSK
ILYTCHOVSK
KIEL
SASSNITZ
LÜBECK
HAMBURG
CUXHAVEN
HANNOVER
AMSTERDAM (IJMUIDEN)
RHOON
ROTTERDAM (VLAARDINGEN)
ANTWERP
ZEEBRUGGE
GHENT
BRUGGE
RATTINGEN
CALAIS
DUNKIRK
BOULOGNE SUR MER
DOVER
CHATHAM
TILBURY
HARWICH
IPSWICH
FELIXSTOWE
DAVENTRY
AVONMOUTH
PETERBOROUGH
IMMINGHAM
LIVERPOOL
NEWCASTLE
GREENOCK
CLYDEPORT
LARKHALL
ROSYTH
GRANGEMOUTH
FAGNANO (VA)
VERONA
BARI

VALUE PROPOSITION, STRATEGY AND GOALS

The DFDS value proposition
DFDS operates the **widest** and most **reliable** integrated shipping and logistics network in Europe.

Our customers value the **easy access** and **positive experience** of our freight and passenger services.

The people of DFDS continue to deliver **efficient** and **innovative** transportation services for our customers as they have done since 1866.

Strategy principles
DFDS' strategy is based on four principles:

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

Strategic priorities and focus
2011: Following the acquisition of Norfolkline in July 2010, integration became DFDS' highest strategic priority in 2011. The results of the integration have fully met expectations and are described on page 16-17.

Another priority in 2011 was to turn around earnings from logistics activities. This goal was achieved through an improvement of Logistics Division's return on invested capital to 9.7% from -27.7% in 2010, corresponding to a turnaround in operating profit (EBIT) before special items of DKK 111m.

2012 The strategic priorities for 2012 focus on two areas:

- Adaptation and efficiency:
  - Achieving targets for improvement and efficiency projects
  - Ensuring that the organisation is ready and able to adapt to market changes on the basis of a contingency plan
- Execution of growth strategy:
  - Opening of the new Dover-Calais route
  - Further development of two new routes opened in the Baltic Sea in 2011
  - Proactive pursuit of consolidation and expansion opportunities via the acquisition of activities and companies

Efficiency strategy
DFDS' operating model is based on standardisation of the Group's business processes. In parallel with the integration of Norfolkline, the efficiency of the organisation was improved by centralising Group functions cutting across business areas: IT, supply chain, technical maintenance, manning of ships and finance. DFDS has a presence in around 20 countries, in several of which both freight and passenger businesses are operated. The previously separate administrative functions have now been merged, or are in the process of being merged, based on a uniform concept for joint operations.

Since 2008, focused efficiency and improvement projects have been an integral part of DFDS' strategy. In 2012, four improvement and efficiency projects will be launched, directed at improving and streamlining the business unit Channel; efficiency in transport and logistics activities; reducing the amount of funds tied up in working capital; and improving customer satisfaction and adding value for customers. The projects are described in greater detail on page 11.

Growth strategy
To offer transport customers more efficient solutions, including wider geographical coverage, DFDS' strategy is to expand the network of sea- and land transport. Rolling out DFDS' operating model to more markets will also reduce unit costs through economies of scale.

Expansion of both the sea- and land-transport parts of the network will mainly be achieved by the acquisition of companies and activities, including joint ventures. See also page 16.

Business structure
DFDS' business structure consists of two divisions: Shipping Division and Logistics Division. Corporate functions are grouped into two areas: People & Ships and Finance.

Sales of freight solutions that cut across business areas and the network in general are co-ordinated through Freight Sales Solutions.

Corporate Responsibility (CR) strategy
To bring greater focus to DFDS' CR work, a CR strategy was drawn up in 2011. CR governance via a new CR Committee reporting to Group Management will embed the CR strategy in the organisation. The ambition is to continuously create improvements through CR adding value for DFDS' stakeholders and support DFDS' position as their preferred partner. Ongoing efforts to lessen environmental impact are also included in the strategy. See the complete CR report on p. 38-55.

Financial objective
DFDS' objective is a return on invested capital of approx. 10%. This can be compared with the Group's capital cost, which at the beginning of 2012 was calculated at 6.5%. The management report outlines the current and long-term progress towards reaching these targets.

MARKET AND COMPETITORS

DFDS' OPERATING MODEL **COMBINES SHIPPING AND LAND TRANSPORT** OF FREIGHT AND PASSENGERS. APPROXIMATELY 80% OF REVENUES ARE GENERATED BY FREIGHT

	Key customer groups	Market segments	Success criteria
FREIGHT	• Hauliers (unaccompanied and accompanied trailers) • Forwarding companies	• Shipping of full- and part loads	• Reliability, frequency, capacity • Integrated IT systems • Schedules
	• Manufacturers of heavy industrial goods	• Shipping and logistics solutions for automotive, steel, paper, chemicals • Port terminal services	• Industry expertise • Bespoke solutions, including IT • Handling of heavy industrial goods
	• Production companies, the retail sector and manufacturers of refrigerated goods	• Door-to-door transport, contract logistics	• Flexibility, reliability
PASSENGERS	• Passengers with cars • Overnight passengers with and without a car	• Short sea transport and holidays • Cruise ferries, holidays and conferences	• Reliability, frequency, capacity and safety • On-board experience and customer service • Schedules

DFDS' market

DFDS works as part of the European transport sector, focusing on Northern Europe, Eastern Europe and Russia. DFDS' routes link ports in the Baltic and in the North Sea and combine transport of freight and passengers, depending on market requirements. DFDS operates liner services with fixed schedules. DFDS' transport and logistics activities primarily operate in the same markets covered by the route network. These services also support the capacity utilisation of the route network by specialising in transport solutions that involve shipping.

DFDS' competitors

DFDS' routes compete with other ferry operators in the North Sea and Baltic Sea. The main competitors are Cobelfret, Color Line, P&O Ferries, Stena Line and Scandlines. The routes also compete with alternative transport modes, ie. road and rail, and air transport for passengers. In addition comes the Eurotunnel on the Channel. DFDS' transport and logistics activities are primarily focused on full- and part-load transport to markets around the North Sea. The main competitors are major European haulage companies such as DHL, DSV and Kuhne & Nagel, as well as regional and niche-oriented forwarders and hauliers.

NORTHERN EUROPE: INTERNATIONAL PASSENGER AND FREIGHT VOLUMES

	Passengers			Freight units*		
	2011	**2010**	**Δ 11/10**	**2011**	**2010**	**Δ 11/10**
Baltic North	18.0	17.8	1.2%	0.6	0.6	6.5%
Baltic South	11.2	11.4	-1.2%	1.8	1.7	4.6%
Kattegat	17.1	17.2	-0.6%	0.8	0.8	0.3%
North Sea	2.2	2.2	0.3%	1.3	1.3	-3.2%
English Channel, Dover Strait	12.7	12.9	-1.7%	2.1	2.1	0.1%
English Channel, West	3.1	3.1	-2.3%	0.3	0.3	-2.7%
Total shipping	**64.3**	**64.6**	**-0.5%**	**6.8**	**6.8**	**1.0%**
Great Belt Bridge	14.8	14.8	0.0%	0.4	0.3	9.1%
Eurotunnel	9.1	8.4	8.3%	1.3	1.1	16.0%
Total bridge and tunnel	**23.9**	**23.2**	**3.0%**	**1.6**	**1.4**	**14.4%**

Source: Shippax, own figures. Figures are incomplete as several shipping companies do not submit information.
* A freight unit corresponds to approx. 13 lane metres

Market development

The shipping segment of the Northern European passenger market slowed down in most areas, with an overall decline of 0.5%. The decline on the Channel was primarily due to the more aggressive pricing policy adopted by Eurotunnel. The total number of passengers on the Dover Strait rose by 2.2% in 2011. On the freight market growth was positive in the Baltic Sea and declining in the North Sea. The latter was affected by DFDS' reduction of capacity through the consolidation of two routes. On the Dover Strait, the number of freight units rose by a total of 5.5%, split between zero growth in the ferry market and an increase of 16.0% in Eurotunnel's volumes, driven by an aggressive pricing policy aimed at achieving a higher market share.

MANAGEMENT REPORT

HIGHER PROFIT DRIVEN BY INCREASED VOLUMES, SYNERGIES AND MORE EFFICIENT OPERATIONS

Financial performance
Pre-tax profit improved by 35,7% to DKK 742m.

The improved financial performance reflects a general improvement in market conditions in Northern Europe, Eastern Europe and Russia, as well as positive contributions from synergies and improvement projects.

The market trend was positive in both the Baltic Sea and the North Sea in H1. In H2, market growth continued in the Baltic Sea, while slowing in the markets around the North Sea.

In addition, net income from Special items was DKK 91m. These consisted of large, non-recurring items, accounting profits from the sale of activities and assets, and integration and project costs.

Adjusted for special items, pre-tax profit was DKK 651m, an increase of 46.3% compared to 2010.

Performance improved in both divisions, most markedly in Logistics, where a decisive turnaround was achieved. The Logistics Division's EBIT before special items rose to DKK 109m, from DKK -2m in 2010. This improvement was based on the realisation of synergies, including the effects of the Headlight improvement project.

The Shipping Division's EBIT before special items rose by 27.8% to DKK 847m, from DKK 663m in 2010. The improvement was primarily driven by market growth, particularly in the Baltic Sea, and from the realisation of synergies.

The pre-tax profit for 2011 of DKK 742m was 6.0% higher than the most recent expectations for financial performance, which were for a pre-tax profit of DKK 700m.

Revenue for the year was DKK 11.6bn, an increase of 17.8% compared to 2010. This is primarily attributed to the full-year effect of the acquisition of Norfolkline, but also to organic growth, particularly in freight activities. Revenue growth was one percentage point lower than previously envisaged, due to changes in the elimination of revenue between divisions. The divisions' revenues were therefore in line with the previous expectations.

The average number of employees increased, primarily due to the full-year effect of the acquisition of Norfolkline, by 4.8% to 5,096 in 2011.

The Group's total assets were reduced by 7.6% to DKK 12.8bn at the end of 2011. The reduction is primarily due to a lowering in net-interest-bearing debt to DKK 2.6bn from DKK 3.9bn, a reduction of DKK 1.4bn. The ratio between net-interest-bearing debt and operating profit (EBITDA) was therefore reduced to 1.7 by year end. Equity was DKK 7.0bn at the end of 2011, corresponding to an equity ratio of 54.4%.

DFDS thus has a strong financial base for generating new and profitable growth.

See page 16-17 for further details of DFDS' growth strategy and the integration of Norfolkline.

Business development and operations – significant events

Sales of non-core activities: In order to further focus the Group portfolio, three activities that did not underpin the DFDS strategy were sold in 2011:

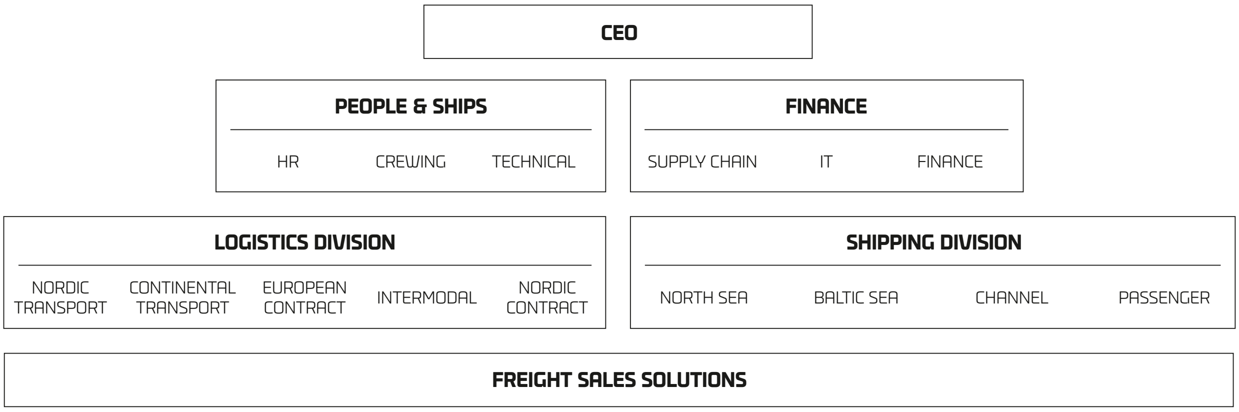
- DFDS Canal Tours was sold in March. The debt free selling price of DKK 110m yielded a profit of DKK 83m, which is included in the income statement under "Special items".
- The port terminal in Maasvlakte was sold in June. The debt free selling price of DKK 182m yielded a profit of DKK 48m, which is included in the income statement under "Special items". The port terminal was surplus to requirements after the integration with Norfolkline.
- DFDS' Norwegian dry-bulk activities were discontinued in Q3 2011, when contracts were sold and chartered vessels returned. This generated a profit of DKK 5m.

Closure of unprofitable Irish routes and sale of ships: Following the sale of two routes on the Irish Sea in late 2010, the two remaining routes Dublin–Birkenhead/Heysham, as well as a port terminal in Dublin and sales operations, were discontinued at the end of January 2011. The two routes had incurred heavy losses due to significant overcapacity on the Irish Sea, and it proved impossible to develop a business plan to improve results substantially. Nor was it possible to sell off the routes. The routes deployed three owned vessels deployed, and a ro-pax ship was transferred to the Baltic Sea, a ro-ro ship was transferred to routes between Holland and England, and a ro-pax vessel was sold.

One-off costs totalling DKK 30m were incurred in 2011 relating to the closure of these activities. Proceeds from the sale of a ship was DKK 179m and an accounting gain of DKK 17m. Both items are included under "Special items" in the income statement.

New routes and more capacity in the Baltic Sea: Continued improvement in the economies of Russia and the neighbouring countries led to sustained high growth in the Baltic Sea freight market in 2011, and the size and capacity of the network of routes were expanded:

- The route between Kiel in Germany and Klaipeda in Lithuania was upgraded with the deployment of a newly chartered ro-pax ship in September 2011
- Capacity on the route between Karlshamn in Sweden and Klaipeda in Lithuania was increased in February 2011 with the reallocation of a ro-pax ship from the Irish Sea
- In October 2011, a ro-pax service was acquired between Kapellskär in Sweden and Paldiski in Estonia



- A new ro-pax route was opened in May 2011 between Kiel in Germany and Ust Luga in Russia
- At the end of October 2011, the charter agreement with Polferries on the route between Swinoujsce in Poland and Ystad in Sweden was terminated.

Approval of port agreement in Gothenburg: In October 2010, DFDS signed a joint agreement with C. Ports SA to acquire Älvsborg Ro/Ro AB, which has signed a 25-year concession agreement on the operation of the Älvsborg and Arendal ro-ro port terminals in Gothenburg. Ownership is split 65% DFDS A/S, 35% C. Ports SA. Completion of the deal is subject to approval by the competition authorities, which is still pending.

Delivery of two new freight ships: As part of an extension of co-operation between DFDS and the Danish and German defence forces regarding the supply of ship capacity for military transport duties (the ARK Project), two ro-ro newbuildings with a freight capacity of 3,000 lane metres will be delivered in July and October 2012. They replace two chartered ships, which will be redelivered.

Passenger ship sold: The passenger ship Princess Maria was chartered for a three-year period, starting in April 2010, to Inflot Cruise and Ferry Ltd., a company based in St. Petersburg, Russia. The agreement included a purchase option, which was exercised in Q3 2011, resulting in a profit of DKK 9m, which has been posted under “Profits from the sale of long-term assets”.

Important events after 2011

On 24 January 2012 a new freight route opened between Gothenburg and Killingholme in direct competition with DFDS' route between Gothenburg and Immingham. The route was opened by a Swedish forwarding company. It is expected that the addition of capacity to the transport market between Sweden and the UK will entail a considerable negative profit impact for DFDS in 2012.

In the beginning of February 2012, DFDS and Louis Dreyfus Armateurs entered into an agreement with the Port of Calais concerning calling at Calais for the purpose of opening a route between Calais and Dover on 17 February 2012. Since the opening, the route has been serviced by one ship, NORMAN SPIRIT. Deployment of an additional ship on the route is planned.

Improvement and efficiency projects in 2011 and 2012

Since 2008, several major improvement and efficiency projects have targeted areas where thorough changes are required to improve performance. The projects involve a combination of reducing costs, improving sales work and customer service and making organisational changes.

In 2011, focus was on two major improvement and efficiency projects:

- **Project Headlight 1:** Included eight northern European locations in the business areas Nordic Transport, Continental Transport and European Contract. The focus was on optimising processes and policies for customer service, operational planning, procurement of haulage and establishing a joint equipment pool. The target of an annual improvement in earnings of DKK 60m was achieved and forms part of integration synergies
- **Project Light Crossing:** Covers the Dover–Dunkirk route, with a focus on management processes, systems, revenue optimisation, staffing and optimisation of bunker consumption. The project is expected to be completed mid-2012. The target is an annual improvement in earnings of up to DKK 75m.

In 2012, focus will be on four large improvement and efficiency projects:

- **Project Headlight 2:** The project will be extended to cover the remaining 12 locations in the Logistics Division with completion towards the end of 2012. The target is an additional improvement in earnings of up to DKK 40m
- **Project Light Crossing:** As mentioned above this project is expected to be completed in mid-2012
- **Project Customer Focus:** The project aim is to strengthen DFDS' customer relations on the basis of a better understanding of the context for purchasing decisions and customer satisfaction regarding the service provided by DFDS. It will also prioritise opportunities for enhancing value creation for the customer. The results of the project are expected to become visible in 2013 as a general increase in focus on customers, attraction of new customers, improved customer retention rates and a greater degree of engagement with existing customers. Efficiency of customer-service processes is also expected to improve
- **Project Light Capital:** The project aims to reduce cash tied up in working capital. A target will be set in Q2 2012 and the first results are expected to be achieved in Q3 2012.

RETURN ON INVESTED CAPITAL (ROIC) 2011

	Invested capital, DKK m	ROIC 2011, %	Variance vs capital cost [1], %	Variance vs objective [2], %	Variance vs objective, DKK m
DFDS Group	9,906	8.6	2.1	-1.4	-139
Divisions & business units					
Shipping Division	8,865	10.2	3.7	0.2	18
North Sea	4,622	9.5	3.0	-0.5	-23
Baltic Sea	1,364	18.7	12.2	8.7	119
Channel	1,185	1.1	-5.4	-8.9	-105
Passenger	1,140	11.9	5.4	1.9	22
Non-allocated items	744	-5.0	-11.5	-15.0	-112
Logistics Division	910	9.7	3.2	-0.3	-3
Nordic Transport	124	38.5	32.0	28.5	35
Continental Transport	161	5.5	-1.0	-4.5	-7
European Transport	177	29.5	23.0	19.5	35
Intermodal	184	3.9	-2.6	-6.1	-11
Nordic Contract	219	15.2	8.7	5.2	11
Non-allocated items	45	-72.6	-79.1	-82.6	-37
Non-allocated, Group	131	-31.0	-37.5	-41.0	-54

[1] DFDS' cost of capital was calculated at 6.5% beginning 2011

[2] DFDS' objective is a return of 10.0%

Contingency plan for change in 2012

During the summer of 2011, renewed uncertainty emerged about the economic outlook in the financial markets. During the second half of the year, growth in freight volumes in the North Sea slowed down. There are, however, still no signs of a steep decline in freight volumes, as previously occurred in late 2008 and 2009.

Nonetheless, in August 2011, DFDS began developing a contingency plan for any such eventuality. The plan contains 54 measures aimed at mitigating the effects of a decline in freight volumes of 5%, 10% or 20%. The actions include cost cutting and structural changes, e.g. closing routes, the implementation of which would be conditional on a substantial decline in volume.

Financial objective

Return on invested capital (ROIC), including special items, increased to 8,6% in 2011 from 7.2% in 2010. Excluding special items, the return was 7.7% in 2011 compared to 6.1% in 2010.

The Group's objective is to achieve a return on invested capital of approx. 10%. DFDS' cost of capital, or minimum required rate of return, was calculated at 6.5% in early 2012.

The return on the Group's invested capital in 2012 is expected to be on a level with the cost of capital. Logistics Division's return is expected to exceed the objective, while Shipping Division's return is expected to be below the objective.

It is thus first and foremost the Shipping Division's return that must be improved. This improvement is to be generated mainly by the business areas North Sea and Channel, where the return in 2012 is expected to be lower than 10%. One area of particular focus will be the North Sea, where approximately half of the Group's invested capital is deployed.

The North Sea achieved a satisfactory level of return in 2011, but due to a combination of declining volumes and greater competition on routes between Sweden and the UK, as well as rising variable cost levels, it is envisaged that the return will be reduced in 2012. The return on routes between England and the Continent, including investment in port terminals, is also lower than the objective. To improve the return, both measures to improve operational efficiency and structural measures are being considered.

Channel's return was just 1.1% in 2011 due to a particularly difficult market and competitive conditions. Price pressure in the freight market was significant during the year, due to SeaFrance's struggle to escape bankruptcy and Eurotunnel's pursuit of a higher market share. Higher bunker costs also impacted earnings. A stabilisation of the market situation on the English Channel is expected to support a higher level of earnings.

Within the Logistics Division, returns for Continental Transport and Intermodal are expected to be lower than the objective in 2012. In 2011, a significant turnaround was achieved in Continental Transport's earnings, and this positive trend is expected to continue in 2012, when a return in line with the cost of capital is expected. Intermodal's return is also expected to improve in 2012, but achieving a return in line with the objective will require improvement to the still difficult market conditions for container activities between Ireland and the Continent.

BUSINESS MODEL, ASSETS AND CAPITAL INTENSITY

The business model spans high and low capital intensity

DFDS' business model combines shipping, forwarding and logistics, which involves different capital intensity in the different business areas: highest in shipping, lowest in forwarding/logistics. The turnover rate of invested capital was thus 0.9 times in the Shipping Division in 2011, and 4.6 times in the Logistics Division.

The difference in capital intensity between the divisions is partly due to a high share of owned assets in the Shipping Division, primarily ships and port termi-

CAPITAL INTENSITY AND REQUIRED EBIT-MARGINS 2011

	Capital intensity, times[1]	EBIT-margin 2011, %	EBIT-margin[2] required by objective, %	Variance objective vs required margin, %
DFDS Group	1.2	7.2	8.6	-1.5
Divisions & business units				
Shipping Division	0.9	10.9	11.4	-0.5
North Sea	0.8	13.2	13.3	-0.1
Baltic Sea	1.0	18.2	9.9	8.3
Channel	0.8	1.6	12.7	-11.1
Passenger	1.5	8.2	6.5	1.7
Non-allocated items	0.8	-10.8	12.0	-22.8
Logistics Division	4.6	2.5	2.2	0.4
Nordic Transport	5.3	4.5	1.9	2.7
Continental Transport	5.4	1.1	1.8	-0.7
European Transport	5.4	5.6	1.8	3.8
Intermodal	5.7	0.7	1.7	-1.0
Nordic Contract	1.8	8.9	5.5	3.4

[1] Revenue divided by average invested capital. A low number signifies high capital intensity, and vice versa
[2] Calculated as objective, 10% return requirement, divided by capital intensity

nals, contingent in part on their longevity. The lifespan of ro-ro-based freight and passenger tonnage is 25–35 years, and the duration of port-terminal leases is typically 30–50 years.

Ro-ro tonnage is also mostly built to meet the needs of specific routes or regions. It is therefore built to a lesser degree on speculation as opposed to more standardised tonnage, e.g. bulk, container and tanker.

Ro-ro-based tonnage, especially passenger ships, is targeted to specific requirements concerning the allocation of a vessel's capacity between passenger and freight; configuration of passenger areas; loading capacity for heavy duty freight; suspended decks for cars; sailing speed; and ramps, including requirements for loading/unloading speed.

Due to this degree of specialisation, ships are often used on the same route for a great deal of their lifespan. Small ro-ro freight ships are the least specialised tonnage, and are therefore easier to re-allocate between routes. More specialised tonnage often requires modification before re-allocation.

Due to the combination of long lifespan and specialisation of tonnage, shipping companies' share of ownership of ro-ro-based tonnage is typically high, and the charter market for ro-ro-based tonnage is generally less liquid and efficient than the market for standard tonnage (bulk, container, tank).

Forwarding and logistics are generally less capital-intensive than shipping. In addition, the market for leasing of cargo-carrying equipment, e.g. containers and trailers, is large and efficient. This facilitates ongoing, effective decisions on ownership or leasing of assets used in operations.

Composition of invested capital
At the end of 2011, total invested capital was DKK 9,906m, of which 82% consisted of ships, including newbuildings. Port terminals, land and buildings amounted to 7%. The capital was split between divisions with Shipping Division employing DKK 8,865m, corresponding to 89% of the Group's total capital. Logistics Division's capital amounted to DKK 910m, 9% of total capital.

Capital intensity and EBIT margin per business area
The business areas' capital intensity in 2011, expressed as the turnover rate of average invested capital, ranged from 0.9-8.9. Based on the objective of a return on invested capital of 10%, the variation in capital intensity leads to different targets for business areas' EBIT margins.

In the Shipping Division, the objective requires EBIT margins of 10-13%, with the exception of Passenger, where the requirement is an EBIT margin of 6.5%. This is lower than the requirements for other shipping areas because ships have been written off over a longer period due to a higher average age.

In the Logistics Division, the objective requires EBIT margins just below 2% for the three forwarding and logistics areas, as well as Intermodal, where operations include container shipping with 100% chartered tonnage. In Nordic Contract, ownership of 60% of the tonnage used implies a higher required EBIT margin than in the other areas.

Investments in 2011 and future investment needs
Invested capital was reduced by 7.6% in 2011, as depreciation and sales of assets exceeded investment. Moreover, working capital was reduced.

Total gross investments amounted to DKK 804m in 2011, of which DKK 376m was related to two ro-ro freight newbuildings for delivery in 2012. In 2012, an additional DKK 450m will be invested in the newbuildings before delivery. Other investments of DKK 200m are expected, primarily for maintenance of ships, cargo-carrying equipment and IT systems development, bringing total investment to DKK 650m in 2012.

The two newbuildings will be deployed on the North Sea's network of routes, replacing two chartered ships that are redelivered in 2012. This will lead to an increase in the area's invested capital in 2012.

DFDS currently has no other significant investment commitments. In the business areas North Sea and Baltic Sea, no need

FLEET OVERVIEW AND KEY FIGURES 2011

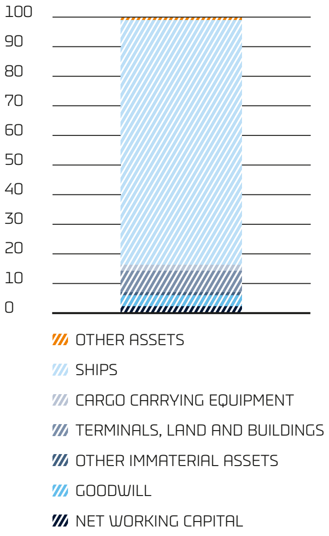
	Total ships	Ro-ro ships	Ro-pax ships	Passenger ships	Container and sideport ships	Ownership share, %	Average age of owned ships, yrs
DFDS Group	49	24	12	5	8	n.a.	n.a.
Divisions & Business Units							
Shipping Division[1]	37	21	12	4	n.a.	73	n.a.
North Sea	20	19	1	n.a.	n.a.	65	9
Baltic Sea	9	2	7	n.a.	n.a.	78	15
Channel	4	n.a.	4	n.a.	n.a.	75	5
Passenger	5	n.a.	1	4	n.a.	100	19
Logistics Division	8	n.a.	n.a.	n.a.	8	38	n.a.
Intermodal	3	n.a.	n.a.	n.a.	3	0	n.a.
Nordic Contract	5	n.a.	n.a.	n.a.	5	60	12
Chartered out ships	2	1	n.a.	1	n.a.	100	20
Newbuildings[2]	2	2	n.a.	n.a.	n.a.	100	n.a.

[1] In the sum one ro-pax ship, which is shared between North Sea and Passenger, is eliminated
[2] To be delivered in 2012

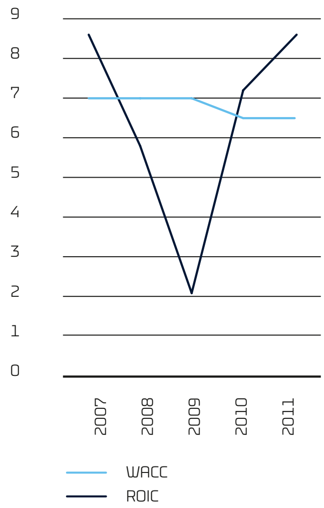
PROFIT EXPECTATIONS 2012 PER DIVISION

Division	Revenue growth	Operating profit (EBITDA) before special items	Comments
Shipping Division	Ca. 0%	1,220-1,270	• Revenue increase from opening of new route Dover-Calais offset by increased competition and generally declining volumes on the North Sea market • Business area North Sea's operating profit negatively impacted by increased competition. General increase in bunker cost from higher oil price
Logistics Division	Ca. 0%	180	• Revenue growth in forwarding and logistics activities expected to balance lower revenue from paper logistics
Non-allocated items	n.a.	-100	
DFDS Group total	**Ca. 0%**	**1,300-1,350**	

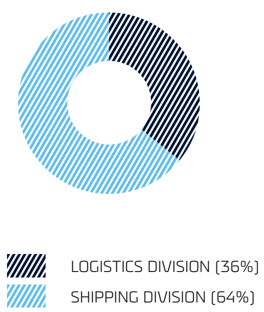
INVESTED CAPITAL (NET ASSETS) 2011, DKK M
(%)



RETURN ON INVESTED CAPITAL (ROIC) AND CAPITAL COST (WACC)
(%)



REVENUE PER DIVISION, 2011



for investment in new tonnage is foreseen in the next couple of years. Optimisation of tonnage on the Channel may require investments. At the end of 2012, the average age of Passenger's tonnage will be 23 years, with an estimated technical lifespan of min. 30 years. The need for replacement of this tonnage is being assessed.

Corporate governance
DFDS A/S is subject to Danish law and listed on the NASDAQ OMX Copenhagen. DFDS' corporate governance is therefore based on Danish legislation and regulations, including Danish company law; the rules of NASDAQ OMX Copenhagen; the last Danish version of the recommendations for corporate governance (which has been part of the duty of disclosure requirements for listed companies since 2006); the company's statutes; and other relevant rules.

The following information on corporate governance is available at www.dfdsgroup.com:

- Compulsory report on corporate governance, http://www.dfdsgroup.com/about/governance/
- DFDS' articles of association, http://www.dfdsgroup.com/about/governance/articles/
- Material from DFDS' most recent AGM, http://www.dfdsgroup.com/investors/annualgeneralmeeting/previousagm/

Corporate Responsibility (CR)
The ambition for DFDS' CR programme is to continuously create value for our stakeholders and be their preferred partner.

At the end of 2011, DFDS set up a committee on corporate responsibility (CR Committee) in order to embed the work within the Group's management and organisation. The committee's objective is to manage the CR programme with reference to Executive Management. Also appointed were an officer with global responsibility for sustainability in the DFDS Group and a chair of the CR Committee.

See pages 38–55 for the CR report, which contains details of policies, programmes and results.

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

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

The main events in 2011 were fires in the chimney systems of two ships while in dock, and a vehicle fire on the car deck on the Dover–Dunkirk route. All three fires were quickly and effectively extinguished by DFDS' own crews. On the Amsterdam–Newcastle route, a passenger fell overboard and was quickly rescued by the ship's own lifeboat and crew.

The CR report on pages 45–46 provides more in-depth information about DFDS' safety and security work.

Profit expectations 2012
Profits for most of DFDS' activities are expected to be unchanged or improved in 2012. The Logistics Division is overall expected to achieve improved profits in 2012.

The Shipping Division expects unchanged profits in three of four business areas (Baltic Sea, Channel and Passenger) in spite of an increasing oil price. The business area North Sea will be negatively impacted by increased competition.

A number of measures is being implemented to counter the increased competition as well as difficult market conditions in general, including a higher cost of bunker.

In February 2012, DFDS opened a new route with one ship between Dover and Calais. The route is not expected to make a positive contribution to operating profit (EBIT) in 2012.

As per 2011, freight activities are expected to make up approximately 80% of DFDS' revenue in 2012. Growth in the freight market is expected to be highest in the Baltic region, around 2-4%, and lowest in the North Sea, where declining volumes are expected, depending on the market area. Growth in the passenger market is expected to follow a similar pattern.

Significant changes in EU, sparked by the current debt crisis in several member states, constitute a risk to the profit expectation, just as significant increases in the oil price and currency changes constitute a risk.

On this background, the expectations for the Group's key figures for 2012 are as follows:

- **Revenue:** Expected to remain on a level with 2011 as the increase from the addition of the Dover-Calais route will balance lower revenues in North Sea as a result of increased competition and expectations of a general decline in volumes on the North Sea
- **Bunker costs:** Approx. 69% of bunker consumption is expected to be hedged by bunker surcharges and financial hedging. It is estimated that a price change of 1% will entail a financial impact of approximately DKK 6.0m compared to the oil price level mid-February 2012, which was approximately USD 700 per ton
- **EBITDA before special items:** Expected to be DKK 1.300-1.350m (2011: DKK 1.495m). The expected performance per division is shown on p. 14
- **EBIT before special items:** After depreciation of approx. DKK 700m, operating profit is expected to be DKK 600-650m (2011: DKK 835m)
- **Pre-tax profit before special items and tax:** A profit is expected of DKK 450-500m (2011: DKK 651m)
- **Special items:** No special items are expected (2011: Net income DKK 91m)
- **Investments:** Total planned investments are expected to be around DKK 650m in 2012, of which the final two payments for two freight newbuildings account for around DKK 450m. The remaining investments mainly concern docking of ships and cargo-carrying equipment. Optimization of tonnage on the English Channel may in addition require investments.

DFDS IS READY FOR NEW GROWTH

GROWTH STRATEGY, INTEGRATION AND **VALUE CREATION**

DFDS has generated profitable growth in recent years through a combination of acquisitions and organic growth. The acquisition of Norfolkline has contributed to transforming DFDS since mid-2010. In parallel with the integration of Norfolkline, the DFDS operating model has been simplified, based on uniform processes throughout the company. This supports rapid integration of new activities and profitable growth.

DFDS' growth strategy is focused on profitable growth, which means that activities that do not improve the return on invested capital over a certain period are restructured, sold off or discontinued. The growth strategy also emphasises that activities must support DFDS' overall strategy. The latter was not the case for DFDS Canal Tours and the dry-bulk activities in Norway, and both were thus sold to strategic buyers in 2011.

The European market for sea and land transport as a whole remains fragmented. As a result, DFDS primarily expects to achieve growth in the next few years via acquisitions, complemented by organic growth.

The growth strategy focuses on:
- geographical expansion of the network through the acquisition of companies and activities, including partnerships
- securing freight volumes for the network
- organic growth based on improved customer service, including capacity expansion.

As described below, the integration of Norfolkline, including the sale of non-core areas and surplus assets, is nearing completion. DFDS' operating model and organisation is therefore now ready to generate new profitable growth from both shipping and logistics activities.

THE ACQUISITION OF NORFOLKLINE – INTEGRATION AND VALUE CREATION

Transformation of DFDS
The acquisition and integration of Norfolkline has transformed DFDS since mid-2010:

- It has turned DFDS into Northern Europe's largest combined shipping and logistics company
- Revenues have grown by approx. DKK 5bn, or 77%, to DKK 11.6bn since 2009
- The number of employees has increased by about a third to 5,100 since 2009
- Management and business structures have been adapted to the new organisation
- DFDS' logistics activities have achieved critical mass with revenue of DKK 4.3bn
- The network's geographical coverage has been extended to include activities on the English Channel
- The market position in the southern section of the North Sea has been improved with the addition of three freight routes
- Uniform IT systems are being introduced.

Synergies and costs
At the end of 2011, the total annual synergies reached DKK 220m, divided into five main activity areas based on a total of 82 projects, see table on page 17. Most of the projects were completed by the end of 2011, although IT projects are scheduled to be completed in 2012 as planned.

As shown in the table, synergies for Logistics and Other in particular have exceeded expectations. The Headlight improvement project helped improve synergies in Logistics, including a reduction in haulage costs, a joint trailer pool lowered equipment costs and focus on customer-level yield management improved.

Other synergies are primarily related to greater savings arising from the merging of offices and other organisational changes.

At the end of 2011, total integration costs were DKK 147m, which represents a saving in comparison to the original cost estimate of approximately DKK 175–200m.

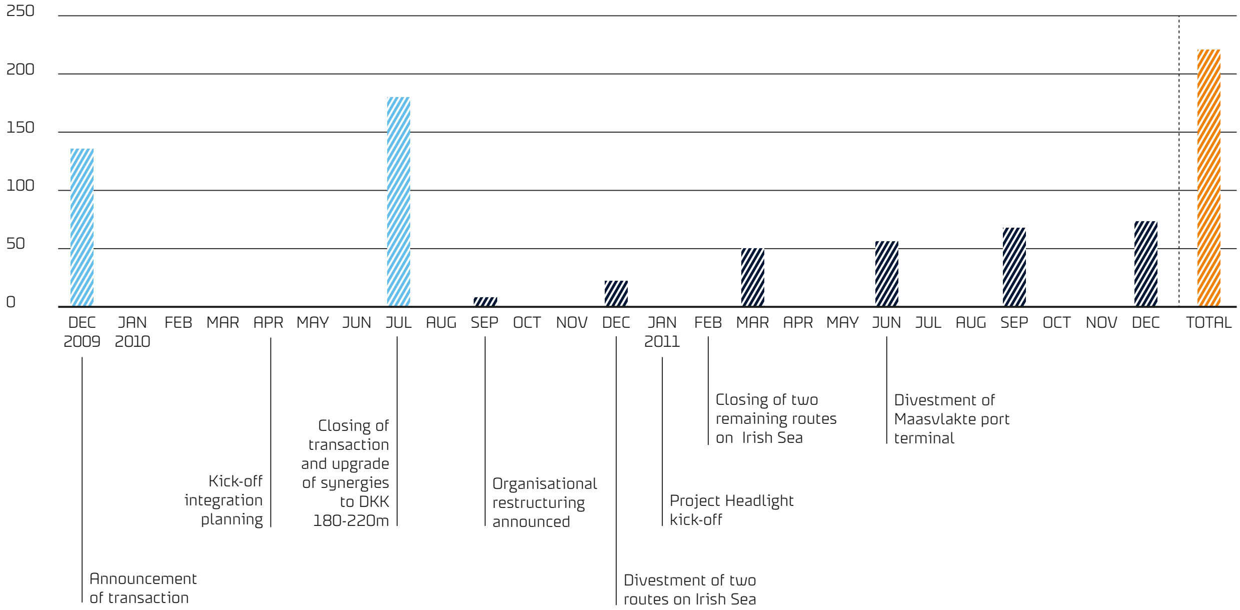
Restructuring creates value
Two restructurings were implemented to ensure that the acquisition of Norfolkline would lead to profitable growth:

- Norfolkline's loss-making activities in the Irish Sea were discontinued by the sale of routes and ships and closure of routes. A ro-pax ship was transferred to DFDS' route network in the Baltic Sea
- Sale of an excess port terminal in Maasvlakte, Rotterdam.

Total proceeds from the sale of routes, ships and the port terminal were DKK 715m, equivalent to 28% of the total debt-free purchase price for Norfolkline, which was DKK 2.6bn.

Valuable experiences
The successful integration can be attributed to thorough preparation, a high degree of involvement of employees in both companies, prioritising internal and external communication, as well as detailed reporting and following up on integration projects. These experiences have been incorporated into The DFDS Way (see page 18-19), and constitute an important platform for future growth strategy.

SYNERGIES
(DKK m)



COST SYNERGIES FROM INTEGRATION OF DFDS AND NORFOLKLINE

Activity	**Area of integration**	**Expected annual synergies, DKK m**	**Realized annual synergies 2011, DKK m**
Shipping	• Route consolidation • Port terminal integration • Tonnage optimization • Office consolidation • Passenger activity optimization	70-80	80
Logistics	• Haulage optimization • Office consolidation • Equipment optimization	30-40	61
IT	• Integration of terminal systems • Integration of financial system • IT function integration	30-40	11
Procurement	• Technical procurement • Onboard procurement	35-40	38
Other	• Vessel optimization (technical) • Consolidation of Finance, HR and other functions	15-20	30
Total synergies		**180-220**	**220**

THE DFDS WAY

BY DOING THINGS A LITTLE BETTER EVERY DAY, **WE BECOME A STRONGER COMPANY**

DFDS has successfully undergone major changes in recent years. We merged DFDS and Norfolkline, adding more than a thousand new employees, through focused improvement projects we decisively turned around several business areas, and we have improved DFDS' earnings.

We have come a long way in a short time and have developed a way of doing things that works – The DFDS Way.

The DFDS Way is common platform for all employees, it plots a course and a direction for our operating model and our behaviours. It is a promise that we give each other to create value for our customers and other DFDS stakeholders.

The DFDS Way builds on our experiences. Together with our value proposition and strategy, The DFDS Way forms part of the core of the way DFDS is managed.

See The DFDS Way video at www.dfdsgroup.com

OPERATING MODEL

CUSTOMER DRIVEN	**CONTINUOUS IMPROVEMENT**	**BEST PRACTICE**	**LEVERAGING SCALE**	**PERFORMANCE CULTURE**

WE CARE **WE SERVE OUR CUSTOMERS WITH PASSION** WE LISTEN BEFORE MAKING DECISIONS **WE DO WHAT WE SAY WE'LL DO** IF WE SEE A PROBLEM, WE FIX IT **WE LEARN, DEVELOP, AND IMPROVE EVERY DAY**

BEHAVIOURS

SHIPPING DIVISION


EXIT

STRONG 2011 SUPPORTED BY SYNERGIES AND MARKET GROWTH – OUTLOOK FOR 2012 IS MORE SUBDUED

BUSINESS AREA OVERVIEW

	North Sea	Baltic Sea	Channel	Passenger
Share of Shipping Division revenue 2011	44%	18%	13%	24%
Routes	• Gothenburg-Brevik/ Immingham • Gothenburg-Tilbury • Gothenburg-Brevik/Ghent • Esbjerg-Immingham • Esbjerg-Harwich • Cuxhaven-Immingham • Vlaardingen-Felixstowe • Vlaardingen-Immingham • Rosyth-Zeebrugge	• Fredericia-Aarhus/ Copenhagen/Klaipeda • Kiel-Klaipeda • Karlshamn-Klaipeda • Sassnitz-Klaipeda • Kiel-Karlshamn/ St Petersburg • Ystad-Swinoujscie (discontinued end October 2011) • Kapellskär-Paldiski (from October 2011) • Ust-Luga-Kiel	• Dover-Dunkerque • Dover Calais (åbnet februar 2012)	• København-Oslo • Amsterdam-Newcastle • Esbjerg-Harwich
Ships	• 19 ro-ro • 1 ro-pax	• 2 ro-ro • 7 ro-pax	• 4 ro-pax	• 1 ro-pax • 4 passenger vessels
Port terminals	• Gothenburg[1] • Esbjerg • Vlaardingen • Immingham	• None	• Dunkirk	• Copenhagen
Customer segments	• Forwarding companies • Hauliers • Manufacturers of heavy industrial goods (motor vehicles, paper, steel, chemicals)	• Forwarding companies • Hauliers • Manufacturers of heavy industrial goods (motor vehicles, forestry products) • Passengers, with and without cars	• Forwarding companies • Hauliers • Passengers with cars	• Mini Cruise • Passengers with cars • Conference guests • Forwarding companies • Hauliers
Primary market areas	• Denmark • Sweden • Norway • Germany • Benelux • Great Britain	• Russia, other CIS countries • Germany • Sweden • Denmark	• Great Britain • Eastern and Central Europe	• Denmark • Norway • Great Britain • Benelux • Overseas markets
Main competitors	• Cobelfret • P&O Ferries • Stena Line • Road and rail transport	• Scandlines • Stena Line • Tallink • TransRussiaExpress • Road and rail transport	• Eurotunnel • P&O Ferries	• Color Line • P&O Ferries • Stena Line • Airlines

[1] Subject to approval by competition authorities

The Shipping Division operates the DFDS route network, divided into four business areas: North Sea, Baltic Sea, Channel and Passenger.

DIVISION MANAGEMENT

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

Business Area Heads:
- Kell Robdrup, North Sea
- Anders Refsgaard, Baltic Sea
- Carsten Jensen, Channel
- Brian Thorsted Hansen (acting), Passenger

Market overview

Growth was unevenly spread out across the year and market regions.

Growth momentum from the end of 2010 continued into Q1 of 2011 whereafter growth levelled off in the North Sea region. In the Baltic region demand stayed robust throughout the year supported by the Russian economy and an ongoing dispute between Poland and Russia concerning road licenses for hauliers driving through Poland.

The general uncertainty and slow down in Europe began to impact activity level in the North Sea region in Q2. Over the summer renewed and continuing uncertainty on financial markets has contributed to dampen growth. Especially demand on the freight market between UK and Sweden weakened during the year. In 2012 freight volumes in the Baltic region are expected to continue growing at a level of 2-4%. Freight volumes in the North Sea region are overall expected to decline by 0-3%, although some market areas are expected to achieve moderate growth in volumes. The competitive pressure on the Channel freight market is expected to ease during 2012.

Competition on the freight market is, in general, set to increase in 2012 as the supply of freight capacity continues to exceed demand. Surplus tonnage has since the beginning of 2012 been deployed between Sweden and UK on a new route putting pressure on volumes and rates. Passenger markets remained fairly robust in 2011 and this trend is expected to continue in 2012, although demand in the UK market is expected to weaken further during the coming year mitigated by the London Olympics.

Network
DFDS' network connects Europe through two integrated divisions, DFDS Seaways & DFDS Logistics, working together to provide cost effective and innovative supply chain solutions for customers. The network comprises more than 350 weekly shipping departures, strategically located terminals and hubs, integrated rail services linking shipping and logistics networks, and IT solutions supporting network optimization and efficiency. The network currently covers 20 countries.

Strategic priorities & follow-up
The primary strategic priorities and actions of 2011 were:

- Optimisation of earnings: A combination of synergies, volume and rate growth, yield and product mix management, and improved collaboration with DFDS Logistics increased operating profit (EBIT) before special items by 27.8% in 2011
- Review Channel business structure: Severe competitive pressure had reduced earnings in the Channel business unit and in May an improvement and efficiency project, Light Crossing, was launched to support earnings. The project is expected to be completed by mid 2012
- Consolidation of UK-NL routes and port terminals: In 2011 focus was on managing the new operational set-up of the consolidation of two freight routes and port terminal operations at both ports, and the conversion of a combined route to a pure freight route. The total result of these actions have been a significant profit improvement which is part of integration synergies.

2012 presents a number of opportunities and challenges considering the different market prospects in the Baltic and North Sea regions.

Growth is expected to continue in the Baltic region, and the further development of two new routes, respectively opened and acquired in 2011, is a key priority as is utilizing the capacity added to the network in 2011. Further expansion of activities in the region is also a priority. In the North Sea region, growth is expected to be subdued and decline in some areas. Moreover, capacity has been added to the market in both 2011 and the beginning of 2012 which increases competitive pressure.

Longer term, a priority is to assess the desired level of the ownership share of freight vessels as this level has increased to more than 60% in recent years, and the number of vessels chartered out has been reduced. The flexibility of the fleet with regard to adaptation to short term market changes has thus been lowered in recent years.

On the Channel, the main priorities are to achieve the goals of project Light Crossing and to optimise the joint operation of two routes with the addition of the new Dover-Calais route opened in February 2012.

ACTIVITY DEVELOPMENT BY BUSINESS AREA

North Sea
Important events 2011:
- Significant synergy from consolidation of two routes and port terminals
- Volume growth slowed through the year
- EBIT increased by 21%

After strong volume growth in Q1 of 10.0%, adjusted for the addition of three Norfolkline routes in mid 2010, growth came to a standstill in Q2 and Q3, and decreased further in Q4.

Volume growth was weakest between Sweden and UK as demand softened in UK and the competitiveness of Swedish exports was reduced by a stronger currency compared to 2010. Growth between Sweden and the Continent was more resilient driven by automotive volumes, which was also the case for volumes between Germany and UK. The growth in other market areas was relatively flat. The overall rate level was above 2010 with pricing more firm in some areas than others.

Two major route changes were implemented at the end of 2010 with a full-year impact in 2011. The consolidation of two routes to one route between Vlaardingen (Rotterdam) and Immingham made a significant positive contribution to the business units improved performance. The impact forms part of the integration synergies. Rosyth-Zeebrugge was converted into a pure freight route with a share of passengers from the former combined route transferred to DFDS' passenger route between Amsterdam and Newcastle. The new freight route struggled to meet expectations in 2011.

Competition increased during 2011 on the trade between UK and the Continent with major competitors deploying larger and newer ships. In January 2012, a new freight route between Sweden and UK was opened by a Swedish forwarding company adding around 30% more capacity to the market. As demand in this market softened during 2011, the additional capacity is expected to impact earnings negatively on DFDS' two routes between Sweden and UK significantly in 2012.

The customer mix was stable with a high share of industrial customers on the Scandinavian routes. The automotive sector performed well in 2011 while paper and steel volumes were more subdued.

Baltic Sea
Important events 2011:
- High volume growth increased earnings
- Route network upgraded and expanded
- EBIT increased by 69%

Volume growth remained strong across routes throughout the year supported by a high level of demand from the Russian economy trading with Germany and Sweden. Volumes on the corridor between Germany and Lithuania were also boosted by Polish restrictions imposed on road licenses for Russian hauliers. The overall rate level was above 2010 with firm pricing in most markets supported by yield management of peak and off-peak departures.

SHIPPING DIVISION			2011					2010		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	1,704	2,025	2,160	1,909	7,798	1,162	1,465	2,332	1,962	6,921
Operating profit before depreciation (EBITDA) and special items	150	429	533	304	1,416	109	332	526	254	1,221
Share of profit of associates	0	0	0	0	0	0	1	-1	0	0
Profit/loss on disposal of non-current assets	0	1	9	5	15	0	0	0	2	2
Depreciation and impairment	-146	-145	-138	-155	-584	-120	-120	-175	-145	-560
Operating profit (EBIT) before special items	4	285	404	154	847	-11	213	350	111	663
Operating profit margin (EBIT), %	0,2	14,2	18,9	7,9	10,9	-0,9	14,5	15,0	5,7	9,6
Special items, net	54	69	-11	20	133	0	0	-16	390	374
Operating profit after special items (EBIT)	58	354	393	174	980	-11	213	334	501	1,037
Invested capital, average	9,231	8,881	8,881	8,904	9,018	7,178	7,122	8,395	9,607	8,134
Return on invested capital (ROIC) p.a., %	-1,0	12,3	16,8	14,8	10,2	-0,5	11,4	14,3	20,7	12,0
Lanemetres, '000	5,358	5,350	5,360	5,828	21,896	2,442	2,674	6,635	6,578	18,329
Passengers, '000	718	1,153	1,613	943	4,427	327	483	1,631	938	3,379

Several changes to the route network were implemented during 2011. In May a new route between Germany and Russia was opened and a route between Estonia and Sweden was acquired in October. In addition, tonnage and capacity was upgraded on the routes between Lithuania and Germany/Sweden. The charter agreement with Polferries concerning the route between Sweden and Poland expired in October and a rail slot charter between Germany and Lithuania was terminated. 2012 will thus be impacted with the full-year effect of these changes.

Competition increased during 2011 as competitors added capacity on the corridor between Germany and the Baltic countries. Volume growth is expected to continue in 2012, albeit at a lower level of around 2-4%.Growth is also contingent on the flow of Russian hauliers between land and sea.

Accompanied traffic still exceeds unaccompanied traffic in the region. Freight is predominantly a mixture of machinery, construction materials and trailers carrying consumer products. The imbalance of volumes between Scandinavia and the Baltic markets became more pronounced in 2011, and this trend is expected to continue.

Irish Sea
Important events 2011:
- Two remaining routes were closed end of January 2011

The exit from the Irish Sea market was completed in Q1 2011 and entailed one-off costs of DKK 30m which are reported as part of special items.

English Channel
Important events 2011:
- Freight rates reduced by over capacity
- Project Light Crossing progressing as planned
- EBIT decreased by 75%

Total freight volumes on the Dover Strait increased by 6% and by 0% for the ferry operators. Eurotunnel's market share thus increased in 2011 as the tunnel operator deployed an aggressive price policy to regain market share lost since a fire broke out in the tunnel at the end of 2008. The push for market share was especially focused in Q1 and Q2. SeaFrance also gained market share in the first half of the year through low pricing as the company sought to increase revenues to avoid liquidation. The exceptional competitive pressure in 2011 resulted in a decrease in freight rates of more than 10%.

Total passenger volumes on the Dover Strait increased by 2% and decreased by 2% for the ferry operators. Eurotunnel thus also gained market share on the passenger market, although to a lesser extent. Competitive pressure on the passenger market was less severe and average seafare per passenger was maintained on a level with 2010. In mid November SeaFrance ceased sailings, creating an overflow of especially freight volumes, and in January 2012 the company was declared bankrupt. In November 2011 DFDS deployed a fourth ship on the Dover-Dunkirk service which contributed to increasing freight and passenger volumes in Q4 2011. In February 2012 the fourth ship was transferred to a new route between Dover and Calais.

An efficiency and improvement project, Light Crossing, was launched in May 2011 and is expected to run until mid 2012. The goal of the project is to improve annual earnings by DKK 75m through cost reduction, revenue enhancement and organisational changes. Most of the project's impact will be achieved in 2012 with full effect in 2013. Just above 10% of the project's goal was achieved in 2011 with contributions from more efficient bunker consumption and improved margins on onboard sales. Bunker consumption per sailing was reduced by 5% in 2011 and introduction of new propeller blades will generate further savings in 2012.

The liquidation of SeaFrance is expected to contribute to a stabilisation of the competitive situation during 2012. This is expected to support an improvement in earnings in combination with a positive impact from project Light Crossing.

Passenger
Important events 2011:
- Bunker cost increase absorbed
- Synergy from Scottish market achieved
- EBIT was on par with 2010

Demand on the main passenger markets, Norway, Denmark, Germany, Holland, and UK, was stable in 2011 with total passenger volumes up by 0.8% while the number of departures was 1.5% lower due to dockings. The number of passengers per departure was thus up by 2.3%. Volume growth was strongest on Amsterdam-Newcastle where volume was boosted by passengers formerly travelling on the Rosyth-Zeebrugge route which was converted to a pure freight route at the beginning of 2011. This positive impact, which was part of integration synergies, was most

SHIPPING DIVISION			2011					2010		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
North Sea										
Revenue	877	910	854	873	3,514	617	746	926	873	3,162
EBIT	101	143	125	94	463	88	119	112	61	380
Invested capital	4,688	4,447	4,723	4,622	4,697	4,077	3,784	4,533	4,701	4,248
ROIC, %	8.6	13.7	9.6	7.7	9.5	8.6	12.8	9.3	4.9	7.6
Lanemetres freight, '000	2,650	2,637	2,631	2,589	10,507	1,627	1,785	2,727	2,805	8,944
Passengers, '000	-	-	-	-	-	-	-	22	11	33
Baltic Sea										
Revenue	299	344	374	348	1,365	229	269	305	241	1,044
EBIT before special items	45	73	84	46	248	4	51	76	16	147
Invested capital	1,203	1,434	1,521	1,364	1,334	1,227	1,286	1,581	1,334	1,354
ROIC, %	15.0	20.4	20.3	12.7	18.7	1.2	16.6	18.2	4.5	10.4
Lanemetres freight, '000	840	832	859	908	3,439	662	732	755	772	2,921
Passengers, '000	87	122	151	89	449	76	110	144	95	425
Irish Sea										
Revenue	21	-	-	-	21	-	-	220	176	396
EBIT before special items	-23	7	-4	14	-6	-	-	-28	-50	-78
Invested capital	196	265	58	-191	196	-	-	527	218	373
ROIC, %	-46.1	-2.4	-22.4	-26.9	-2.6	-	-	-20.1	-86.3	-33.7
Lanemetres freight, '000	-	-	-	-	-	-	-	1,324	1,143	2,467
Passengers, '000	-	-	-	-	-	-	-	71	34	105
Channel										
Revenue	181	240	301	239	961	-	-	290	213	503
EBIT before special items	-21	10	47	-21	15	-	-	48	10	58
Invested capital	1,278	1,239	1,259	1,185	1,245	-	-	1,373	1,252	1,313
ROIC, %	-6.5	3.2	13.5	-6.6	1.1	-	-	13.2	3.0	4.3
Lanemetres freight, '000	1,716	1,750	1,739	2,184	7,389	-	-	1,687	1,722	3,409
Passengers, '000	383	647	1,029	543	2,602	-	-	964	487	1,451
Passenger										
Revenue	295	492	598	394	1,779	286	476	582	374	1,718
EBIT before special items	-82	75	147	6	146	-83	65	157	7	146
Invested capital	1,140	1,146	1,190	1,140	1,172	1,506	1,555	1,273	1,177	1,441
ROIC, %	-28.7	26.2	44.9	2.1	11.9	-22.0	20.8	46.6	2.2	11.6
Lanemetres freight, '000	133	150	132	148	563	132	158	142	137	569
Passengers, '000	247	383	432	314	1,376	251	373	430	311	1,365
Non-allocated items										
Revenue	46	65	52	215	378	35	35	50	96	216
EBIT before special items	-16	-45	5	15	-41	-20	-22	-15	67	10

apparent in the first three quarters of the year as demand on the UK market became increasingly softer during the year.

A rising oil price increased the bunker cost by 21% or DKK 46m. The higher cost of bunker was mitigated by 5% lower consumption per sailing as a result of bunker saving initiatives, including installation of new propeller blades on two ships. Just below 20% of the higher bunker cost was covered by surcharges.The remainder of the cost increase was absorbed by lower depreciations, following a write-down in 2010, increased revenues from seafare and spending onboard and improved margins.

A new joint passenger booking system, to be used in all business units transporting passengers, is underway and a first pilot was tested on Esbjerg-Harwich. Full scale implementation is expected to start in Q3 2012 and will run into 2013 before completion. No major changes in the competitive situation are expected in 2012, although a continued weakening of demand in the UK market will impact earnings and the ability to offset further increases in bunker costs.

Financial performance

Revenue increased by 12.7% to DKK 7,798m in 2011 primarily due to the full-year effect of the addition of Norfolkline and increased activity in Baltic Sea.

Operating profit before depreciations (EBITDA) and special items increased by 16.0% to DKK 1,416m in 2011. EBITDA-margin improved to 18.2% from 17.6% in 2010 driven by business units North Sea and Baltic Sea, and a positive impact from the closing of the Irish Sea business unit. Operating profit (EBIT) before special items was DKK 847m, an increase of 27.8%. Special items amounted to an income of DKK 133m consisting of accounting profits of DKK 188m from sale of companies and assets, and integration costs of DKK 56m.

The invested capital was on average DKK 9,018m in 2011, an increase of 10.9% primarily due to the full-year effect of the addition of Norfolkline. The return on invested capital was 10.2% in 2011 including special items.

LOGISTICS DIVISION

SIGNIFICANT TURNAROUND ACHIEVED IN 2011 – MORE COMPETITIVE AND AGILE BUSINESS PROCESSES WILL DRIVE FURTHER IMPROVEMENT IN 2012

BUSINESS AREA OVERVIEW

	Nordic Transport	**Continental Transport**	**European Contract**	**Intermodal**	**Nordic Contract**
Share of Logistics Division's revenue, 2011	15%	31%	20%	24%	10%
Main Activities	*Forwarding, mainly full and part loads:* • Sweden-UK • Denmark-UK • Norway-UK • Warehousing UK • Sweden-Baltic/ Russia	*Forwarding, mainly full and part loads:* • Holland-UK • Germany-UK • Belgium-UK • Belgium-Scandinavia • France-Scandinavia	*Contract logistics:* • UK/Ireland domestic • UK-Continent • Northern Ireland retail distribution • Seafood distribution • Warehousing	*Container routes:* • Norway-UK • Norway-Continent • Ireland-Continent • Ireland-Spain *Rail transport services:* • Nordic-Italy • UK-Italy • Italy-Germany, Benelux • Warehousing Italy	*Paper shipping logistics:* • Norway-Ireland • Norway-UK/Continent • Norway-UK/ Continent/Spain
Equipment	Trailer Pool serving Nordic Transport and Continental Transport • 2,350 trailers • 100 tractor units		• 750 trailers • 40 tractor units	• 3 container vessels • 3,750 containers • 850 swaps	• 5 sideport/ container vessels
Warehouses	• 15,000 m² • Immingham • Gothenburg	• 2,750 m² • Vlaardingen • Immingham	• 18,600 m² • Peterborough • Larkhall • Belfast	• 8,000 m² • Milano • Rotterdam • Immingham • Belfast	• 26,000 m² • Moss • Immingham
Sales offices	• Oslo • Gothenburg • Copenhagen • Immingham • Dublin	• Hamina • Kristiansand • Hamburg • Vlaardingen • Gent • Brugge • Immingham	• Aberdeen • Peterborough • Larkhall • Belfast • Limerick • Boulogne Sur Mer	• Oslo • Moss • Brevik • Kristiansand • Fredericia • Copenhagen • Dublin • Immingham • Rotterdam • Milano • Helsingborg • Rattingen • Waterford	• Oslo • Moss • Kristiansand • Brevik • Immingham
Customer segments	• Industrial production • Automotive • Consumer goods	• Industrial production • 3rd and 4th party logistics • High value sector • Temperature controlled	• Temperature controlled and ambient cargo for retailers / manufacturers • Aquaculture	• Retail • Contract management • Paper industry • Industrial goods	• Paper industry
Primary competitors	• NTEX • DSV • Schenker • Blue Water • Lo-Lo Operators	• Cobelfret • P&O Ferrymasters • LKW Walter • Lo-Lo Operators	• McBurney Transport • Montgomery Transport • STEF-TFE Tradimar	• BG Freight • Cobelfret Containers • Eucon (Irish Continental Group) • MacAndrews • Samskip • Tschudi Lines	• Lo-lo operators • Container operators

The Logistics Division operates DFDS' land transport and logistics activities, divided into five business areas: Nordic Transport, Continental Transport, European Contract, Intermodal and Nordic Contract

DIVISION MANAGEMENT

Head of Division:

- Eddie Green, Executive Vice President, Logistics Division

Business Area Heads:

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

Market Overview

Activity in key markets remained at similar levels to 2010, however, focus on returning DFDS Logistics to profitability resulted in reduced volumes in some areas where prevailing prices did not provide the required returns. Competition remains intense in all markets served, and when costs increases are created by macro economic factors , it is challenging to obtain compensation from customers on a like for like basis. It is therefore essential to continuously strive for efficiency improvements

Significant growth was achieved with a number of the largest customers across a broad range of sectors. The only major loss was a management contract which was taken 'in-house' on the expiry of the contract. Industrial and retail transport transport balances did not follow a consistent pattern throughout the year which made optimization on a daily basis more difficult to achieve.

Performance in refrigerated sectors remains stable and continued close collaboration with customers contributes to ensure this position is maintained and developed in 2012.

The level of demand is more difficult to predict in 2012 due to the economic conditions impacting all countries within Europe. The aim is to improve upon DFDS Logistics' competitive position and business model to ensure that good results can be achieved regardless of market conditions.

Network

During 2011, DFDS Logistics built upon the integrated network to ensure efficiency and the ability to offer better services to customers. In the early part of the year, the individual trailer fleets were consolidated in to one shared pool for the business units Nordic Transport and Continental Transport. The economies of scale allowed a substantial reduction in the overall trailer fleet without reducing capabilities.

An investment of DKK 55m was made in over 240 dry trailers to develop the fleet and ensure the ease of transfer between the different markets in Scandinavia and Continental Europe.

Towards the end of 2011, UK transport planning functions for the business units Nordic Transport and Continental Transport was moved to one central point in Immingham, UK. This has enabled an optimization of planning, reduction of empty mileages and enhanced services to customers.

Continuous Improvement: Project Headlight

During the year, several significant initiatives were taken across DFDS Logistics to support the improvement to profitability. The key initiative was Project Headlight.

The project was focused on the trailer business units (Nordic Transport, Continental Transport and European Contract) where existing processes were improved and standardised across the business in order to leverage scale.

Strategic Priorities

Many effective changes were thus implemented through the entire year due to a great effort by the employees of DFDS Logistics. It was the positive reaction to these changes that helped to deliver the first step in the turnaround of the Division.

Strategic Priorities in 2012

DFDS Logistics has successfully delivered the first phase of a turnaround and returned the business to an overall satisfactory level of profitability during 2011. The turnaround was driven by focus on internal factors such as costs, processes and organisation. The outcome is a very competitive product offering and focus in 2012 will be to increase commercial activity in order to carry more traffic for our customers and leverage the business model.

In addition, priorities for 2012 are:

- To ensure Intermodal returns to profitability.

THE MAIN INITIATIVES AND ACTIONS OF PROJECT HEADLIGHT WERE

Initiative	Actions
• Management Control	• Implementation of a management system in each location to support the drive for continuous improvement.
• Haulage	• Procurement of new sub contractors to drive down the cost per KM of haulage. • Development and installation of a procurement process for haulage including quality assurance • Developed the network activities between Business Units. • Reduction of empty mileages
• Equipment	• 4 trailer pools merged to one central pool. • New procurement and maintenance concept developed and implemented • Management Control Systems installed for Equipment
• Operational Processes	• Improved back-office production, including invoicing routines • Realisation of identified productivity improvements • Process harmonised and aligned across locations
• Sales	• Improved customer profitability through to continuous yield management exercises. • A complete new process designed and agreed with sales managers • Sales Target model from strategic to individual targets developed and agreed • New pipeline developed, securing increased weekly sales activities and measuring conversion rates

LOGISTICS DIVISION			2011					2010		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	1,116	1,149	1,064	1,001	4,330	518	549	1,156	1,130	3,353
Operating profit before depreciation (EBITDA) and special items	33	42	40	56	171	5	13	19	37	74
Share of profit of associates	-1	1	2	-2	0	0	0	5	0	5
Profit/loss on disposal of non-current assets	1	0	4	5	10	1	1	2	-2	2
Depreciation and impairment	-18	-17	-18	-19	-72	-17	-18	-27	-21	-83
Operating profit (EBIT) before special items	15	26	28	40	109	-11	-4	-1	14	-2
Operating profit margin (EBIT), %	1,3	2,3	2,6	4,0	2,5	-2,1	-0,1	-0,1	1,2	-0,1
Special items, net	-6	-2	-3	-3	-14	0	0	-20	-194	-214
Operating profit after special items (EBIT)	9	24	25	37	95	-11	-4	-21	-180	-216
Invested capital, average	953	927	896	894	921	875	895	1.079	1.107	975
Return on invested capital (ROIC) p.a., %	3,4	9,0	10,6	18,1	9,7	-5,9	-2,1	-10,4	-81,8	-27,7
Tons, '000	378	259	243	251	1.131	389	420	422	391	1.622
Units, '000	88,9	90,1	85,2	81,2	345,4	41,2	43,6	95,0	91,7	271,5

STRATEGIC PRIORITY – 2011

Priority	Result
• Deliver synergies from acquisition of Norfolkline	• DFDS Logistics delivered DKK 55m in synergies which was more than expected and delivered in advance of targets.
• Improve profitability (Headlight)	• Total profitability in line with the first phase of the turnaround of DFDS Logistics returning an EBIT-margin of 2.5%
• Improve profitability in Ghent (Headlight)	• Ahead of expectations by making a profit of DKK 0.3m, against a loss of DKK 15.8m in 2010.
• Improve profitability in Container Trade between Holland and Ireland	• Market conditions hardened with fuel and charter rates increasing and over capacity. These factors off-set improvements implemented at the end of 2010.
• Focus on high margin refrigerated transport	• In line with our expectations with excellent performance from BU European Contract in 2011.
• Focus on high value transport sector	• Expanded geographic coverage and increased revenue in this segment by 30% during 2011.
• Design and production phase of new Transport Management System – "Velocity"	• IT priorities were changed during the year as the Rail business was moved on to the Phoenix operational system to develop more synergies within the division. Velocity development resources were reduced to accomplish this and therefore design and production phase is still ongoing with expectation that it will be completed by 2012 and a pilot site implemented by the end of the year.
• Continued collaboration with DFDS Seaways	• Collaboration continues to ensure we offer customers a competitive advantage in dealing with DFDS.

- To enhance the culture of continuous improvement developed in Project Headlight by extending the project to all remaining parts of DFDS Logistics.
- Continue to develop refrigerated and high value transport sector and look for "bolt on" acquisitions to enhance the product offering to customers.
- To pilot the new Transport Management System – Velocity.

Nordic Transport

Following on from the successful integration of Norfolkline during late 2010, Nordic Transport made improvements to profitability in all units during 2011. This was achieved despite lower volumes primarily due to yield management exercise initiated in Project Headlight.

The business unit developed new traffic relations with Russia and Lithuania during 2011, an area which is expected to provide the unit with further growth opportunities in the coming years and at the same time generates more cargo to DFDS Seaways' route network in the Baltic.

The final part of the year saw gradual improvements in the volumes between Scandinavia and the UK, mainly due to winning business from new customers.

Continental Transport

Continental Transport delivered improved results in all areas during 2011. The lower cost haulage model that was developed in Headlight was initiated in the Holland-UK business and was a key element in returning this business to profit. In October a new operational system was implemented with limited impact on customers which improved efficiency and productivity. UK transport planning was also

LOGISTICS DIVISION			2011					2010		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Nordic Transport										
Revenue	173	179	163	147	662	97	105	182	137	521
EBIT before special items	6	7	6	11	30	2	4	-8	8	6
Invested capital	79	80	70	124	73	45	53	70	12	45
ROIC, %	11.6	33.0	32.0	32.7	38.5	54.1	26.4	-42.3	265.7	12.5
Units, '000	10,1	9,3	9,5	10,1	39,0	5,9	6,2	12,5	10,8	35,4
Continental Transport										
Revenue	377	366	346	314	1,403	152	164	413	347	1,076
EBIT before special items	0	6	4	5	15	0	-4	-2	-1	-7
Invested capital	281	227	240	161	254	212	223	505	356	301
ROIC, %	-0.7	10.7	6.9	12.3	5.5	0.2	-6.8	-1.7	-1.3	-2.1
Units, '000	30,1	29,2	26,1	25,2	110,6	15,3	15,8	32,1	30,2	93,4
European Contract										
Revenue	212	225	221	235	893	-	-	220	221	441
EBIT before special items	9	12	13	16	50	-	-	9	22	31
Invested capital	157	152	159	177	159	-	-	24	151	88
ROIC, %	n.a.	29.3	31.3	34.1	29.5	-	-	146.3	54.9	33.1
Units, '000	19	20,3	20,4	21,2	80,9	-	-	19,5	20,0	39,5
Intermodal										
Revenue	270	310	269	262	1,111	173	203	289	304	969
EBIT before special items	0	4	1	3	8	-3	0	3	-7	-7
Invested capital	164	219	193	184	193	242	342	252	204	252
ROIC, %	-6.9	6.6	2.1	6.9	3.9	-0.3	-0.3	3.8	-12.2	-2.6
Units, '000	29,7	31,3	29,2	24,7	114,9	20,0	21,6	30,9	30,7	103,2
Nordic Contract										
Revenue	114	113	110	102	439	102	100	124	123	449
EBIT before special items	6	9	13	11	39	-5	3	4	2	4
Invested capital	259	241	223	219	241	382	297	366	262	340
ROIC, %	-6.9	14.5	22.0	19.2	15.2	5.9	4.0	3.9	3.4	1.1
Tons, '000	378	259	243	251	1,131	389	420	422	391	1,622
Non-allocated items										
Revenue	23	22	23	19	87	3	3	-6	18	18
EBIT before special items	-6	-12	-9	-6	-33	-5	-7	-7	-10	-29

moved to the main Hub in Immingham to take advantage of scale. This will support delivery of a better return in 2012.

The Ghent operation delivered an excellent step in the turnaround of this business during 2011 with a small profit (loss in 2010 of DKK 16m). This was in part due to the initiatives in Project Headlight. In order to stay competitive in this very challenging market, the business model was changed and own drivers and trucks were replaced by sub-contractors on international trade which follows the strategy of the rest of the Division. As a consequence 34 drivers were made redundant.

The activities in Brugge and Hamburg both delivered good results, and are both expected to improve further in 2012. These units now deliver the best returns of the business unit.

European Contract
In Scotland the aquaculture volumes were marginally below expectation and the levels attained in 2010. Salmon prices dropped in the second half of the year and, in particular, exports to Europe were affected by strong supply from Norway. Good vehicle utilization helped to ensure margins were maintained. The outlook for 2012 and beyond remains positive.

Business performance in Northern Ireland was satisfactory with yield management initiatives through the Headlight project and some new customer volume providing for improvement on the previous year. Reduced imports to Ireland resulted in changes to the usual trade patterns and required adjustments to the operation and tariff model.

In 2011 the Peterborough business again enjoyed considerable volume growth from its major blue chip customers. Development of new business with existing customers combined with strong operational controls resulted in a good performance.

Intermodal
After various operational and organizational changes profitability was achieved within all Intermodal Rail activities connecting Scandinavia, Benelux, Germany and UK with Italy. Especially Sweden, Denmark and UK have shown growth and higher EBIT margins. We expect further improvement in 2012 within all Rail traffic areas.

The Norwegian container activities connecting the Oslo Fjord and the West Coast with the Continent and UK improved both volumes and earnings and further positive development is expected in 2012. The Oslo Fjord service continue to be operating in a vessel sharing agreement (VSA) with Samskip and Unifeeder.

DFDS Suardiaz Line (DSL), a 50/50 joint company with Valpores Suardiaz Logistica, Spain, operating a door/door container service between Ireland, UK and Spain based on a vessel sharing agreement with Mac Andrews. In spite of the very difficult conditions on the Irish and Spanish market profitability was stabilized in 2011. Further improvement is expected for 2012.

DFDS Contract Logistics Ireland improved results further compared to 2010, and the outlook for 2012 is likewise positive.

DFDS Logistics Container Line operating the Continental/Irish container service, in a vessel sharing agreement (VSA) with Samskip, had another difficult year with increases in charter rates and bunker costs, especially in the first two quarters, which have been difficult to pass on to the customers. As a consequence of the disappointing development, capacity was reduced from four to three vessels at the end of October. At the same time, reduced charter costs were negotiated for all three vessels which resulted in a positive EBIT in November. As from January there are no long term commitments on charter vessels. The market is still influenced by some overcapacity which is impacting freight rates and profitability. Compared to previous years operational flexibility is now higher with limited fixed costs, which together with the new DFDS Logistics network, gives an opportunity to bring this activity back to profit in 2012.

Nordic Contract
During 2011 the Chartering activity, which consisted of five bulk carriers, was sold to Wilson. This allowed management to focus on the core activity in Nordic Contract supporting delivery of excellent results in the Sideport shipping activity.

During 2011 a key paper industry customer reduced volumes due to a factory fire, but this was compensated by additional volumes from others which were carried in our vessels. The paper industry is presently characterized by uncertainty due to over supply in the market. The situation is monitored closely to ensure adaptation of the business model accordingly.

Financial performance
Revenue increased by 29.2% to DKK 4,330m in 2011 mainly due to the full-year effect of the integration of Norfolkline.

Operating profit before depreciations (EBITDA) and special items was increased by 130.9% to DKK 171m in 2011. The EBITDA-margin increased to 4.0% from 2.2% in 2010. Higher profits in all business areas contributed to improving the margin.

Operating profit (EBIT) before special items was DKK 109m, an increase of DkK 111m. Special items amounted to a cost of DKK 14m, including integration costs and costs related to the improvement and efficiency Project Headlight.

The average invested capital was DKK 921 m in 2011, a reduction of 5.4%. In 2011, the return on invested capital reached 9.7% including special items.

RISK FACTORS

RISK MANAGEMENT IS AN **INTEGRAL PART OF THE GOVERNANCE** OF DFDS AS RISKS AND OPPORTUNITIES ARE WEIGHED UP ON AN ONGOING BASIS. ALL MAIN RISKS ARE REPORTED TO THE BOARD OF DIRECTORS

Macro-economic and market risks
The market for sea transport of freight and passengers is affected by the general level of demand and by the state of the economy. Significant drops in demand will in most situations lead to overcapacity and increased price pressure in the market. Partly in order to counteract these cyclical risks, part of the ro-ro freight fleet consists of chartered vessels. The aim is that a certain proportion of the chartered tonnage will be for contracts of less than a year with the option of extensions, which facilitates the return of tonnage at short notice. All of the passenger ships are owned by DFDS, which limits the options for adapting passenger capacity in the short term. The container fleet is all chartered. Logistics activities make widespread use of subcontractors for land transport, and leased equipment, leading to a high proportion of variable costs and therefore substantially lower cyclical risk.

DFDS' geographic diversification across Northern Europe as well as activities aimed at Russia and the surrounding countries reduces dependence on developments in any single region. The number of routes and other activities also helps balance commercial risks.

The market for sea transport of freight and passengers is also affected by industry-specific conditions, including 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 in local and regional 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 partly limited by entering into long-term partnership agreements.

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

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

The tonnage market
DFDS mainly charters freight tonnage, which involves risks associated with price trends and the availability of sufficient tonnage in relation to the company's needs. Similar risks are also relevant when chartering out excess tonnage. In addition, certain risks are associated with price trends and the time periods involved in ordering newbuildings.

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

Security and environment risks
DFDS uses freight and passenger ships, port terminals, warehouses and cargo carrying equipment and other operating

	Risks	Policies	Hedging 2012
Bunkers	• Rise in oil price • Expected bunker consumption in 2012: 476,000 tons • Total bunker costs in 2011: DKK 1,736m	• Hedging of fluctuations in oil prices of 50-80% of anticipated consumption for the next four quarters • The oil-price risk is hedged via: – Price surcharges (clauses in freight contracts, BAF (bunker adjustment factor) and bunker surcharges for passengers) – Financial instruments	• It is estimated that a change to oil prices of 1% compared to the price level at mid-February 2012 will entail an impact on financial performance of approximately DKK 6.0m • Total hedging of oil consumption: 69% – The commercial hedging level is assumed to be 75% for freight and 40% for passengers Total commercial hedging: 65% – Financial hedging amounts to 4%
Interest rates	• Changes in interest rates, primarily increases • When calculating the duration and proportion of fixed-term loans, long-term charter contracts are included under fixed-interest loans • Interest expenses amounted to DKK 161m in 2011	• Duration 9-36 months • Fixed-term proportion 40-70% • Implicitly includes the fixed rate for long-term charter contracts • The target for risk is calculated as a net position (net deposits)	• Duration as of early 2012: 14 months • Fixed-term proportion: 58% (proportion of fixed-interest loans, including interest-rate swaps and charter contracts, compared to net-interest-bearing debt) • It is estimated that a change of 1% compared to the price level at mid-February 2012 would entail an impact on financial performance of approximately DKK 23.3m
Currency	• Translation risks are related to the impact on the profit and loss account of value adjustments of financial assets and liabilities in foreign currencies	• Positions are hedged by matching the currencies for assets and liabilities • Net positions in excess of SEK 200m, NOK 100m and GBP 20m are hedged using price-adjustment agreements	• Net currency-balance positions in early 2012 are as follows: – SEK: DKK 198m – GBP: DKK 0m – NOK: DKK 99m
	• Transaction risks relate to changes in exchange rates, which have an impact on earnings when revenues and expenses are not incurred in the same currency	• At Group level, subsidiaries' exposures are aggregated to facilitate mutual hedging • Risk is also reduced by adjusting prices and cost structures in local currencies • Financial hedging is used as needed	• Approximately 85% of DFDS' revenue is invoiced in foreign currency • Net currency cash-flow positions in 2012 are estimated as follows: – SEK (income): DKK 225m – GBP (income): DKK 10m – NOK (income): DKK 125m – USD (cost): DKK 150m • To date, transaction risks have not been hedged, apart from bunker costs in USD
Liquidity	• Liquidity risks relating to payments	• Sufficient liquidity is guaranteed by reserves and by drawing rights • Greater diversification of the loan portfolio is also sought in the form of corporate bonds or similar	• Liquidity risks are not quantifiable • Liquidity reserves include net liquid holdings of DKK 864m at the end of 2011, and short- and long-term drawing rights on DKK 498m.
	• Counterparty risks with financial institutions	• The limits for placing liquidity in banks are determined by the credit ratings of the banks concerned.	• Counterparty risk is hedged by complying with fixed limits

equipment, all of which involve operational risks. These risks are controlled and minimised partly through compliance with safety requirements and routines, as well as preventative work, and partly through insurance against risk.

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

The CR report (page 38-55) also accounts for safety and environmental risks as well as DFDS control practices and prevention efforts.

Political and legal risks
DFDS' activities are affected by legal and regulatory changes regarding the shipping and transport sector as well as the overall conditions for infrastructure in northern Europe. 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.

Changes in laws and regulations regarding DFDS' overall conditions can lead to negative consequences, including higher costs. This risk is linked to the requirement of lowering the sulphur content in bunkers to 0.1% in 2015 in the Baltic and the North Sea.

This is accounted for in the environmental section of the CR report (50-52).

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

DFDS is actively monitoring developments in these areas, including through participation in industry organisations.

FINANCIAL RISKS

As an international company, DFDS is exposed to financial risks relating to changes in exchange rates, interest rates, oil prices and other factors. Such risks are managed in accordance with DFDS' agreed policy for financial risk management. Decisions about risk management are discussed regularly by Executive Management, and the Board of Directors is regularly informed about risks and hedging.

In connection with the acquisition of Norfolkline in 2010, a major overhaul was instigated of DFDS' loan portfolio, including the establishment of three-year certified drawing rights. The overall financial structure and financial needs are thus well balanced. DFDS also owns several ships without collateral, as a result of which refinancing risks are considered to be limited. The main focus in 2011 has been on ensuring future transparency in liquidity.

DFDS' shipping activities involve a relatively high degree of capital intensity, and demand for transport services is cyclical to a certain degree. Together, this implies a risk of large fluctuations in earnings, and financial flexibility is therefore maintained through a solid capital structure. At the end of 2011, DFDS' equity ratio was 54% and this ratio is expected to increase during 2012. In light of DFDS' growth strategy and the current increased uncertainty about the future macro outlook, the capital structure is deemed to be satisfactory.

The table on page 34 accounts for DFDS' financial risks. In addition, please refer to note 28. For individual risk areas, the following can be highlighted:

- **Bunkers:** In the freight area, oil-price risks are hedged to a large extent by price-adjustment clauses in transport contracts. The degree of hedging is also affected by capacity utilisation, i.e. all things being equal, greater utilisation will lead to a higher coverage ratio. It is estimated that a price change of 1% will entail a financial impact of approximately DKK 6.0m compared to the oil price level mid-February 2012, which was approximately USD 700 per ton
- **Interest rates:** The proportion of net fixed-interest loans was 58% at the end of 2011, which is consistent with the target of a hedging level of 40-70%
- **Currency:** To date, transaction risks have not been hedged. They relate primarily to SEK, NOK, GBP and USD. Due to turmoil in the Eurozone EUR risks are monitored continuously, but not hedged
- **Liquidity:** At present, the risks are estimated to be limited. DFDS systematically and regularly conducts internal credit assessments of all financial counterparts. The internal credit assessment is based on ratings from international credit-rating agencies. The Board of Directors approves general limits on deposits, etc. with counterparts on this basis

SHAREHOLDER INFORMATION

Share capital
DFDS A/S' share capital remained unchanged at DKK 1,486m during 2011. The share capital consists of one class of shares distributed on 14,856,081 shares, each with a nominal value of DKK 100. The DFDS share is listed on NASDAQ OMX Copenhagen.

Price, market value and revenue
The DFDS share price at the end of 2011 was 355, down 15% from the end of 2010. By comparison, an index of comparable companies (Peer Group) fell by 16% in 2011. The NASDAQ OMX Copenhagen total index (OMXC) fell by 18% in 2011.

DFDS' Peer Group Index consists of the following companies: DSV (DK), Finnlines (SF), Irish Continental Group (IE), Tallink (ES) and Viking Line (SF).

The market value of the total share capital at year-end 2011 was DKK 5,274m. The market value of the turnover in DFDS shares was DKK 925m in 2011, an increase of 119% compared to 2010.

Shareholders
At the end of 2011, DFDS had 15,490 registered shareholders with an ownership share of 93.7% of the share capital. The Lauritzen Foundation was the principal shareholder at the end of 2011, with a holding of 36.3%.

Shareholders abroad owned 3.4% of the share capital at the end of 2011 compared with 2.1% at the end of 2010.

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

SHARE RELATED KEY FIGURES

	2011	2010	2009	2008	2007
Earnings per share, DKK	50	47	11	32	52
Dividend per share, DKK	14	8	0	0	15
Dividend payout ratio, %	28	17	0	0	29
Dividend yield, %	3.9	1.9	0.0	0.0	1.9
P/E ratio, times	7	9	33	12	15
Equity per share, DKK	469	427	455	427	442
Price/book value, times	0.76	0.98	0.79	0.93	1.79
Share price, DKK:					
Price at year-end	355	418	358	399	790
Price high	480	423	416	785	950
Price low	353	309	250	290	692
Market value, DKK mill.	5,274	6,210	2,864	3,192	6,320
No. of shares at year-end, mill.	14.9	14.9	8.0	8.0	8.0

The Board of Directors proposes payment of a dividend for 2011 of DKK 14 per share.

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Shareholder Secretariat
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E-mail: maria.breitenstein@dfds.com

Financial calendar
Annual General Meeting
29 March 2012 at 14:00
Radisson SAS Falconer Hotel
and Conference Centre
Falkoner Allé 9
DK-2000 Frederiksberg, Denmark

Announcement of results in 2012
Q1: 22 May
H1: 21 August
Q3: 15 November

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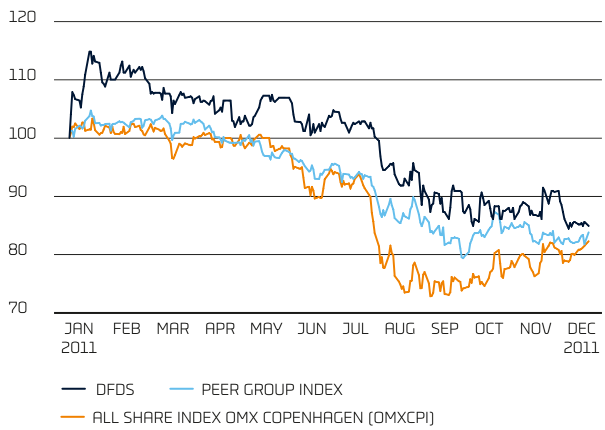
COMPANY ANNOUNCEMENTS 2011

Dato	Meddelelse
19-12-2011	Financial calender 2012
15-12-2011	Major Shareholder Announcement
12-12-2011	New bid for assets of SeaFrance not submitted
16-11-2011	Bid for assets of SeaFrance not accepted
16-11-2011	Continued progress for DFDS
07-11-2011	Invitation to conference call for Q3 report on 16 november 2011
14-09-2011	DFDS expands Baltic Route Network
23-08-2011	Reporting of transactions in DFDS' shares and associated securities by senior employees and their related parties
22-08-2011	Reporting of transactions in DFDS' shares and associated securities by senior employees and their related parties
18-08-2011	Q2 better than expected
09-08-2011	Invitation to conference call for half-year report on 18 August 2011
26-07-2011	Bid for assets of Seafrance
22-06-2011	Sale of port terminal in Rotterdam
09-06-2011	Focus on performance and value creation strengthened through option programme
13-05-2011	Strong growth in revenue and results
28-04-2011	Invitation to conference call for Q1 report on 13 may 2011
13-04-2011	DFDS A/S – summary of annual general meeting, 13 april 2011
07-04-2011	Reporting of transactions in DFDS' shares and associated securities by senior employees and their related parties
25-03-2011	Election of employee representatives and alternates to the board of directors of DFDS A/S
22-03-2011	Reporting of transactions in dfds' shares and associated securities by senior employees and their related parties
18-03-2011	Reporting of transactions in dfds' shares by related parties
18-03-2011	Notice to convene annual general meeting DFDS A/S
17-03-2011	Strong 2010 for DFDS
14-03-2011	Sale of Canal Tours
01-03-2011	Invitation to conference call for DFDS' annual report 2010
03-02-2011	Sale of ro-pax ship and circulation of tonnage
13-01-2011	Closure of routes on Irish Sea
11-01-2011	Management awarded
03-01-2011	Change in Profit Expectations for 2010

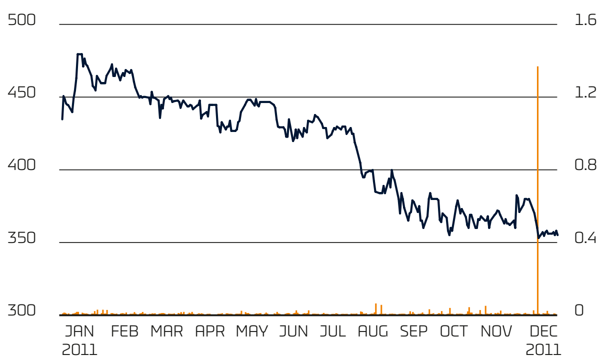
OWNERSHIP STRUCTURE, END 2011	SHARE OF CAPITAL, %
Lauritzen Foundation[1]	36.3
A.P. Moeller – Maersk[1]	31.3
Other institutional and financial investors	17.8
Other registered shareholders	6.2
Own shares	2.4
Non-registered shareholders	6.0
Total	**100.0**

[1] Based in Copenhagen

INDEXED PRICE DEVELOPMENT FOR DFDS SHARE AND INDEX, 2011
(INDEX)



DFDS SHARE: PRICE DEVELOPMENT AND TRADING, 2011
(SHARE PRICE, DKK) (NO. OF SHARES, M)



CR REPORT

CORPORATE RESPONSIBILITY AT DFDS

DFDS HAS TAKEN THE FIRST STEPS TO UNITE CORPORATE RESPONSIBILITY (CR) AND OPERATIONS TO **CREATE VALUE FOR OUR STAKEHOLDERS** AND OUR COMPANY

Executive message

"DFDS is responsible for many employees, their working conditions, their safety and their health at work. We help to safeguard the infrastructure and supply of goods. We are responsible for our passengers' safety, for our customers' freight, and for operating as responsibly as possible in relation to the environment. We are responsible for managing the investments made in DFDS – and much more".

"Our responsibility is recognised in a range of policies covering these areas. In this, our first comprehensive report on CR, we present policies, actions, and our progress covering our corporate responsibility efforts. Hopefully our commitment will come through in this report and at the same time improve the transparency of our work. We aim to improve continuously from here, step by step: That is The DFDS Way".

"We aim to create value for stakeholders through being a good 'corporate citizen', and we want all DFDS citizens – from the Board to individual employees – to contribute actively by making responsibility part of their daily working life."

Niels Smedegaard,
President and CEO

Our new approach to Corporate Responsibility

We have embarked on a journey to manage CR risks and opportunities systematically. A clear strategy has been set, with targets for short and medium-term performance improvements, andwe are committed to working with our stakeholders to reach these targets.

Our CR Strategy

The ambition of our CR strategy is to create and protect value for our stakeholders supporting DFDS' position as a preferred supplier and employer.

Our 'roadmap' to creating value for DFDS and its stakeholders from CR involves working with others. We engage with policy makers, for example on sulphur emissions; we participate in international industry forums on security and safety; we work with suppliers, for example on efficient bunker refuelling; and we are managing community relations such as around our Rotterdam terminal. See below for more information on who we engage with, the issues that are important to them and what we do - and plan to do - about them.

All of our CR efforts depend on the collaboration of our colleagues across the company on land and sea. Without them, little can be achieved. But in order to harness the collaborative energy reliable processes and systems must be in place. Over the past two years, we have strengthened our capacity for CR in our operations by sharing best practices and improving internal communications on CR. An example is the emerging human resources (HR) management system which will allow more systematic management of people, policies and goals. Another example is the new supply chain management database which will allow us to refine our understanding and partnerships relating to key risks and opportunities in the value chain.

An executive CR strategy workshop was held in November 2011. Key topics were the structure CR-work, measurability and transparency, and integrating CR into daily operations while creating business value. There is scope for innovation and we found that we engage with external parties on many issues relating to CR. A comparison with peer companies of performance on five key CR issues showed that DFDS is well positioned for future development of CR.

Governance of CR

To govern DFDS' CR strategy relating to stakeholder identification, reviewing stakeholder relationships, and an overall CR policy, a new CR corporate governance has been launched with arrangements including:

- a new CR Committee comprising five senior people responsible for driving and managing CR at DFDS
- Niels Smedegaard, CEO is the overall sponsor of the new Committee
- The Executive Management Committee (ECM) sets the long term ambition with our CR Committee driving the programme.

Clear terms of reference for the Committee are being developed. It will meet at least quarterly and will invite external stakeholders to two of these meetings. The Chairman of the CR Committee will report progress twice yearly to the ECM, and annually to the Board of Directors. The members of the CR Committee will

WHAT ARE OUR KEY CR ISSUES?

- Financial resilience and scale to deliver CR
- Health, safety and security of employees, customers and passengers
- Human resource management, including fair employment terms
- Air emissions, including greenhouse gases
- Collaborating with our customers on CR issues

discuss and make decisions on key CR topic areas such as human resources, procurement, environment, health & safety, ethical conduct. The objectives of the Committee will be to drive forward the development of CR policies, commitments and goals, regular stakeholder mapping and engagement, CR issues prioritisation, annual CR reporting and the assessment of signing up to the UN Global Compact, which DFDS expect to do in 2012.

Working with stakeholders
Creating value from CR for DFDS and its stakeholders involves stakeholder engagement processes – working with others and being accountable. A stakeholder is a person or organisation who we influence, or who can influence us, including voiceless ones such as the environment and future generations.

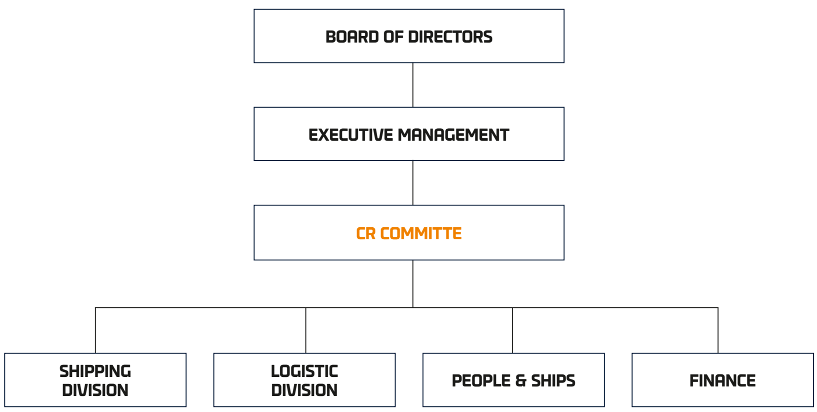
Our new CR governance therefore builds on engaging with external stakeholders. Dialogue and collaboration can help tackle CR challenges such as emissions control and fair labour conditions. Collaboration can create opportunity: systematically understanding the changing requirements of customers regarding wider issues can help differentiate a transport supplier, for example. Open engagement with employees can yield productivity improvements. Consideration of the way we interact with ports, logistics hubs and local communities can protect commercial value and reputation.

Who are DFDS' stakeholders and what do they expect of us? The table below lists our stakeholder groups, the ways we engage with them and our opinion of the key outcomes relevant to CR.

What's material to our CR Strategy and Report?
Through workshops and benchmarking we identified a range of issues

WORKING WITH OUR NEIGHBOURS

Our Rotterdam terminal is next door to a residential area. We used to receive about 30 complaints a month from local residents. Noise and road traffic movements can be a nuisance. We set out to explain more about our role in the port and what we are doing. We launched a local community newsletter in 2010 for some 2,000 residents to keep them informed of our latest developments. As a result, across 2011, complaints dropped from around 30 per month to just a handful, and some months none at all.



The table below lists our stakeholder groups, the ways we engage with them and our opinion of the key outcomes relevant to CR.

Stakeholder	Who they are	How we engage
Customers/ Passengers	• Forwarding, haulage and transport companies • Manufacturers of industrial goods • Retailers and food producers • Individuals, families and groups • Coach operators	• Customer surveys • Ongoing relationships/account management • Feedback forms on ferries • Via freight and passenger booking intermediaries
Employees/ Unions	• 5,096 employees across 20 countries • Unions • Seafarer Associations • International Labour Organisation (ILO)	• Ongoing daily management • Employees annual appraisal • Weekly employee newsletter • Annual employee survey • Regular meetings and training courses • Zoom leadership programme
Regulators and government (land & sea)	• IMO • Marine Accident and Fire Investigation Organisations • Health & Safety Agencies • Maritime & Coastguard Agencies • Environment Agencies • Local Authorities • Customs & Excise, Immigration dept. • Various Port Authorities • Highways agencies • National tourism bodies	• Meetings via industry groups • Compliance related communications • Policy advocacy work • Investigations relating to incidents arising • National government meetings and ministerial receptions • Promote attractions of regions/countries to tourists
Financial	• Shareholders, including majority shareholder Lauritzen Foundation • Investors • Financial institutions • Insurers and brokers	• Quarterly financial reporting & public conference calls • Company announcements • Investor meetings • International road shows • Dialogue with analysts • Updates posted online • Ongoing dialogue with broker/insurers, site visits
Industry organisations	• PSS – Ports Skills & Safety • PSA – Passenger Shipping Association • European Community Shipowners' Association (ECSA) • INTERFERRY • Local Shipowner Associations • Classification Associations	• PSS meetings and involvement in management • PSA Ferry section meetings • PSA Safety, security, health, hygiene, environment, welfare meetings • Other informal and formal meetings with peers and industry associations • Lobbying/advocacy
Suppliers	• Catering suppliers • Bunker suppliers • Hauliers • Part suppliers for ship maintenance • Dockyards • Transport equipment manufacturers • Other suppliers	• Ongoing dialogue • Audit of major road haulage contractors • Mentoring of smaller road haulage contractors • In-house safety training spaces offered to business partners
Communities where we operate	• Communities by our ports, terminals and routes, our warehouses, offices and other facilities	• Through employees • Site offices and local contact numbers • Newsletters (eg Rotterdam) • Charitable initiatives
Media, NGO's and others	• Media • NGO's (national/ International) • International organisations • Lauritzen Foundation	• Memberships of organisations • Work with specialist organisations like the Carbon Trust • Press Office • Range of publications and engagements

Key engagement issues	Progress during 2011	Plans for 2012/2013
• Reliability, frequency and capacity • Strong safety record • Clear travel/booking information • Integrated solutions • High level of customer service from staff • Onboard experience of high quality • Improved efficiencies, less environmental impact • Response to emerging CR requirements	• Central passenger competency centre created • Enhanced service online • Varied efficiency/environmental initiatives • Decision and planning of a comprehensive customer satisfaction survey and analysis in 2012	• Customer Focus project • Upgrade of InfoBridge, freight customer booking and information system • Upgrade of passenger areas on passenger ships when docking • Improved reporting
• Healthy and safe working environment • Fair employment conditions • Career development and fair reward • Training provision • Ethical, consistent ways of working • Diversity	• Code of Business Conduct introduced • Developing Group wide Safety Management system (SMS) • Planning of group wide HR system • "The DFDS way" launched	• Enhancing safety culture, through continuous training • Implementation of group wide HR system • Diversity programme
• Compliance and risk reduction • Security and immigration control information • Accessibility • High quality of Health and Safety practices • Ongoing reduction of environmental impact, including emissions reductions, introduction of low sulphur fuels, improvements to anti-foul paints, responsible ship scrapping, waste management	• Ongoing testing after introduction of sulphur scrubber on TOR FICARIA • DKK 69m investment in environmental technologies	• Initiation of scrubber survey
• Transparency and clarity in reporting • Accessibility to management • Accountability and reliability • Safety and broader risk Management	• In 2011 DFDS was awarded an information prize by the Danish association of financial analysts	• Increase frequency of international road shows
• Emissions reductions including introduction of low sulphur fuels in shipping fleet • Health and Safety	• Introduced new propellers on some of fleet, eg. PEARL SEAWAYS • Introduction of sulphur scrubber on FICARIA SEAWAYS • Testing a bilge water cleaning system on PEARL SEAWAYS	• New goals for marine and logistics fuel consumption reductions to be decided in 2012 • Development of data recording system to include DFDS Logistics CO_2 emissions • Additional EURO 5 trucks • Investing in onshore power supplies • Board member ECSA
• Accessibility and accountability • Safety management systems • Risk assessments • Emissions reductions • Best value including non-financial factors	• Improved supply chain organisation implemented in 2011 • Improved supply chain systems implementation begun in 2011 • Ethical code for suppliers profile increasing	• Fully implement new supply chain systems
• Employment opportunities • Responsible operations/being a good neighbour • Noise reduction initiatives	• Enhanced port services developed in conjunction with ports incl. land connections for electricity so engines can be shut down in port to reduce noise and emissions	• Improved engagement with communities where we operate
• Accessibility • Good quality, transparent information • Environmental management and performance incl. emissions and responsible scrapping of ships	• Increased frequency of media dialogue • Environmental initiatives • (see above)	• Environmental initiatives • (see above)

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

IMPORTANCE TO DFDS

that matter the most and that may influence the decisions, actions and performance of employees, customers and other stakeholders. The relative importance of these issues was then assessed internally (meeting business strategy) and externally (stakeholders' positions on issues). Corporate risk was also taken into consideration in this review. The grid below shows the most important issues identified as a result of this work.

Determining CR priorities is a dynamic process and we are committed to improving our understanding of where focus should be and how CR issues should be managed. Processes are being developed to invite and gather feedback to help refine the understanding of material issues.

About this Report

The scope of the information and data in the CR section of this Annual report ("CR Report") covers DFDS' operations in Northern Europe, including 47 ships, port terminals and offices. CO_2 data are based on bunker documentation and does not currently include energy or CO_2 data from logistics operations and offices. The CR Report does not cover any joint venture operations or activities of partner organisations. The information in this CR Report meets the requirements of the amendments to the Danish Financial Statements Act 2009 and is subject to internal data management systems and audit. The data covers the financial year January to December 2011. We did not seek external independent assurance for the CR Report content and will review options for the next CR Report. The report is guided by the principles of report content and quality from the Global Reporting Initiative (GRI) Sustainable Development Reporting Guidelines (version 3.1).

SAFETY AND SECURITY

THE SAFETY OF PASSENGERS, CREW AND FREIGHT, AND THE SECURITY OF SHIPS AND PORT FACILITIES, IS OF **PARAMOUNT IMPORTANCE TO DFDS**

Highlights

- No incidents with a high severity rating recorded in 2011
- Significantly improving safety incident reporting
- Better integration of safety data systems
- Emergency response capability maintained

Our approach

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

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

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

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

DFDS' Health, Safety and Environment Policy, revised in 2009, strives to deliver improvement through active demonstration of commitment and leadership at all levels in the shipping and logistics businesses. This means practicing what we preach, where all managers behave in a way that demonstrates safety and accountability.

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

We monitor accidents, incidents and near-misses at sea and discuss the outcomes of regular audits on a monthly basis. This approach involves clear targets for shipping safety at business unit level. Our Marine Standards experts, People and Ships VPs and CEO meet to formally review H&S and security once a month. Core to this process is to review H&S data collected from ships in readiness for inspection by maritime authorities.

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

Progress in 2011

All vessels and logistics operations are surveyed and certified according to international, EU and national legislation, including internal audits and inspections on safety and security according to company procedures.

In 2011 the Lost Time Injury Frequency (LTIF)[1] was 2.9, down from 6.6 in 2010. 31.7 near misses on average per vessel was recorded, up from 13.4 in 2010. This increase reflects a higher level of awareness on safety and the number of near misses reported is expected to continue to increase in coming years based on more focus in this area. There were zero fatalities in 2011 in either our land or sea based operations. Following integration of Norfolkline, H&S systems were merged by April 2011.

DFDS Logistics' operations are also getting safer as the Lost Time Injury Frequency (LTIF) was 13.9, down from 16.4 in 2010. On several sites greater emphasis is placed on accident potential, near misses, safe work operating procedures and daily personal awareness tours carried out by Supervisors and Team Leaders.

[1] Lost Time Injury Frequency is the frequency of lost work days per one million exposure hours. A lost work day is time lost from an injury which results in an individual being unable to carry out any of their duties or to return to work on a scheduled work shift on the day following the injury.

Shipping incidents reported [2]	2011	2010	2009
Near miss reports (average per vessel)	31.7	13.4	4.8
Lost time injury frequency (LTIF)	2.9	6.6	8.0
Fatalities	0	0	0

Logistics incidents reported [3]	2011	2010	2009
Lost time injury frequency (LTIF)	13.9	16.4	n.a.
Fatalities	0	0	0

The following vessels recorded no lost time accidents for 180 days or more by the end of December 2011:

	Days
Britannia Seaways	908
Primula Seaways	796
Ficaria Seaways	605
Petunia Seaways	413
Ark Futura	373
Anglia Seaways	314
Flandria Seaways	278
Delft Seaways	274
Dover Seaways	190
Dunkerque Seaways	189
Princess Seaways	183

For 2011 two separate fires during dock stays were reported, one on PRINCESS SEAWAYS and a second on FICARIA SEAWAYS. The incidents showed the effectiveness of the automatic extinguishing system, the crew's preparedness, and the collaboration with the local fire service.

A 23-year-old woman fell overboard from PRINCESS SEAWAYS, UK rescue services were scrambled but the ferry' s own rescue team saved her within minutes. She was checked for hypothermia and kept overnight before being released to a hospital on shore for observation. "Incredibly professionally, DFDS managed to turn the vessel around, using their man overboard drill, and find her quickly" Flight Sergeant Rick Jones, RAF Search and Rescue [4].

In early 2012 LIVERPOOL SEAWAYS was detained in Karlshamn, Sweden until deficiencies were corrected, including evacuation ladders that were too short. Immediate safety management meetings were completed to learn from this and improve safety processes.

In our logistics business, an internal H&S audit at DFDS Belfast Logistics in 2011 showed a 30% year on year improvement from the benchmark standard. We continued our programme of H&S training to deliver such performance elsewhere. The overall target is to reduce accidents to zero.

We recorded that the port terminals of Dover and Dunkirk had not had a Lost Time Accident in the previous 12 months from January 2011. We attribute this to regular 'drip feed' H&S training by all 160 staff regularly via the internet and face-to-face. Tailored training is also offered to deal with safety in proximity to moving vehicles. Reporting of near misses is also at a high at Dover, showing strong awareness and proves that training is vital. Our DFDS Scandic Terminal in Esbjerg achieved 180 days without a serious work accident or LTA in April 2011, which is supported by focused training on minor accidents.

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

With regard to security arrangements, the tragic Norwegian shooting incident in July 2011 required activation of our security alert and corporate response which worked according to plan. Ship Security Plans deal with all security related processes, including risks such as piracy. The security audit programme also showed that systems are in compliance with International and EU regulations.

Future steps / Commitments 2015
- Maintain progress towards zero lost time accidents
- Report group wide safety data in 2014

2 Data exclude local operating subsidiaries AB DFDS SEAWAYS (Lithuania) and DFDS Logistics AS (Norway)
3 Former Norfolkline operations' data are included in the calculations from July 2010
4 www.telegraph.co.uk/news/uknews/8744567/Woman-rescued-from-North-Sea-after-falling-from-ferry.html

PEOPLE AND COMMUNITY

OUR AIM IS TO BE A PREFERRED EMPLOYER, TO BE **VALUED BY OUR EMPLOYEES** AND TO BE TRUSTED BY THE HOST COMMUNITIES WHERE WE OPERATE

Highlights

- 5,100 employees in 20 countries
- 3,888 employees in shipping, 936 employees in logistics
- In-house senior management course Zoom with 340 participants since 2009
- 74% of employees are satisfied with DFDS and 84% feel a strong sense of loyalty to DFDS

Our approach

Our approach to people management is guided by the values of The DFDS Way. Human resources (HR) and CR are closely linked, focusing on a number of issues: attraction and retention, health, safety and security, training and career development, diversity, and fair labour conditions.

Our People & Ships corporate function covers all HR for shipping and logistics operations, including the people in the Technical organisation. Personnel at sea and on land work under numerous collective bargaining agreements (CBA) which differ according to seniority, crew rating/pay grade, and flag flown. DFDS Logistics uses many subcontractors who are subject to terms and conditions to help manage quality, efficiency and safety at work.

Many common policies are in place for all business units, covering areas such as international leadership, staff appraisals, training and development, pay and bonuses, working time, employee wellbeing, recruitment, labour standards, ethics, grievance and company cars. Specific policies are in place in shipping to cover alcohol/drugs, crew development and officer succession. Where policies are not yet aligned across the group programmes are underway, for example for diversity and retention.

We actively connect HR to corporate responsibility: our new Director for Environment and Sustainability, who's also the Chair of the new CR Committee, reports to the Executive Vice President of People and Ships. By doing so, we aim to deliver high quality H&S management at sea and on land which respects The DFDS Way. There are three HR directors reporting to EVP People & Ships working in partnership with local managers.

DFDS is responsive to local HR management needs based on good levels of engagement and sensitivity to local conditions. Employees are a key stakeholder and our satisfaction survey is an important tool. Other engagement includes working with employees on H&S committees, on work councils and union representation.

Each business unit develops its own training plan for career development and safety training, for example. Many will include contractors, particularly in our logistics business.

With respect to community relations, our activities are mainly localised, taking root through the energy of the volunteers involved, and achieving their own momentum. DFDS' weekly newsletter informs about the community relations projects carried out across the company for all to see. Often flourishing from grass roots levels, these activities demonstrate our values and inspire others to act similarly. This is accompanied by a number of corporate initiatives as well as support from the Lauritzen Foundation.

PROGRESS IN 2011

People

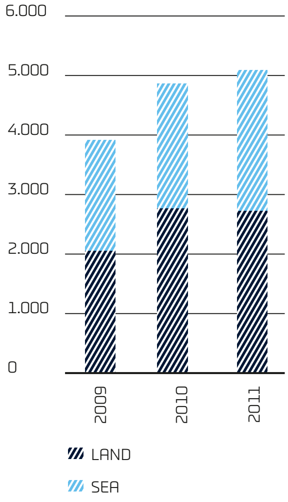
We employ 5,100 people, up from 4,862 in 2010. The headcount has grown mainly as a result of the full-year effect of the Norfolkline acquisition. Around 46% of these are at sea. Our head office is in Copenhagen. Across Northern Europe we operate more than 50 offices. We employ 600 officers, more than 100 navigators, a similar number of engineers and electricians and 1,799 ship assistants. In our logistics business we employ 1,049 people including more than 25 business managers, 60 sales and marketing staff and 150 drivers. We make use of over 1,000 freight transport subcontractors every day .

Our priorities are identified as managing retention, attracting talent, leadership development, and diversity. Progress is being made with a new HR management system, supported by an integrated IT database. It will support tracking of employees, profiles, skills, succession, pay and benefits. We continue to participate in industry and governmental programmes to attract employees, including recruitment programmes with universities and through social media. DFDS is well regarded by its labour relations stakeholders, which is important to attracting and retaining talented people.

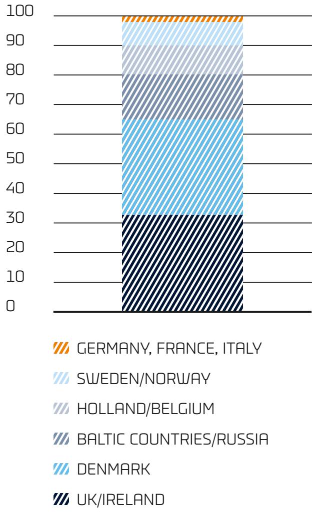
We invest in training and development as a core part of what we do. A total of 340 employees have since 2009 completed the group-wide Zoom management training course. Also, business units have 'tool-box' safety training talks on a regular basis according to local requirements. And DFDS Logistics in Peterborough, UK, for example, is an approved centre for Driver Training.

The growth of The DFDS Way comes with training on it, during which feedback is gathered on how we manage business ethics and the emerging Code of Conduct. Also launched in 2011, The DFDS Way

DISTRIBUTION OF EMPLOYEES ON LAND AND SEA
NO. OF EMPLOYEES



EMPLOYEES PER COUNTRY, 2011
(%)



GENDER DISTRIBUTION EMPLOYEES, 2011
(%)

TRACKING EMPLOYEE SATISFACTION

Staff satisfaction surveys was started in 2008. The 2011 employee satisfaction survey closed with a response rate of 74%. Overall, employees say they are satisfied with DFDS but improvements can be made. Out of a possible 7 points we scored 5.2 overall (74%), no change from 2009 (no survey was made in 2010 due to the integration of Norfolkline). Overall DFDS employees feel a strong sense of loyalty to the company with a score of 5.9 (84%), up from 5.8 in 2009. Each Executive Management Team member received survey results for his area of responsibility, which will be cascaded to managers at the next level and so on through the organisation.

"Our employee survey achieved a record response rate, helps engagement with colleagues, and contributes to the stakeholder and risk management processes we are developing"

Henrik Holck, EVP HR.

Award rewards initiatives, projects and actions that embody The DFDS Way in practice.

On diversity, we have no women in post at the level of Vice President and above. We are setting up projects to understand more about gender and other factors affecting diversity at DFDS and how to encourage women and others in management and leadership. The emerging HR management system will provide baseline data for managing diversity. We expect to report on developments in the next CR report.

A thriving workforce is helped by a healthy lifestyle. DFDS promotes and supports initiatives on wellbeing at work. In 2011, the DFDS House exercise-at-work campaign encouraged daily exercise and the TOR FUTURA was the overall winner in the Danish Government Seamen's Service Seafarer Fitness campaign.

Whilst we strive to develop and reward the workforce, DFDS is always subject to the economic and market forces affecting operations. In case of redundancies we adopt a sensitive and professional approach guided by the values in The DFDS Way. The closure in 2011 of the Dublin-

Birkenhead and Dublin-Heysham Routes in the Irish Sea directly affected 50 colleagues in Dublin. We worked to mitigate the consequences of the redundancies. We consulted the Dutch Works Council and the Trade Union representing the Officers of one of our ships that was moved between routes and re-staffed. Similarly we re-flagged the FLANDRIA SEAWAYS and consulted in an open manner with the Works Council and Nautilus during 2011 to resolve outstanding issues..

Due to challenges relating to growing competition and increasing oil prices for example, business activities have been adjusted. In 2011, this required us to make 31 redundancies in the English Channel business unit, and 34 in the logistics site in Ghent. In both cases we formally advised unions of our analyses. Engagement with the unions has been very open and we are committed to engaging with the unions and staff affected. Those affected were invited to discuss any questions with the HR Director concerned.

No fines, prosecutions or breaches of regulations relating to HR, including equal opportunities and human rights, were recorded in 2011.

Community

It is the compelling energy of our people which is at the heart of our community relations work. At the corporate level we complement their efforts with corporate initiatives such as High:Five, the Christmas lunch for the homeless and the contribution to Denmark's National Fundraising Day.

Our commitment to employing selected young offenders continued in 2011 with our partnership with High:Five (highfive.net). The aim is to give participants an opportunity to return to normal life. Currently five young people are employed by DFDS. High:Five is part subsidized by government and to date DFDS has worked with around 25 young people, 60% of whom find permanent employment.

Christmas lunches for homeless people were held again in December and attracted a high level of participation. Colleagues from the office in Oslo and CROWN OF SCANDINAVIA invited 216 homeless people for a lunch and along with a lottery of 234 practical gifts paid for by DFDS. Meanwhile in Copenhagen nearly 200 homeless people came aboard PEARL SEAWAYS to enjoy a Christmas lunch. The crew served the free lunch and also raised 8,000 DKK (1,100 Euros) for gifts for the guests. The event was organised with Netbuss and The Mission Among the Homeless, from Copenhagen. As part of Denmark's National Fundraising Day in aid of Africa in 2011 we donated DKK 50,000 (6,700 Euros) in addition to DKK 3,800 (500 Euros) collected from staff in two days.

As described in the stakeholder engagement section, the Rotterdam terminal management adopted an active approach to community relations by publishing and distributing a tailored newsletter for their neighbours. The aim was to inform local residents and help reduce complaints. Following its launch in 2010, the number of complaints each month dropped from around 30 per month to just a handful, and sometimes none at all. "By communicating clearly and on time about what residents can expect from us, we can manage a lot of complaints in advance" Rob Olbertz, Route Director Netherlands-UK.

Finally, the Lauritzen Foundation provides an invaluable support to DFDS employees past and present. The Foundation awards grants to former and present employees of DFDS and for a variety of cultural, entrepreneurial, educational and charity projects (lauritzenfonden.com).

Future steps / Commitments 2015

- Establish a new HR management information system across the Group
- Achieve Group alignment on policies relating to Diversity and Retention, 2012
- Report in 2012-13 on DFDS Diversity programme

ENVIRONMENT

OUR PRIMARY GOAL IS TO REDUCE EMISSIONS AND BUILD PARTNERSHIPS WITH STAKEHOLDERS TO ENSURE THAT ENVIRONMENTAL **REGULATIONS DEVELOP EFFECTIVELY AND SENSIBLY**

Highlights
- DFDS is on track to cut CO_2 emissions by 10% over a five year period
- New Director of Sustainability and Environment chairs new Corporate Responsibility Committee
- DKK 69 million of environmental investment in 2011
- Bunker prize promotes eco-efficiency by incentivizing employees

Our approach
DFDS' Environmental Policy, formulated in 2007, commits to the protection and conservation of the environment. Key commercial risk factors include environmental regulation and energy price inflation and volatility. The Environmental Policy guides on analysis of compliance costs, innovation, and the corporate response to regulatory change. For example, with respect to the IMO MARPOL Annex VI regulations on reducing sulphur oxide emissions from ships to 0.1% by 2015, we are working hard to come up with a technical solution as well as a more balanced political outcome.

On land we are obliged to meet climate change legislation, such as the Carbon Reduction Commitment (CRC) in the UK, a Government scheme to encourage energy efficiency by medium to large sized electricity users. At port facilities and terminals we are improving the energy efficiency of buildings, plant and equipment and reviewing on-site renewable energy sources.

Our teams follow procedures to implement environmental management day-to-day. As part of customer service we renewed the ISO 14001 EMS certification at Belfast, Brugge, Ghent, Gothenburg and Helsingborg logistics operations.

Specifically, the Environmental Policy included a commitment to a 10% reduction in CO_2 emissions 2008-2012, based on a per capacity unit consumption per nautical mile. Compliance with all applicable regulations is constantly ensured where we operate. We also commit to eliminating environmental pollution spills completely. We are aiming to maximise resource efficiency, cut waste, and assess precisely which environmental investments will be practicable. The Policy also commits to enhancing a culture of environmental awareness where colleagues are comfortable to highlight opportunities to innovate, or where things are not going to plan.

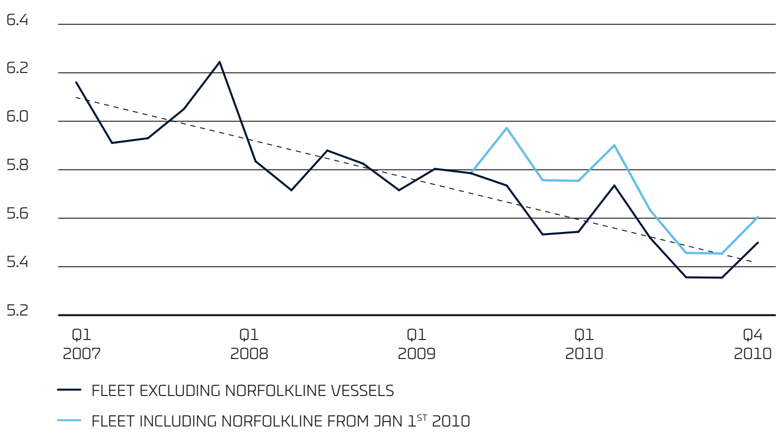
DFDS' new Sustainability and Environment department directs environmental efforts at Group and local levels, ensuring a common quality and The DFDS Way for working on sustainability and corporate responsibility at sea and on land.

Where we instigate commercial management initiatives we seek to understand and maximise the environmental benefits, for example through SeaPlanner and Project Headlight. In 2011 environmental technology investments amounted to DKK 69 million.

PROGRESS IN 2011

Carbon intensity
We have achieved the CO_2 emissions goal one year ahead of schedule. The main source of CO_2 emissions is burning marine fuel oil, known as bunker. It is measured in grams per gross tons per nautical mile (g/GT/nm). In 2007, the base year, a five year target was set for the end of 2012 to cut CO_2 emissions by 10%. In 2011 the average consumption in g/GT/Nm was 9.3% lower than in 2007 for the entire fleet including Norfolkline vessels. Excluding Norfolkline vessels the average con-

FUEL CONSUMPTION FOR DFDS FLEET 2007-2011
(AVERAGE FUEL CONSUMPTION G/GT/NM)



sumption decreased by 11.4% from 2007 to 2011. New goals regarding marine and logistics fuel consumption reductions will be decided during 2012.

In 2011, average fuel consumption was 6.3% lower than in 2010 including Norfolkline vessels (4.3% lower excluding Norfolkline vessels). Total absolute consumption changes over time as the fleet grows or shrinks, or according to changing weather conditions on a route, for example. A relative figure is used to measure consumption to express performance per unit of capacity. See p 124 for the DFDS fleet list for 2011. The data recording system is being developed to include DFDS Logistics CO_2 emissions.

DFDS' bunker saving programme comprises various projects. Core to it is ship speed; while keeping to sailing schedules. Work is also focused on faster loading and unloading, equipment power efficiency, ballast and ship's trim control, new energy-efficient propellers, waste heat recycling, hull cleaning for improved hydrodynamics, as well as more efficient heating, ventilation, air-conditioning and lighting on board. Energy-efficient route calculation is helped by 'SeaPlanner', specialist software, now installed on 23 DFDS ships and which recommends the most energy efficient speed and route. New propellers on PEARL SEAWAYS, for example, have shown fuel savings of up to 9.6% in the testing period. The design is being installed on other vessels to reduce fuel use. Such initiatives are major investments but the payback period is relatively short due to high oil prices.

Benefits are also derived from working with suppliers to find synergies and improve efficiency. Our Vendor-Managed Inventory (VMI) project aims to improve the efficiency of bunker delivery. The supplier can save on fuel, by optimising its barge movements. This partnership project will share information and responsibility with the supplier. If the supplier can choose the delivery schedule, this will allow flexibility and lower costs for DFDS and the supplier.

On land, the port and terminal facilities and distribution hubs are also becoming more energy-efficient. We continue to benefit from Energy Management Teams (EMT): at Larkhall and Belfast for example, new, more efficient refrigeration was installed with anticipated annual electricity savings of 30%. We continue to use more environmentally-efficient trailers and reefers, and work with customers such as ASDA supermarkets in the UK to run double-decker trailers for improved greenhouse gas emissions per carried pallet.

Collaboration continues with suppliers in order to introduce more fuel-efficient trucks . In Ireland for example, EURO 5 trucks will cut CO_2 emissions further compared to the EURO 3 vehicles. We are working to replicate this throughout the logistics business.

Air emissions

The shipping industry is subject to very active legislative developments on air emissions, and in particular sulphur content in marine fuel oil is subject to international regulatory controls. The North Sea and the Baltic Sea, where DFDS operates, are a so-called Sulphur Emission Control Areas (SECAs). In 2015, the IMO (and the EU) will introduce new limits for sulphur levels in bunkers oil in SECAs, reducing the sulphur content from a maximum of 1.0% to 0.1%. Bunkers oil with maximum 0.1% sulphur content is between 40% and 70% more expensive than bunker oil with 1.0% sulphur implying a potential price increase on seafreight of 20-30% which could have a substantial impact on sea traffic in Northern Europe, particularly on routes in direct competition with land based traffic. This could lead to a modal shift, where sea traffic to a greater extent is replaced by road traffic causing further congestion on European roads, thus contradicting the EU policy of moving traffic "from road to sea". The shipping industry supports stricter regulations, but is also exploring opportunities to adapt a modified policy. A solution could be to allow the use of bunker with a 0.5% sulphur level as studies show that the environmental impact of 0.5% vs 0.1% is insignificant.

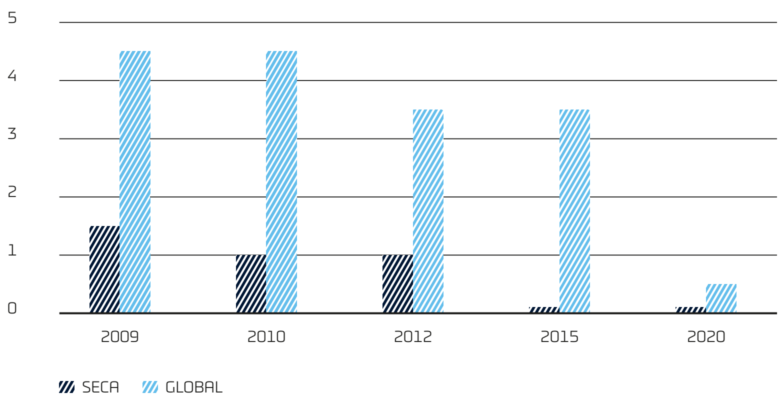
Nevertheless, DFDS is taking a pragmatic and innovative course and also exploring solutions using new technology. DFDS teamed up with specialist supplier Alfa Laval to trial new scrubber technology in 2009, and became the first company to fit a large sulphur scrubber in a ship. Scrubbers remove Sulphur dioxide and particulate matter from ship exhaust gases. The wash-water is discharged harmlessly under licence. The project is led by our Technical Organisation with close involvement of the ship's crew and the Danish EPA. The test project on FICARIA SEAWAYS shows good results. There are some limiting factors affecting how and where such scrubbers can be used. These include scrubber size and weight, installation complexity, ship stability and age. We are actively engaging with the EU on assistance to fund environmental investment. The European Maritime Safety Agency and other relevant authorities are involved in the testing and audit of the results of the equipment.

"Operators will not be able to pass on higher fuel costs to customers with a choice of transport modes, which will inevitably

CUT FUEL, GET FIT!

In October 2011 VILNIUS SEAWAYS won the DFDS Bunker Prize for reducing fuel use and emissions. The prize motivates the crew to save fuel - the vessel with the best performance wins a cash prize to improve crew facilities onboard. The crew decided to use the prize money to upgrade their gym equipment amongst other appliances. "I think that crew members here and on other ships will be motivated to achieve even more fuel savings in the future," said the ship's Captain Konstantin Telik.

LIMITS FOR PERMITTED SULPHUR CONTENT IN BUNKERS
(%)



push up to 50% of cargo off short-sea ships and back on to the road network. It's also clear that the ongoing revision of the EU Directive must put provisions in place as to what should happen if low-sulphur fuel is simply not available to operators in 2015"

Johan Roos, Executive Director, Interferry European Office[1].

Alternative fuels are also being considered. Liquefied Natural Gas (LNG) may be appropriate on some new vessels, although the supply chain, pricing and the actual implementation needs further investigation and development. Whilst we are ready to invest, we and our peers fear that a switch to alternative scenarios for our fleet will take longer than the EU Directive deadline allows.

To combat local air emissions in ports, shipping companies since 2010 have not been permitted to use oil with sulphur content greater than 0.1% when in port. Local sulphur air pollution levels have reduced by 90% as a result. In some ports we also remove nitrogen oxides (NOx) using catalytic converters. Now we are going further by investigating installation of on-shore power supply (OPS) so that the auxiliary engines can be stopped completely when the ship is in port. We are analysing and considering investments up to DKK 140million (19m Euros), including options for EU funding, to install OPS equipment in Vlaardingen, Immingham, Ghent, Esbjerg and Gothenburg, and on the ships that use these ports.

Managing waste, recycling ships

Almost every activity on board and in a logistics centre generates waste. The oil, chemicals and water used for cleaning purposes must be handled in accordance with environmental regulations. On board a ship, such discharge is collected as bilge water below the engine room. Before it can be released, it must first be decontaminated to meet environmental standards. We are in the final phase of testing a new bilge water cleaning system on PEARL SEAWAYS. Not only is it successful, it is more efficient, more reliable, faster, cheaper to run and certified to IMO rules.

Scrapping a vessel is a regulated process, guided by IMO's proposed Hong Kong Convention 2009. DFDS is committed to responsible scrappage. The TOR ANGLIA was scrapped using a certified shipyard in China in 2010. In 2011 LISCO GLORIA was declared a total loss following an extensive fire the previous year. The ship, a 20,600 ton ferry under a Lithuanian flag, will be recycled at Klaipėda in Lithuania.

Future steps / Commitments 2015

- New goals regarding marine and logistics fuel consumption reductions to be decided during 2012
- Data recording system is being developed to include DFDS Logistics CO_2 emissions
- Additional EURO 5 trucks
- Analysis of investing in onshore power supplies

[1] DFDS is member of Interferry European Office.

CUSTOMERS

OUR AIM IS TO CREATE AND PROTECT VALUE FOR OUR FREIGHT CUSTOMERS AND PASSENGERS, **AND TO BE THEIR PREFERRED SUPPLIER**

Highlights

- DFDS transports more than 1.5m trailers, containers, and other cargo every year on 25 routes
- 4.4m passengers served on 13 routes
- DFDS operates 8 port terminals
- Six customer service related awards won in 2011
- Prize winning passenger customer service

Our approach

DFDS constantly strives to deliver the right solutions to customers through continuous improvement of our network in co-operation with carefully selected partners.

DFDS' staff work hard to understand customers' experiences of how we work. Our customer ethics is a key value of The DFDS Way. Delivery of this ethos is helped by training such as the 'Zoom' course for managers. Zoom allows colleagues from across the business to meet, share best practices and to learn from each other.

Customers increasingly expect us to be accountable for our social and environmental responsibilities; this is evident from tenders for example. We respond to this by using specialists across DFDS for their expert knowledge of certain industries. Cost and service levels are the main focus areas; environmental and social issues are also discussed.
For freight customers, we provide clear and up-to-date information on freight services online (freight.dfdsseaways.com). This includes routes and schedules, terminal services, customer service, and specific supply chain solutions for example relating to chemicals, forest products, metals or automotive customers.

Recently, a new online customer satisfaction reporting system has enabled the creation of reports for each ship over any time period. Management teams now have the latest customer feedback sent to them by email every week. We operate to a wide range of service standards and know that customer demands differ across different sectors as diverse as seafood, metals, beverages, forest products and project cargo. At the heart of the service at DFDS are specialist teams designing bespoke solutions to meet customer expectations through quality and innovation.

Our freight safety management system is designed for best practice and continuous improvement. The high quality of our products and services is guaranteed by regular customer surveys and continual improvement schemes. We ensure that shipping schedules and other performance KPIs are met. We test our operations through internal and independent audit and certification. As an example, we regularly have food hygiene inspections from Port Health Authorities, and pride ourselves on the safety of our food.

For our passengers we put together different teams in DFDS to share benefits of collaboration on working practices in response to changing expectations of our services. For example, our joint Passenger Competence Centre aims to identify, develop and disseminate best practices, taking into account customers' specific local needs. We offer information online in 14 languages.

Travel information, contact points including 'instant chat', passenger terms and conditions, credit card policy, brochures and guides, restaurant reservations and tips on driving abroad are all provided for passengers via our websites.

PROGRESS IN 2011

Our business-to-business customers

DFDS offers more than 350 shipping departures each week. Our comprehensive network of strategically placed terminals and hubs operates around 8,000 trailers, containers, cassettes and swap bodies and a total warehouse capacity of 120,000 m^2. DFDS integrates with rail services and runs computerised solutions to maximise efficiency.

Our challenge is to increase customer service without increasing costs. We are introducing common IT systems for passenger and freight, and we are simplifying our contact procedures. We invested DKK 60m (€8.1m) in our Logistics fleet in 2011 and we work continuously with our customers to develop initiatives that save costs and increase efficiencies. One example is 'back-hauling', where every effort is made to fill capacity in return journeys.

We are proud of the awards we have won including:

- Europe's Leading Long Sea Ferry Operator 2010 awarded to DFDS Seaways by The World Travel Awards for the fifth year in a row
- International Produce Logistics (IPL) award for Best Intermodal Provider. The judges were particularly impressed by our environmentally-efficient solutions
- Rijkswaterstaat, the executive arm of the Dutch Ministry of Infrastructure and the Environment, awarded our Rotterdam operation a 10,000 Euro prize for the most innovative solution to reduce the number of tyre breakdowns with trucks and trailers. Our service offers customers regular tyre checks and inflating services for trailers, thereby improving safety and reducing emissions.

DFDS' focus on customer service and responsible operations helps ensure continuity of supply during any extreme weather such as the unusually cold and snowy conditions across the UK at the end of 2010 and the succession of severe storms that hit the North Sea region in autumn 2011. Maintaining a safe service meant there would be some delays and so our Logistics teams kept in close contact with our customers to agree shipping volumes and prioritise deliveries. Our performance has also been recognised by awards and commendations from a number of key customers including Opel and ASDA.

Our passengers (B2C)

Around 4.4m people travel with DFDS every year. Sea travel is convenient for travelling by car and a relaxing part of a journey. Overnight cruises also offer a maritime experience and good value for money.

Passenger service awards won include:

- DFDS Seaways won the prestigious 'World's Leading Ferry Operator Award 2011' at the World Travel Awards in Doha on 11 January
- Norwegian Customer Service prize, based on an extensive survey of 82 of the country's biggest customer service centres. DFDS won the "ship travel" category for the second year running, and finished overall in third place
- Which? in the UK named DFDS Seaways as its Recommended Provider for ferry travel. DFDS scored above average in all aspects, especially ease of booking and value for money
- DFDS Seaways was named 'Best ferry operator' in the Virgin Holidays Responsible Tourism Award 2011. The International Centre for Responsible Tourism recognised DFDS's commitment to setting up and funding a collaborative project with whale and dolphin conservation charity, ORCA, to monitor wildlife and develop marine protection zones in the North Sea.

Passenger engagement is encouraged using online questionnaires. We recently saw an increase of more than 400% over the traditional paper version on one route alone, with over 20,000 responses. We want to understand further, and improve, the customer experience. Fostering open and transparent dialogue is crucial to this. We welcome the chance to show how we work. Indeed, a BBC documentary 'Food Fighters' filmed on PRINCESS SEAWAYS showcased the processes that goes into making food safe. Our kitchens and restaurants were hailed as an example of best practice.

Customers receive messages on important issues such as safety, both onboard and ashore. DFDS transports tens of thousands of people going on skiing holidays in Norway. With the Danish national skiing club and other partners we offered a 24-page booklet on ski safety to all skiing passengers when they check in. The booklet provides practical advice to reduce the risk of injury and a smartphone application to access safety information and to test safety knowledge.

With respect to our ferry business, we note that other varied projects make a valuable contribution to the wider customer experience. The ORCA initiative, over three years, involved more than 100 marine wildlife surveys onboard and a new Wildlife Watching mini-cruise. We wanted to go beyond our statutory obligations and find where we could make a difference to marine conservation.

DFDS Seaways also funded two Wildlife Officers to raise awareness of whales, dolphins and porpoises in the North Sea, while collecting information to support sightings undertaken by a team of ORCA surveyors each month. They run deck watches with customers on wildlife mini-cruises using the Newcastle-Amsterdam ferry route, and provide a range of educational information.

An educational service was started by our Lithuania office to introduce reading corners on REGINA SEAWAYS and LISCO MAXIMA. Shelves for books and frames for magazines were mounted; Klaipeda city libraries and some employees donated the books and the Magazines Printing Group offered magazines for free.

Future steps / Commitments 2015

- Project Customer Focus to be launched beginning of Q2 2012 to run for the rest of 2012
- An 'app' to permit customers to track their journey on a map of Northern Europe showing real-time position of ships, including arrival information
- Upgrade of customer relationship management system to provide more information such as energy efficiency per unit shipped to help measure and reduce the carbon footprint of customer and own operations.

SUPPLIERS

OUR AIM IS TO MINIMIZE RISK AND MAXIMIZE SECURITY IN THE SUPPLY CHAIN. ROBUST RELATIONSHIPS WITH SUPPLIERS ENSURES **RESPONSIBLE AND EFFICIENT SERVICES TO CUSTOMERS**

Highlights

- DFDS sources goods and services for 47 vessels: around 5,000 purchase orders each month
- 20 logistics offices, managing 3,100 trailers
- New supply chain information management tools in place, and under development
- All supply contracts include our ethical Code of Conduct

Our approach

DFDS' supply chain connects many suppliers, modes of transport and countries. Within it we strive to create and protect commercial value affected by issues relating to security, product safety, quality, environmental protection and social responsibility. DFDS' Supply Chain Management (SCM) teams aim to help minimize the risk and maximize the security of the supply network and reduce acquisition and administration costs through working together across the DFDS Group.

The SCM function sits within the Finance division of DFDS. SCM comprises procurement, demand and supply and special project functions. Its day-to-day work directly affects the profitability of DFDS and suppliers: it involves price negotiations, contractual arrangements, risk management, working with business units, inventory management and monitoring. To ensure regulatory compliance, we revise our supply chain policies and our ethical code for suppliers.

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

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

The DFDS Supplier Code of Conduct

To do business with DFDS a supplier must comply with all applicable international conventions and national legislation in the country where the work or service is being performed, and specifically it must respect the following:

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

During the discussion on DFDS' strategic approach to CR and the identification of our key material issues, responsible procurement is identified as having potential impact on brand, reputation, relationships and customer orders. Our supply chain teams work closely with suppliers on a day-to-day basis and suppliers' feedback and innovations are valued by DFDS.

Progress in 2011

In 2011 the SCM team numbered 17 people working out of Denmark, UK and Lithuania. In 2011 we established a new centralised SCM operation and a new integrated purchasing system is under development. Whilst contracts are managed locally, a corporate SCM database will allow detailed corporate-level analysis of supplier profiles, numbers, issues, feedback and benchmarks, for example. The database is due for release in 2012 and 2013.

Alongside The DFDS Way, collaboration and engagement are central to responsible procurement. We can report a good start on a new shared approach to how we work with suppliers on bunker delivery. Our Vendor Managed Inventory (VMI) pilot project intends to reduce costs, improve service, share risks and rewards, exchange information openly and enhance transparency and trust. It's a strategic alliance where the supplier makes re-fuelling decisions for the buyer. As well as cost and sales benefits it will help improve punctuality and security of supply.

In 2011 we adopted a new 'efficient trailer working group' in our logistics business. The group has ensured that the policies, procedures, investments, efficiency and cost associated with our 3,100 trailers are consistent and appropriate for DFDS' needs. Policies for review will cover purchase and disposal, trailer mix, standardising equipment, maintenance. The group coordinates with our Project Headlight, which is reviewing all aspects of equipment operation, supplier agreements and trailer procurement in 2012.

Future steps / Commitments 2015

- Implement new supplier database in 2012 and 2013
- Develop procurement policy for internal agreement

FINANCIAL REVIEW

Introduction
DFDS' activities are organised in two divisions (segments), with four business areas in the Shipping Division and five business areas in the Logistics Division.

To facilitate comparisons, important non-recurring items are shown in a separate line, Special items, in the income statement.

Revenue
Revenue increased by 17.8% to DKK 11,625m in 2011. Most of the increase was due to the full-year effect of the acquisition of Norfolkline in July 2010, which impacted revenue growth in both divisions.

Shipping Division's revenue increased by 12.7% to DKK 7,798m. The most important full-year effects were related to an increase of Channel's revenue to DKK 962m, from DKK 494m in 2010. Revenue on the Irish Sea was reduced by DKK 354m to DKK 22m after activities were discontinued in late January 2012. Approximately half of the increase of DKK 384m in North Sea's revenue was due to the estimated full-year effects of the addition of three routes, one of which was merged with an existing route, and conversion of one route to a pure freight route. The remaining increase in North Sea revenue was driven by a strengthening of the SEK, price increases (including higher bunker surcharges) and increased volumes on several routes.

Revenue in the business area Baltic Sea increased by 33.4%, driven by 17.7% higher freight volumes, increased revenue from bunker surcharges and price increases. The revenue from the opening of two new routes was offset by the termination of a route between Poland and Sweden. Passenger's revenue increased by 3.6% to DKK 1,779m.

The Logistics Division's revenue increased by 29.2% to DKK 4,330m, representing an increase of DKK 978m. The increases in revenue in the business areas Nordic Transport, Continental Transport, European Contract and Intermodal were mainly driven by the full-year effect of the acquisition of Norfolkline. The fifth business area, Nordic Contract, was unaffected by the addition of Norfolkline, but impacted by the discontinuation of the area's dry-bulk activities, which reduced revenue compared to 2010.

EBITDA before special items
Operating profit before depreciation (EBITDA) and special items increased by 17.5% to DKK 1,495m, based on growth in both divisions, including the full-year effect of the addition of Norfolkline.

Shipping Division's EBITDA increased by 16.1% to DKK 1,416m based on progress in all business areas except Channel. The improvement in North Sea's financial performance was driven by synergies from the consolidation of routes and port terminals, as well as higher freight rates. Baltic Sea's improved financial performance was primarily driven by higher freight volumes that increased capacity utilisation. Irish Sea's improvement was due to the closure of the business area in Q1 of 2011. Channel's result lower than in 2011 due to the exceptionally difficult competitive environment, which led to a reduction in freight rates of over 10%. Passenger's profit was maintained on a level with 2010.

Logistics Division's EBITDA increased by 130.9% to DKK 171m based on progress in all business areas. In the business areas Nordic Transport and Continental Transport, the improved performance was driven by synergies and greater focus on profitability rather than volume. European Contracts' performance was improved by increasing the efficiency of operations and by focusing more closely on the profitability of contracts. Intermodal's result increase was due to more efficient operations, including progress in rail activities. Nordic Contracts' profit increased due to higher paper volumes and improved operations, which in 2010 were affected by costs for restructuring activities and technical problems.

Non-allocated items amounted to a cost of DKK 92m, an increase of DKK 70m, of which DKK 25m was attributable to a transfer of the income from a chartered passenger ship from Non-allocated items to the Shipping Division as per 1 January 2011. The remainder of the variance was due to one-off costs related to losses on receivables and insurance receivables plus bonus payments and project costs.

Profit/loss on sale of assets
Profit from the sale of ships, properties and terminals amounted to DKK 26m, of which DKK 9m stemmed from an option being exercised by the counterpart on a chartered out passenger ship. Sales of cargo-carrying equipment led to a profit of DKK 10m and the discontinuation of dry-bulk activities in the business area Nordic Contract resulted in a profit of DKK 5m from the sale of bulk contracts.

Depreciation, write-downs and EBIT
Total depreciation and write-downs were reduced by 2.3% to DKK 686m, with the full-year effect of the acquisition of Norfolkline more than offset by lower depreciation due to the sale of three ships following closure of the business area Irish Sea, the write-down of ships in 2010, the sale of a port terminal and the end of depreciation on a chartered out passenger ship following the exercise of a purchase option.

Operating profit (EBIT) before special items was DKK 835m, an increase of 43.8%.

Special items
Special items generated a net income of DKK 91m in 2011.

The background to special items was as follows:

- Integration costs etc. related to Norfolkline amounted to DKK 72m in 2011, of which DKK 30m was related to the closure of the business area Irish Sea. Costs associated with the improvement projects Headlight and Light Crossing amounted to DKK 22m in 2011.
- Accounting gains:
  - In October 2010, a fire broke out on the ro-pax ship Lisco Gloria. In January 2011, it was declared a total loss by DFDS' underwriters and in March 2011 a compensation of DKK 525m was paid. This led to recognition in 2010 of an accounting gain after costs of DKK 273m. As a result of lower costs than estimated, the gain was adjusted upwards by DKK 17m in 2011.
  - DFDS Canal Tours was sold in March 2011, resulting in a profit of DKK 83m.
  - DFDS' port terminal in Maasvlakte, Rotterdam, was sold at a profit of DKK 48m in June 2011.
  - Following the closure of two routes on the Irish Sea, a ro-pax vessel was sold at a profit of DKK 17m in April 2011.
  - An office building in Lithuania was sold at a profit of DKK 23m in April 2011.
- Write-downs:
  - DFDS' investment in DailyFresh Logistics CV was written down by DKK 25m in 2011 as a result of reduced earnings.

REVENUE

DKK m	2011	2010	Δ %	Δ
Shipping Division	7.798	6.921	12,7	877
Logistics Division	4.330	3.353	29,1	977
Eliminations etc.	-503	-407	23,6	-96
DFDS Group	11.625	9.867	17,8	1.758

OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA) AND SPECIAL ITEMS

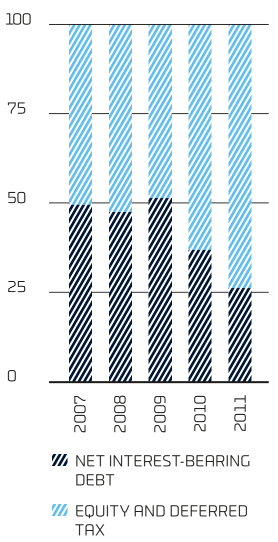
DKK m	2011	2010	Δ %	Δ
Shipping division	1.416	1.221	16,0	195
Logistics division	171	74	131,1	97
Non-allocated items	-92	-22	n.a.	-70
DFDS Group	1.495	1.273	17,5	222
EBITDA-margin, %	12,9	12,9	n.a.	0,0

SPECIAL ITEMS

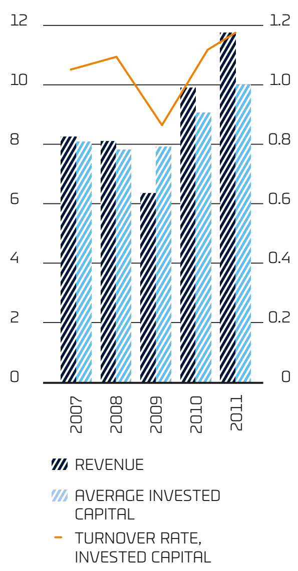
DKK m	2011	2010
Transaction costs re acquisition of Norfolkline	-	-35
Integration costs re Norfolkline	-72	-96
Accounting profit from:		
Ship declared total loss after fire	17	273
Sale of routes on Irish Sea	-	200
Sale of DFDS Canal Tours A/S	83	-
Sale of DFDS Seaways Maasvlakte BV	48	-
Sale of ship (Dublin Seaways)	17	-
Sale of office building, Lithuania	23	-
Write-down of:		
Goodwill	-	-120
Ships	-	-120
Associated company, DailyFresh Logistics CV	-25	-
DFDS Group	91	102

DFDS Group	2011					2010				
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	2,698	3,071	3,110	2,746	11,625	1,611	1,951	3,359	2,946	9,867
Operating profit before depreciation (EBITDA) and special items	171	458	561	305	1.495	104	346	539	284	1.273
Share of profit of associates	-1	1	2	-2	0	0	1	4	0	5
Profit/loss on disposal of non-current assets	1	2	12	11	26	1	1	2	1	5
Depreciation and impairment	-171	-169	-162	-184	-686	-145	-150	-212	-196	-703
Operating profit (EBIT) before special items	0	292	413	130	835	-40	198	333	89	580
Operating profit margin (EBIT), %	0.0	9.5	13.3	4.7	7.2	-2.5	10.1	9.9	3.0	5.9
Special items, net	46	66	-14	-7	91	-4	-17	-63	186	102
Operating profit (EBIT)	46	358	399	123	925	-44	181	270	275	682
Profit before tax	7	301	332	102	742	-62	140	225	244	547
Invested capital, average	10,314	9,843	9,838	9,896	10,042	7,965	7,931	9,329	10,722	9,061
Return on invested capital (ROIC) p.a., %	1.6	12.8	15.3	5.5	8.6	-2.3	8.7	11.7	9.4	7.2

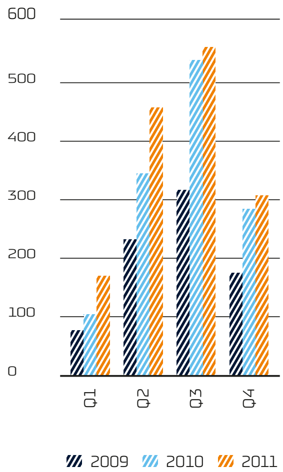
CAPITAL STRUCTURE
(%-SHARE OF CAPITAL)



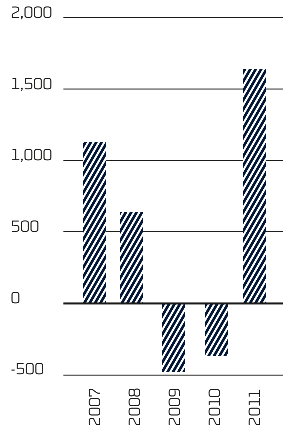
REVENUE AND INVESTED CAPITAL
(DKK BN) (TIMES)



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



FREE CASH FLOW
(DKK M)



Operating profit (EBIT) after special items was therefore DKK 925m, an increase of 35.7%.

Financing
The net cost of financing increased by 35.9% to DKK 183m as a result of lower income from net currency adjustments. The net interest cost was reduced by 21.5% to DKK 129m due to a reduction in average net interest-bearing debt of 23.8%.

In 2011, net currency adjustments amounted to a cost of DKK 7m, compared to an income of DKK 61m in 2010. The cost of financing was thus increased by DKK 68m in 2011.

Other financial costs for 2011 increased by DKK 15m to DKK 39m., primarily due to full-year effects of amortisation of costs related to loan restructurings completed in 2010.

Tax and annual profit
Pre-tax profit was DKK 742m, an improvement of 35.7%.

The DFDS Group's shipping activities are subject to tonnage tax in Denmark, Norway, the Netherlands and Lithuania. Tax on the annual profit amounted to DKK 8m, of which current tax was DKK 29m and deferred tax constituted an income of DKK 6m. Adjustments to previous years' taxes represented an income of DKK 15m.

Annual net profit was DKK 735m compared to DKK 522m in 2010.

Investments
Net investments for the year amounted to an income of DKK 219m.

Gross investments in assets totalled DKK 804m, including payments for the construction of two new freight ships at DKK 376m. Moreover, DKK 209m was invested in maintenance and docking of ships. Other investments in assets amounted to DKK 219m, included cargo-carrying equipment, the extension of a port terminal in Rotterdam, IT and other items.

Sales of assets amounted to an income of DKK 272m, of which DKK 179m stemmed from the sale of a ro-pax ship and DKK 93m from the sale of an office building, cargo-carrying equipment, and other assets.

Sales of companies led to an income of DKK 223m, of which DKK 110m stemmed from the sale of DFDS Canal Tours A/S and DKK 123 m from the sale of DFDS Seaways Maasvlakte B.V.

Also included is an insurance compensation for a ship declared a total loss of DKK 525m.

Assets, invested capital and return on invested capital
Total assets were reduced by 7.6% to DKK 12,795m, corresponding to a fall of DKK 1,054m. Long-term assets were reduced by DKK114m as depreciation and sales of assets and companies outweighed the addition of gross investments.

In addition, short-term assets were reduced by DKK 940m, primarily due to the receipt of an insurance payment of DKK 525m for a ship declared a total write-off. Cash funds were reduced by DKK 153m, and assets held for sale were reduced by DKK 135m. Liquidity from these and other items was used to reduce interest-bearing debt.

At the end of 2011, invested capital amounted to DKK 9,906m, a reduction of 7.8% compared to the previous year. Average invested capital amounted to DKK 10,042m in 2011, an increase of 10.8% compared to 2010 due to the full-year effect of the acquisition of Norfolkline. The average return on invested capital was 8.6% in 2011. Adjusted for special items, the return was 7.7%.

Financing and capital structure
Interest-bearing debt was reduced by 27.8% to DKK 3,582m at the end of 2011, corresponding to a reduction of DKK 1,380m. Net-interest-bearing debt was reduced by 34.3% to DKK 2,555m.

At the end of 2010, the ratio of net interest-bearing debt to operating profit (EBITDA) was 1.7.

Cash flow
Cash flow from operating activities, (excluding interest), increased by 52.7% to DKK 1,419m due to higher earnings from operations and a reduction of cash tied up in working capital. Cash flow from investments was an income of DKK 219m, and free cash flow from operations was a positive DKK 1,638m.

The positive free cash flow was used to reduce net short and long term debt by DKK 1,457m, pay the net cost of financing at DKK 174m. and dividend of DKK 117m. Cash flow from financing activities was thus negative with DKK 1,792m in 2011.

Impairment test
When indications of loss of value arise, an impairment test is conducted on the Group's ships, based on their expected future net cash flow and on external brokers' evaluations. In 2011, these tests did not result in any write-downs. The tests are described in note 38.

Equity
DFDS' equity increased by 8.9% to DKK 6,906m at the end of 2011. The increase was largely attributable to the transfer of DFDS' share of the annual profit of DKK 735m. Including minority interests of DKK 58m, equity amounted to DKK 6,964m at the end of 2011.

The equity ratio at the end of the year was 54.4%, an increase of 8.2 ppt compared to 2010.

Parent company's financial performance
Net profit for the parent company DFDS A/S was DKK 731m. Total assets at year-end amounted to DKK 11,702m and equity was DKK 5,366m.

FINANCIAL STATEMENTS 2011

INCOME STATEMENT

1 JANUARY – 31 DECEMBER

Parent Company DKK '000				Consolidated DKK '000	
2010	**2011**	**Note**		**2011**	**2010**
5,214,936	6,524,331	1,2	Revenue	11,624,577	9,867,045
			Costs		
-2,553,228	-3,394,116	3	Operating costs	-7,040,500	-5,666,213
-953,760	-1,055,722		Charter hire	-623,625	-741,814
-596,287	-617,153	4	Staff costs	-1,915,463	-1,712,704
-456,110	-622,672	5	Costs of sales and administration	-549,605	-473,166
-4,559,385	*-5,689,663*		*Total costs*	*-10,129,193*	*-8,593,897*
655,551	**834,668**		**Operating profit before depreciation (EBITDA) and special items**	**1,495,384**	**1,273,148**
-	-	14	Share of profit/loss of associates	-75	4,763
243	10,149	6	Profit on disposal of non-current assets	25,736	4,714
		11,12	Depreciation and impairment		
-255,722	-248,420		Depreciation ships	-542,799	-540,964
-54,380	-55,086		Depreciation other non-current assets	-130,949	-155,800
-5,500	-995		Impairment losses of ships and other non-current assets	-12,484	-5,500
-315,602	*-304,501*		*Total depreciation and impairment*	*-686,232*	*-702,264*
340,192	**540,316**		**Operating profit (EBIT) before special items**	**834,813**	**580,361**
-405,859	89,385	7	Special items, net	90,669	101,527
-65,667	**629,701**		**Operating profit (EBIT)**	**925,482**	**681,888**
291,798	311,381	8	Financial income	32,218	83,126
-173,867	-216,195	8	Financial expenses	-215,578	-218,049
52,264	**724,887**		**Profit before tax**	**742,122**	**546,965**
17,061	6,522	9	Tax on profit	-7,566	-24,754
69,325	**731,409**		**Profit for the year**	**734,556**	**522,211**
			Profit for the year is attributable to:		
69,325	731,409		Equity holders of DFDS A/S	730,986	508,680
-	-		Non-controlling interests	3,570	13,531
69,325	**731,409**		**Profit for the year**	**734,556**	**522,211**
		10	Earnings per share		
			Basic earnings per share (EPS) of DKK 100 in DKK	49.96	46.50
			Diluted earnings per share (EPS-D) of DKK 100 in DKK	49.93	46.35
			Proposed profit appropriation		
118,849	207,985		Proposed dividends, DKK 14.00 per share (2010: DKK 8.00 per share)		
-49,524	523,424		Retained earnings		
69,325	**731,409**				

COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER

Parent Company DKK '000				Consolidated DKK '000	
2010	**2011**	**Note**		**2011**	**2010**
69,325	**731,409**		**Profit for the year**	**734,556**	**522,211**
			Other comprehensive income		
			Value adjustment of hedging instruments		
-46,581	-32,624		Value adjustments for the year	-32,607	-47,452
0	0		Value adjustment transferred to revenue	0	-1,346
12,429	6,466		Value adjustment transferred to operating expenses	6,466	13,658
37,080	23,944		Value ajdustment transferred to financial expenses	24,667	39,719
0	0		Tax on other comprehensive income [1]	0	97
7,519	507		Foreign exchange adjustments relating to foreign enterprises	-2,818	49,554
-8,002	6,900		Unrealized value adjustment of securities	6,900	-8,036
0	-7,520		Realized value adjustment of securities transferred to the income statement	-7,520	-906
2,445	**-2,327**		**Other comprehensive income after tax**	**-4,912**	**45,288**
71,770	**729,082**		**Total comprehensive income**	**729,644**	**567,499**
			Total comprehensive income for the year is attributable to:		
71,770	729,082		Equity holders of DFDS A/S	726,194	553,720
-	-		Non-controlling interests	3,450	13,779
71,770	**729,082**		**Total comprehensive income**	**729,644**	**567,499**

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

BALANCE SHEET 31 DECEMBER

ASSETS

Parent Company DKK '000 / Consolidated DKK '000

2010	2011	Note		2011	2010
58,264	92,019		Goodwill	362,697	343,340
2,384	1,591		Other non-current intangible assets	3	165
52,825	63,999		Software	64,765	52,826
4,336	21,997		Development projects in progress	22,558	4,336
117,809	**179,606**	11	**Non-current intangible assets**	**450,023**	**400,667**
9,564	5,825		Land and buildings	104,404	146,166
23,578	21,945		Terminals	623,839	584,115
3,012,048	2,990,836		Ships	7,510,702	8,142,404
99,278	145,989		Equipment, etc.	359,920	319,470
203,385	574,725		Assets under construction and prepayments	583,237	210,902
3,347,853	**3,739,320**	12	**Non-current tangible assets**	**9,182,102**	**9,403,057**
1,486,014	1,341,039	13	Investments in subsidiaries	-	-
223	223	14	Investments in associates	6,120	32,031
1,558,262	1,878,731	15	Receivables	110,613	19,048
25,407	21,486	16	Securities	22,750	26,674
0	0	19	Deferred tax assets	122,150	126,321
3,069,906	**3,241,479**		**Other non-current assets**	**261,633**	**204,074**
6,535,568	**7,160,405**		**Non-current assets**	**9,893,758**	**10,007,798**
79,163	106,523	17	Inventories	147,208	126,393
3,856,090	3,766,846	15	Receivables	1,700,128	2,318,588
91,702	42,891		Prepayments	97,209	152,079
388,018	33,698	16	Securities	33,698	388,018
242,045	591,559		Cash	897,364	696,007
4,657,018	**4,541,517**		**Current assets**	**2,875,607**	**3,681,085**
0	0	34	Assets held for sale	25,276	159,970
4,657,018	**4,541,517**		**Total current assets**	**2,900,883**	**3,841,055**
11,192,586	**11,701,922**		**Assets**	**12,794,641**	**13,848,853**

BALANCE SHEET 31 DECEMBER

EQUITY AND LIABILITIES

Parent Company DKK '000 2010	2011	Note		2011	Consolidated DKK '000 2010
1,485,608	1,485,608	18	Share capital	1,485,608	1,485,608
-77,911	-94,255		Reserves	-130,504	-112,202
3,934,290	3,767,104		Retained earnings	5,342,817	4,846,640
118,849	207,985		Proposed dividends	207,985	118,849
5,460,836	**5,366,442**		**Equity attributable to equity holders of DFDS A/S**	**6,905,906**	**6,338,895**
-	-		Non-controlling interests	57,675	57,525
5,460,836	**5,366,442**		**Equity**	**6,963,581**	**6,396,420**
3,617,766	2,789,312	23	Interest bearing liabilities	3,050,813	3,950,177
0	0	19	Deferred tax	168,389	180,999
12,703	13,951	21	Pension and jubilee liabilities	245,856	253,608
0	25,803	22	Other provisions	29,963	50,695
3,630,469	**2,829,066**		**Non-current liabilities**	**3,495,021**	**4,435,479**
1,423,902	2,787,773	23	Interest bearing liabilities	531,616	1,012,426
75,285	91,412		Trade payables	483,102	518,414
0	0	22	Other provisions	63,725	86,284
0	15,526	26	Corporation tax	39,583	37,675
561,310	554,039	24	Other payables	1,117,142	1,254,158
40,784	57,664	25	Deferred income	100,871	107,997
2,101,281	**3,506,414**		**Current liabilities**	**2,336,039**	**3,016,954**
5,731,750	**6,335,480**		**Liabilities**	**5,831,060**	**7,452,433**
11,192,586	**11,701,922**		**Equity and liabilities**	**12,794,641**	**13,848,853**

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED 1 JANUARY – 31 DECEMBER

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

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

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

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED 1 JANUARY – 31 DECEMBER

DKK '000	Share capital	Reserves: Translation reserve	Reserves: Hedging	Reserves: Revaluation of securities	Reserves: Treasury shares	Retained earnings	Proposed dividends	Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
Equity at 1. Januar 2010	800,000	-81,969	-62,452	8,940	-33,675	3,009,850		**3,640,694**	47,088	**3,687,782**
Comprehensive income for the year										
Profit for the year						508,680		**508,680**	13,531	**522,211**
Other comprehensive income										
Value adjustments for the year			-47,452					**-47,452**		**-47,452**
Value adjustment transferred to revenue			-1,346					**-1,346**		**-1,346**
Value adjustment transferred to operating expenses			13,658					**13,658**		**13,658**
Value adjustment transferred to financial expenses			39,666					**39,666**	53	**39,719**
Tax on other comprehensive income			97					**97**		**97**
Foreign exchange adjustmens relating to foreign enterprises		49,359						**49,359**	195	**49,554**
Unrealized value adjustment of securities				-8,036				**-8,036**		**-8,036**
Realized value adjustment of securities transferred to the income statement				-906				**-906**		**-906**
Other comprehensive income after tax	**0**	**49,359**	**4,623**	**-8,942**	**0**	**0**	**0**	**45,040**	**248**	**45,288**
Total comprehensive income	**0**	**49,359**	**4,623**	**-8,942**	**0**	**508,680**	**0**	**553,720**	**13,779**	**567,499**
Transactions with owners										
Increase of capital[1]	685,608					1,395,595		**2,081,203**		**2,081,203**
Addition of non-controlling interests by acquisition of enterprises								**0**	-1,003	**-1,003**
Disposal of non-controlling						1,131		**1,131**	-2,341	**-1,210**
Sale of warrents						16,243		**16,243**		**16,243**
Proposed dividends						-118,849	118,849	**0**		**0**
Vested re. share-based payment						837		**837**		**837**
Sale of treasury shares related to exercise of share options					3,000	7,032		**10,032**		**10,032**
Treasury shares applied by acquistion of enterprises[2]					8,914	24,327		**33,241**		**33,241**
Other adjustments						1,794		**1,794**	2	**1,796**
Total transactions with owners 2010	**685,608**	**0**	**0**	**0**	**11,914**	**1,328,110**	**118,849**	**2,144,481**	**-3,342**	**2,141,139**
Equity at 31 December 2010	**1,485,608**	**-32,610**	**-57,829**	**-2**	**-21,761**	**4,846,640**	**118,849**	**6,338,895**	**57,525**	**6,396,420**

[1] Costs for preparation of Capital increase of DKK 35.8 million has reduced this amount. The costs are primarily emissionsbanks, legal advisors and auditors.

[2] Treasury shares applied as a part of payment of acquisition of the Norfolkline Group.

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

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

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY 1 JANUARY – 31 DECEMBER

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

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

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

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

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY 1 JANUARY – 31 DECEMBER

		Reserves					
DKK '000	Share capital	Hedging	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends	Total
Equity at 1 January 2010	800,000	-60,016	8,940	-33,675	2,749,357	0	**3,464,606**
Change in accounting policies					-217,085		**-217,085**
Equity at 1 January 2010 after change	800,000	-60,016	8,940	-33,675	2,532,272	0	**3,247,521**
Comprehensive income for the year							
Profit for the year					69,325		**69,325**
Other comprehensive income							
Value adjustments for the year		-46,581					**-46,581**
Value adjustment transferred to operating costs		12,429					**12,429**
Value adjustment transferred to financial expenses		37,080					**37,080**
Exchange rate adjustment, Goodwill					7,519		**7,519**
Unrealized value adjustment of securities			-8,002				**-8,002**
Other comprehensive income after tax	**0**	**2,928**	**-8,002**	**0**	**7,519**	**0**	**2,445**
Total comprehensive income	**0**	**2,928**	**-8,002**	**0**	**76,844**	**0**	**71,770**
Transactions with owners							
Increase of capital [1]	685,608				1,395,595		**2,081,203**
Sale of warrents					16,243		**16,243**
Proposed dividends					-118,849	118,849	**0**
Vested re. share-based payment					837		**837**
Sale of treasury shares related to exercise of share options				3,000	7,032		**10,032**
Treasury shares applied by acquistion of enterprises [2]				8,914	24,327		**33,241**
Other adjustments					-11		**-11**
Total transactions with owners 2011	**685,608**	**0**	**0**	**11,914**	**1,325,174**	**118,849**	**2,141,545**
Equity at 31 December 2010	**1,485,608**	**-57,088**	**938**	**-21,761**	**3,934,290**	**118,849**	**5,460,836**

[1] Costs for preparation of Capital increase of DKK 35.8 million has reduced this amount. The costs are primarily emissionsbanks, legal advisors and auditors.

[2] Treasury shares applied as a part of payment of acquisition of the Norfolkline Group.

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

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

CASH FLOW STATEMENT

1 JANUARY – 31 DECEMBER

Parent Company DKK '000				Consolidated DKK '000	
2010	**2011**	**Note**		**2011**	**2010**
655,551	**834,668**		**Operating profit before depreciation (EBITDA) and special items**	**1,495,384**	**1,273,148**
-58,266	0		Cashflow effect from special items related to operating activities	-72,178	-165,778
1,086	31,022	29	Adjustments for non-liquid operating items, etc.	-38,281	2,090
228,982	115,500	30	Change in working capital	101,929	-68,456
-806	-1,452		Payment of pension liabilities and other provisions	-38,334	-58,381
826,547	**979,738**		**Cash flow from operating activities, gross**	**1,448,520**	**982,623**
192,910	281,778		Interest received	77,912	90,137
-198,322	-239,595		Interest paid	-251,915	-234,523
-353	2,677		Taxes paid	-29,138	-53,791
820,782	**1,024,598**		**Cash flow from operating activities, net**	**1,245,379**	**784,446**
-255,424	-710,151		Purchase of ships included ships under constructions	-585,101	-315,752
0	0		Disposal of ships	179,263	14,978
-165	-79,248		Acquisition of other non-current tangible assets	-166,918	-99,164
-42,235	7,783		Sale of other non-current tangible assets	93,149	9,204
-24,089	-50,937		Acquisition of non-current intangible assets	-52,216	-26,141
0	233,090	32	Cashflow effect from special items related to investing activities	233,090	298,116
0	0		Insurance compensation regarding total loss on ship	525,000	0
-20,720	-7,432	32	Acquisition of enterprises and activities	-7,432	-1,416,855
0	-661,667		Group internal acquisition of activities	-	-
0	-6,213		Capital increases	-	-
0	0		Disposal of subsidiaries, associates and activities	0	8,710
4,172	42,215		Dividends received from subsidiaries	-	-
0	0	14	Dividends received from associates	612	6,211
-338,461	**-1,232,560**		**Cash flow to/from investing activities**	**219,447**	**-1,520,693**
1,723,518	429,348		Proceeds from loans secured by mortgages in ships	429,348	1,723,518
-669,645	-1,408,214		Payment and instalments of loans secured by mortgages in ships	-1,523,856	-775,807
-381,292	16,924		Change in other non-current investments	16,924	-12,559
-51,433	2,725	31	Change in other financial loans, net	-8,365	-1,288,818
-4,182	-5,035		Payment of financial lease liabilities	-15,528	-13,970
-55,190	0		Change in operating credits	-354,253	-71,889
-2,524,855	1,323,700		Change in Group internal financing	-	-
-606	-910	33	Acquisition of non-controlling interests	-910	-606
10,032	0		Exercise of share options	0	10,032
2,081,203	0		Net proceeds from increase of sharecapital	0	2,081,203
16,243	0		Sale of treasury shares related to exercise of share options	0	16,243
0	-45,349		Purchase of own shares	-45,349	0
0	-117,018		Dividends paid	-117,018	0
143,793	**196,171**		**Cash flow to/from financing activities**	**-1,619,007**	**1,667,347**
626,114	**-11,791**		**Net increase (decrease) in cash and cash equivalents**	**-154,181**	**931,100**
8,529	630,063		Securities, cash and cash equivalents and securities at 1 January	1,084,025	154,592
-4,580	6,985		Foreign exchange adjustments of securities, cash and cash equivalents	1,218	-1,667
630,063	**625,257**		**Securities, cash anc cash equivalents at 31 December**	**931,062**	**1,084,025**

[1] The ship QUEEN OF SCANDINAVIA is in 2011 reclassified from non-current assets to interest bearing receivables, due to the accounting treatment has changed to financial lease by lessess decision of using the option to purchase by taking over the ship at 29 March 2015. This result in no cash effect related to ships.

As of 31 December 2011 the cash and cash equivalents includes bonds registred at the Copenhage Stock Exchange DKK 34 million (2010: DKK 388 million) in both the Parent Company and the Group.

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

NOTES

Note 1 Segment information

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

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

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

Shipping Division operate DFDS' sea-based transport divided into five business areas: North Sea, Baltic Sea, English Channel and Passenger. Irish Sea was closed in the 1st quarter of 2011.

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

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

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

DKK '000

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

Note 1 Segment information (continued)

DKK '000

	Shipping Division	Logistics Division	Non-allocated	Total
2010				
External revenue	6,497,506	3,330,569	38,970	9,867,045
Intra-group revenue	423,881	21,946	231,825	677,652
Total revenue	6,921,387	3,352,515	270,795	10,544,697
External operating expenses	-5,501,662	-2,817,849	-274,386	-8,593,897
Intra-group operating expenses	-199,224	-460,565	-17,863	-677,652
Operating profit before depreciation (EBITDA) and special items	**1,220,501**	**74,101**	**-21,454**	**1,273,148**
Share of profit/loss of associates	-299	5,062	0	4,763
Net profit on disposal of tangible assets	2,442	2,272	0	4,714
Depreciation of ships and other non-current fixed assets	-554,606	-83,074	-59,084	-696,764
Impairment losses of ships and other non-current fixed assets	-5,500	0	0	-5,500
Operating profit (EBIT) before special items	**662,538**	**-1,639**	**-80,538**	**580,361**
Special items, net	374,486	-214,098	-58,861	101,527
Operating profit (EBIT)	**1,037,024**	**-215,737**	**-139,399**	**681,888**
Financial items, net				-134,923
Profit before tax				**546,965**
Tax on profit				-24,754
Profit for the year				**522,211**
Total assets exclusive assets held for sale	10,778,499	1,870,477	1,039,907	13,688,883
Non-liquid operating items	1,349	3,193	-2,452	2,090
Capital expenditures of the year	2,845,737	150,374	66,533	3,062,644
Assets held for sale, reference is made to note 34	131,823	0	28,147	159,970
Liabilities	6,226,685	954,118	271,630	7,452,433

Geographical breakdown

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

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

DKK '000

	North sea [1]	Baltic sea	The English Channel	The Continent	Nordic	UK/Ireland	Total
2011							
Total revenue	4,988,846	1,353,800	943,509	1,865,502	1,502,292	970,628	11,624,577
Non-current assets	6,222,895	1,723,275	1,208,734	234,861	357,079	146,914	9,893,758
2010							
Total revenue	4,992,162	1,058,865	482,600	1,464,869	1,201,827	666,722	9,867,045
Non-current assets	6,713,442	1,276,016	1,264,363	277,290	339,912	136,775	10,007,798

[1] The business unit Irish Sea was closed in the 1st quarter of 2011, and is represented in the total revenue with DKK 20 million (2010: DKK 359 million) and DKK 0 million within non-current assets (2010: DKK 397 million).

Information on significant customers

Neither the Group or the Parent Company have single or related customers, that individually, or seen as a group, represents more than 10% of net revenue.

Parent Company DKK '000				Consolidated DKK '000
2010	**2011**	**Note 2 Revenue**	**2011**	**2010**
848,813	859,959	Sale of goods on board ships	951,996	966,458
3,968,756	5,180,637	Sale of service	10,447,373	8,621,439
327,691	327,913	Rental income from timecharter and bareboat of ships and operating equipment	225,208	279,148
69,676	155,822	Other operating income [1]	0	0
5,214,936	**6,524,331**	**Total revenue**	**11,624,577**	**9,867,045**

[1] Primarily concerns invoicing of corporate functions.

Parent Company DKK '000				Consolidated DKK '000
2010	**2011**	**Note 3 Cost of sales**	**2011**	**2010**
1,278,863	1,732,886	Cost of sales in operating costs	2,280,057	1,793,949
172	143	Change in inventory write-downs for the year	-279	508
1,279,035	**1,733,029**	**Total cost of sales**	**2,279,778**	**1,794,457**

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

Parent Company DKK '000				Consolidated DKK '000
2010	**2011**	**Note 4 Staff costs**	**2011**	**2010**
491,657	531,293	Wages and salaries	1,488,828	1,320,888
35,660	35,293	Defined contributions plans	77,297	76,509
336	1,710	Defined benefit plans, see Note 21	10,638	358
34,895	30,837	Social security costs, etc.	161,747	152,405
838	2,403	Share based payment, see Note 20	2,403	838
32,901	15,617	Other staff costs	174,550	161,706
596,287	**617,153**	**Total staff costs**	**1,915,463**	**1,712,704**
		Of this, remuneration for the Executive Board		
15,265	17,812	Wages and salaries	17,812	15,265
1,840	989	Defined contributions plans	989	1,840
838	1,505	Share based payment	1,505	838
250	561	Other staff costs	561	250
18,193	**20,867**		**20,867**	**18,193**
		Remuneration for the Parent Company's Board of Directors and Audit Committee		
750	750	Chairman	750	750
674	950	Deputy chairmen	950	674
2,250	2,467	Other members of the Board of Directors	2,467	2,250
3,674	**4,167**		**4,167**	**3,674**
1,467	1,508	Average number of employees	5,096	4,862

Remuneration to the chairman of the Audit Committee amount to DKK 100k (2010: DKK 100k) and remuneration to other members of the Audit Committee amount to DKK 50k (2010: DKK 50k) each. No remuneration is paid to members of other committees.

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

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 5 Costs of sales and administration**	**2011**	**2010**
141,731	142,152	External selling costs	205,349	190,146
189,856	218,930	Intra-group selling costs	-	-
124,523	261,590	Other costs	344,256	283,020
456,110	**622,672**	**Total costs of sales and administration**	**549,605**	**473,166**
		Of this, the fee for auditor appointed at the Annual General Meeting:		
1,450	1,675	Audit fees	6,544	7,363
4,587	60	Other assurance engagements [1]	76	4,912
1,222	1,911	Tax and VAT services	2,639	2,442
359	798	Non-audit fees	843	667
7,618	**4,444**	**Total fees to KPMG**	**10,102**	**15,384**

[1] From this DKK 0.0 million relates to prospectus (2010: DKK 4.6 million).

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 6 Profit on disposal of non-current assets**	**2011**	**2010**
		Gain on disposal of property, plant and equipment		
0	9,111	Ships	9,111	8,875
0	614	Land and buildings	1,237	552
243	445	Equipment, etc.	15,556	5,265
243	*10,170*	*Gain on disposal of property, plant and equipment*	*25,904*	*14,692*
		Loss on disposal of property, plant and equipment		
0	0	Ships	0	-6,896
0	-21	Equipment, etc.	-168	-3,082
0	*-21*	*Loss on disposal of property, plant and equipment*	*-168*	*-9,978*
243	**10,149**	**Total profit on disposal of non-current assets**	**25,736**	**4,714**

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 7 Special items, net**	**2011**	**2010**
-25,863	0	Gain regarding the fire on the ship LISCO GLORIA, where the insurance compensation exceeds the net book value and cost derived from the fire, ect.	0	272,668
0	0	Adjustment of gain regarding the ship LISCO GLORIA, due to higher insurance coverage of salvage	17,531	0
0	80,361	Gain regarding sale of DFDS Canal Tours A/S	82,728	0
0	26,310	Gain regarding sale of terminal company DFDS Seaways Maasvlakte B.V., which as per 31 December 2010 where included under 'Assets held for sale'	47,754	0
0	0	Gain regarding sale of office building in Lithuania	23,689	0
0	0	Gain regarding sale of the ship DUBLIN SEAWAYS	16,710	0
0	0	Gain regarding sale of the northern routes in the Irish Sea after reduction of redundancy, incl. adjustments as a result of "Completion Statements"	-345	200,289
0	0	Costs related to the closure of the southern routes in the Irish Sea - mainly redundancy payments	-29,831	0
-12,919	0	Consultancy- and transaction costs regarding the acquisition of the Norfolkline-group	0	-35,554
-19,484	0	Integration costs relating to acquisition of the Norfolkline-group, including severance pay, payment for early termination of port contract, branding, consulting fees, etc.	-20,814	-96,671
0	0	Costs related to restructuring and streamlining of processes in respectively Logistics and Shipping Division (Project Head Light and Light Crossing)	-21,533	0
-60,000	0	Impairment of goodwill and ships, see note 38	-25,220	-240,205
-287,593	-17,286	Value adjustment on investments in group enterprises, see note 38	-	-
-405,859	**89,385**	**Special items, net**	**90,669**	**101,527**
		If special items had been included in operating profit before special items, they would have recognized as follows:		
0	0	Operating costs	-196	-29,274
-1,442	0	Staff costs	-35,486	-49,320
-30,961	-6,079	Costs of sales and administration	-41,544	-52,631
-32,403	**-6,079**	**Operating profit before depreciation (EBITDA) and special items**	**-77,226**	**-131,225**
-25,863	112,750	Profit on disposal of non-current assets	193,115	472,957
-60,000	0	Impairment of ships and other non-current assets	-25,220	-240,205
-287,593	-17,286	Value adjustment on investments in group enterprises	-	-
-405,859	**89,385**		**90,669**	**101,527**

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 8 Financial items, net**	**2011**	**2010**
9,647	24,965	Interest income from cash, ect.	32,170	16,852
122,226	234,755	Interest income from subsidiaries	-	-
-150,684	-140,401	Interest expenses, credit institutions, etc.	-160,737	-180,537
-4,304	-37,868	Interest expenses for subsidiaries	-	-
-23,115	**81,451**	**Interest, net**	**-128,567**	**-163,685**
300,176	136,042	Foreign exchange gains	152,608	234,002
-144,822	-126,644	Foreign exchange losses	-159,697	-173,023
155,354	**9,398**	**Foreign exchange gains and losses, net**	**-7,089**	**60,979**
0	-7,520	Realized capital gains/losses on securities	-7,520	-906
0	-139	Gain on disposal of subsidiaries, associates and activities	0	1,845
0	0	Gain on disposal of subsidiaries where control is lost	0	3,051
0	0	Impairment and reversal of impairment losses on non-current financial assets	5,000	-5,000
4,172	42,215	Dividends from subsidiaries	-	-
399	48	Other dividends	48	399
0	0	Defined benefit plans, see Note 21	-6,265	-7,892
-18,879	-30,267	Other financial income and expenses, net	-38,967	-23,714
-14,308	**4,337**	**Other financial income and expenses, net**	**-47,704**	**-32,217**
117,931	**95,186**	**Financial items, net**	**-183,360**	**-134,923**
		Financial items, net is divided into:		
291,798	311,381	Financial income	32,218	83,126
-173,867	-216,195	Financial expenses	-215,578	-218,049
117,931	**95,186**	**Financial items, net**	**-183,360**	**-134,923**

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

Financial items, net is related to financial instruments measured at amortizised cost. Other financial income and expenses contains bank charges regarding conversion of the Groups loan portfolio, including amortization of capitalized bank charges related to borrowings.

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 9 Tax**	**2011**	**2010**
0	0	Current tax	-16,209	-26,043
-12,873	-12,475	Current joint tax contributions	-12,475	-12,873
0	0	Deferred tax for the year	6,010	12,184
29,934	18,997	Adjustment to corporation tax in respect of prior years	16,752	8,640
0	0	Adjustment to deferred tax in respect of prior years	-1,644	-6,565
17,061	**6,522**	**Tax for the year**	**-7,566**	**-24,657**
		Tax for the year is recognised as follows:		
17,061	6,522	Tax in the income statement (effective tax)	-7,566	-24,754
0	0	Tax on other comprehensive income	0	97
17,061	**6,522**	**Tax for the year**	**-7,566**	**-24,657**
		Tax in the income statement can be broken down as follows:		
52,264	724,887	Profit before tax	742,122	546,965
-221,571	-547,019	Of this, tonnage income	-566,519	-391,569
-169,307	**177,868**	**Result before tax (company taxation)**	**175,603**	**155,396**
42,327	-44,467	25% tax of profit before tax	-43,901	-38,849
-	-	Adjustment of calculated tax in foreign subsidiaries compared to 25%	4,907	-1,985
		Tax effect of:		
-71,897	33,890	Non-taxable items	23,064	9,209
0	0	Tax asset, not recognised	-5,574	-15,585
18,493	0	Utilisation of non-capitalised tax asset	2,044	22,830
29,934	18,997	Adjustments of tax in respect of prior years	15,108	2,075
18,857	8,420	Corporation tax of ordinary income	-4,352	-22,305
-1,796	-1,898	Tonnage tax	-3,214	-2,449
17,061	**6,522**	**Tax in the income statement**	**-7,566**	**-24,754**
-32.6	-0.9	Effective tax rate	1.0	4.5
24.6	1.7	Effective tax rate before adjustment of prior years' tax	3.1	4.9
		Tax on changes in other comprehensive income can be broken down as follows:		
0	0	Deferred tax	0	97
0	**0**	**Tax on changes in other comprehensive income**	**0**	**97**

The Parent Company has in 2011 paid net joint taxation contribution regarding prior years of DKK 2.6 million. The parent company has not paid Danish corporation tax in 2010.

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

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

Adjustment of prior years tax in 2011 primarily concerns the final interpretation of the judgement on the tax case against DFDS A/S, which led to an additional income of 19 million in 2011 related to the years 2002-2009 compared to the included income of 30 million in 2010 related to the years 2005-2009.

Adjustment of prior years' tax in 2010 primarily concerns Norway where two methods for fiscal consideration of non-taxed reserves were proposed prior to transition to new tonnage tax scheme in 2010. As per 31 December 2009 no rules existed, since the regulations had been overruled. As per 31 December 2010 DKK 25,4 million has been accrued as deferred tax to be paid without interests equally over three years with the first payment due in 2011. In addition, the Danish National Tax Tribunal has delivered a judgement on the tax case against DFDS A/S. The interpretation of the judgement is still not settled with regards to a few financially insignificant areas, however the priliminary outcome determines that DFDS A/S for the years 2005-2009 must take DKK 30 million as income, which has been included in 2010.

Note 10 Earnings per share	Consolidated DKK '000 2011	2010
Profit for the year	734,556	522,211
Attributable to non-controlling interests	-3,570	-13,531
Equity holders of DFDS A/S	**730,986**	**508,680**
Weighted average number of issued ordinary shares	14,856,081	11,230,811
Weighted average number of treasury shares	-223,536	-291,527
Weighted average number of ordinary shares	14,632,545	10,939,284
Weighted average number of share options issued	6,377	34,339
Weighted average number of ordinary shares (diluted)	14,638,922	10,973,623
Basic earnings per share (EPS) of DKK 100 in DKK	49.96	46.50
Diluted earnings per share (EPS-D) of DKK 100 in DKK	49.93	46.35

Note 11 Non-current intangible assets

Consolidated

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

[1] Addition of Goodwill in 2011 is primarily related to the purchase of the route Kapellskär-Paldiski.
[2] Disposal of Goodwill in 2011 is primarily related to the sale of DFDS Canal Tours A/S.

DKK '000	Goodwill		Other non-current intangible assets	Software	Development projects in progress	Total
Balance at 1 January 2010	352,490		180,095	143,862	5,954	682,401
Foreign exchange adjustments	11,950		3,709	0	0	15,659
Transfers	0		0	10,051	-10,051	0
Addition on acquisition of enterprises	0		0	7,776	0	7,776
Additions	108,808	[3]	0	13,148	8,433	130,389
Disposals	-8,652		-122,841	0	0	-131,493
Cost at 31 December 2010	**464,596**		**60,963**	**174,837**	**4,336**	**704,732**
Amortisation and impairment losses at 1 January 2010	8,593		164,872	84,427	0	257,892
Foreign exchange adjustments	1,110		3,485	5	0	4,600
Amortisation charge	0		15,282	37,579	0	52,861
Impairment charge classified as special items	120,205		0	0	0	120,205
Disposal	-8,652		-122,841	0	0	-131,493
Amortisation and impairment losses at 31 December 2010	**121,256**		**60,798**	**122,011**	**0**	**304,065**
Carrying amount at 31 December 2010	**343,340**		**165**	**52,826**	**4,336**	**400,667**

[3] Addition of goodwill in 2010 relates to the acquisition of the Norfolkline Group.

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

DKK m	2011	2010
North Sea and Baltic Sea (2010: also Irish Sea)	200.5	166.9
Nordic transport and Continental transport	39.8	39.8
Intermodal	122.4	122.5
Canal Tours A/S	0	14.1
Total	**362.7**	**343.3**

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

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

Note 11 Non-current intangible assets (continued)

Parent Company

DKK '000	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Balance at 1 January 2011	58,264	56,440	167,060	4,336	286,100
Foreign exchange adjustments	507	0	0	0	507
Transfers	0	0	33,276	-33,276	0
Additions	33,248	0	0	50,937	84,185
Disposals	0	0	-14,638	0	-14,638
Cost at 31 December 2011	**92,019**	**56,440**	**185,698**	**21,997**	**356,154**
Balance at 1 January 2011	0	54,056	114,235	0	168,291
Amortisation charge	0	793	21,107	0	21,908
Impairment charge	0	0	995	0	995
Disposals	0	0	-14,638	0	-14,638
Amortisation and impairment losses at 31 December 2011	**0**	**54,849**	**121,699**	**0**	**176,548**
Carrying amount at 31 December 2011	**92,019**	**1,591**	**63,999**	**21,997**	**179,606**
Balance at 1 January 2010	268,008	50,707	143,861	5,954	468,530
Change in accounting policies	-217,085	0	0	0	-217,085
Foreign exchange adjustments	7,341	3,349	0	0	10,690
Transfers	0	0	10,051	-10,051	0
Additions	0	2,384	13,148	8,433	23,965
Cost at 31 December 2010	**58,264**	**56,440**	**167,060**	**4,336**	**286,100**
Balance at 1 January 2010	0	46,988	84,426	0	131,414
Foreign exchange adjustments	0	3,171	0	0	3,171
Amortisation charge	0	3,897	29,809	0	33,706
Amortisation and impairment losses at 31 December 2010	**0**	**54,056**	**114,235**	**0**	**168,291**
Carrying amount at 31 December 2010	**58,264**	**2,384**	**52,825**	**4,336**	**117,809**

The Parent Companys carrying amount of Goodwill DKK 92.0 million (2010: DKK 58.3 million) is related to the acquisition of one freight- and passenger route in 2011 and the acquisition of one route in 2005.

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

Note 12 Non-current tangible assets

Consolidated

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

[1] Impairment charge is related to leasehold improvements of a rented terminal area, where the income generating agreement with the external customer has discontinued, which lead to leasehold improvement of the terminal area has been impaired.

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

Note 12 Non-current tangible assets (continued)

Consolidated

DKK '000	Land and buildings	Terminals	Ships	Equipment, etc.	Assets under construction and prepayments	Total
Balance at 1 January 2010	105,285	435,502	10,179,495	703,767	9,268	11,433,317
Foreign exchange adjustments	4,288	12,259	296,600	19,115	2	332,264
Transfers	-174	0	76,944	174	-76,944	0
Addition on acquisition of enterprises	70,461	420,867	1,934,091	79,522	1,871	2,506,812
Additions	42,291	2,154	48,347	48,170	276,705	417,667
Disposals	-2,460	0	-480,589	-30,649	0	-513,698
Transfer from assets classified as held for sale	-37,846	-133,411	0	-38,263	0	-209,520
Cost at 31 December 2010	**181,845**	**737,371**	**12,054,888**	**781,836**	**210,902**	**13,966,842**
Balance at 1 January 2010	29,964	157,034	3,315,544	404,946	0	3,907,488
Foreign exchange adjustments	1,009	4,336	68,057	16,448	0	89,850
Depreciation charge	6,783	23,836	543,409	72,320	0	646,348
Impairment charge	0	0	5,500	0	0	5,500
Impairment charge included in special items	0	0	120,000	0	0	120,000
Disposals	-370	0	-140,026	-15,455	0	-155,851
Transfer to assets classified as held for sale	-1,707	-31,950	0	-15,893	0	-49,550
Depreciation and impairment losses at 31 December 2010	**35,679**	**153,256**	**3,912,484**	**462,366**	**0**	**4,563,785**
Carrying amount at 31 December 2010	**146,166**	**584,115**	**8,142,404**	**319,470**	**210,902**	**9,403,057**
Including assets held under finance leases	0	0	0	87,031	0	87,031

The carrying amount of ships includes passenger ships, DKK 1,250 million (2010: DKK 1,454 million), of which components with high decrease in value amounts to DKK 319 million (2010: DKK 369 million) and components with minor decrease in value amounts to DKK 931 million (2010: DKK 1,085 million).

The interst for the year included in the cost in the Group are calculated by using a specific interest rate. The specific interest rate for this year's capitalized interest is approximately 2.9-3.2% p.a. (2010: There were no capitalized interest).

Assets under construction and prepayments include DKK 558 million (2010: DKK 182 million)in prepayments for two ro-ro newbuildings for delivery in 2012, which are part of the extended contract entered into in November 2010 with the Danish and German defense.

The Income Statement includes depreciation charge on ships of DKK -542.8 million (2010: DKK -541.0 million). Of this amortisation of profit/loss on sale and lease back transactions amounts to DKK 0.7 million (2010: DKK 2.4 million).

On the basis of the impairment tests performed in 2011 there has been no impairment of ships (2010: Impairment of two passengerships DKK 60.0 million and impairment of DKK 60.0 million of three sideports ships, a total of DKK 120.0 million).

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

Note 12 Non-current tangible assets (continued)

Parent Company

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

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

Parent Company

DKK '000	Land and buildings	Terminals	Ships	Equipment etc.	Assets under construction and prepayments	Total
Balance at 1 January 2010	20,927	72,805	5,474,886	207,856	7,071	5,783,545
Transfers	-174	0	42,350	174	-42,350	0
Additions	0	165	21,927	38,273	238,664	299,029
Disposals	0	0	-56,624	-1,026	0	-57,650
Cost at 31 December 2010	**20,753**	**72,970**	**5,482,539**	**245,277**	**203,385**	**6,024,924**
Balance 1 January 2010	9,345	47,592	2,205,893	129,032	0	2,391,862
Depreciation charge	1,844	1,800	255,722	17,030	0	276,396
Impairment charge	0	0	5,500	0	0	5,500
Impairment charge included in special items	0	0	60,000	0	0	60,000
Depreciation on disposals	0	0	-56,624	-63	0	-56,687
Depreciation and impairment losses at 31 December 2010	**11,189**	**49,392**	**2,470,491**	**145,999**	**0**	**2,677,071**
Carrying amount at 31 December 2010	**9,564**	**23,578**	**3,012,048**	**99,278**	**203,385**	**3,347,853**
Including assets held under finance leases	0	0	0	33,650	0	33,650

The carrying amount of ships includes passenger ships, DKK 1,250 million (2010: DKK 1,430 million), of which components with high decrease in value amounts to DKK 319 million (2010: DKK 369 million) and components with minor decrease in value amounts to DKK 931 million (2010: DKK 1,061 million).

The interst for the year included in the cost in the Parent Company are calculated by using a specific interest rate of approximately 2.9 - 3.2% p.a. (2010: There were no capitalized interest).

Assets under construction and prepayments include DKK 558 million (2010: DKK 182 million) in prepayments for two ro-ro newbuildings for delivery in 2012, which are part of the extended contract entered into in November 2010 with the Danish and German defense.

On the basis of the impairment tests performed in 2011 there has been no impairment of ships (2010: Impairment of two passengerships DKK 60.0 million).

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

Parent Company
DKK '000

Note 13 Investments in subsidiaries	2011	2010
Cost at 1 January	1,869,302	1,847,976
Additions	6,213	21,326
Disposals	-142,916	0
Cost at 31 December	**1,732,599**	**1,869,302**
Accumulated impairment losses at 1 January	-383,288	-95,695
Impairment losses	-42,486	-302,741
Reversal of impairment losses from previous years	25,200	15,148
Disposals	9,014	0
Accumulated impairment loss at 31 December	**-391,560**	**-383,288**
Carrying amount at 31 December	**1,341,039**	**1,486,014**

For an overview of the Group's ownership interests in subsidiaries reference is made to note 42.

Besides the above investments in subsidiaries, DFDS A/S considers receivables of DKK 1,668 million (2010: DKK 1,654 million) as part of the net investment in subsidiaries. The foreign exchange adjustment of this is an income of DKK 14.4 million (2010: income of DKK 118.9 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 classified as financial income and expenses, net.

The carrying amount of the Parent Company's investment in the Group's subsidiaries are tested for impairment when there are indicators that their value may be impaired. The impairment tests has led to a DKK 42.5 million (2010: DKK 302.7 million) impairment loss.

In 2011 impairment losses of investments in subsidiaries recognised prior years at DKK 25.2 million has been reversed (2010: DKK 15,1 million).

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

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 14 Investments in associates**	**2011**	**2010**
223	223	Cost at 1 January	29,520	1,329
0	0	Foreign exchange adjustment	-72	73
0	0	Disposals	0	-320
0	0	Addition on adquisition of enterprises	0	28,364
0	0	Transferred to other types of assets	0	74
223	**223**	**Cost at 31 December**	**29,448**	**29,520**
-	-	Value adjustments at 1 January	2,511	3,454
-	-	Foreign exchange adjustment	68	237
-	-	Disposals	0	-324
-	-	Share of profit for the year	-75	4,763
		Impairment losses	-25,220	0
-	-	Dividends received from associates	-612	-6,211
-	-	Transferred to other types of assets	0	592
-	**-**	**Value adjustments at 31 December**	**-23,328**	**2,511**
223	**223**	**Carrying amount at 31 December**	**6,120**	**32,031**

DKK '000							The Groups Share	
2011	**Domicile**	**Ownership**	**Revenue**	**Profit for the year**	**Total assets**	**Total liabilities**	**Equity**	**Profit for the year**
Suardiaz DFDS Autologistics NV	Gent	50.0% [1]	0	-16	372	8	182	-8
Oslo Containerterminal AS	Oslo	33.3%	79,118	-809	19,394	12,277	2,371	-270
DFDS Suardiaz Line Ltd.	Immingham	50.0% [1]	153,864	-74	28,922	79,144	-25,111	-37
KST Terminal AS	Oslo	40.0%	22,459	956	4,506	2,948	623	382
DailyFresh Logistics C.V.	Maasdijk	33.3%	525,506	-537	60,544	51,712	2,944	-179
							-18,991	-112
Of which investments in associates with negative value							25,111	37
							6,120	**-75**

[1] Owned by the Parent Company.

DKK '000							The Groups Share	
2010	**Domicile**	**Ownership**	**Revenue**	**Profit for the year**	**Total assets**	**Total liabilities**	**Equity**	**Profit for the year**
Suardiaz DFDS Autologistics NV	Gent	50.0% [1]	0	-16	390	8	191	-8
Oslo Containerterminal AS	Oslo	33.3%	32,006	96	16,283	8,229	2,682	32
Seafront Projects AS	Kristiansand	34.0% [3]	29,098	-280	0	0	0	-95
DFDS Suardiaz Line Ltd.	Immingham	50.0% [1]	137,608	-3,272	28,190	79,218	-25,513	-1,636
KST Terminal AS	Oslo	40.0% [2]	15,986	976	10,473	8,352	849	391
DailyFresh Logistics C.V.	Maasdijk	33.3% [4]	227,359	14,201	87,440	2,505	28,309	4,734
SCF Lines Ltd.	Sankt Petersborg	50.0% [5]	1,742	-582	0	0	0	-291
							6,518	3,127
Of which investments in associates with negative value							25,513	1,636
							32,031	**4,763**

[1] Owned by the Parent Company
[2] KST Terminal AS was a subsidiary until 31 March 2010, where owner and the majority of votes was reduced to 40.0%, here after it is classified as investments in associates.
[3] Seafront Projects AS was investments in associated until 1 April 2010, where the enterprise was sold.
[4] Ownership acquired in connection with the acquisition of the Norfolkline-Group at 12 July 2010.
[5] SCF Lines Ltd. was investments in associated until 1 September 2010, where additional 49% was bought and the enterprise became a subsidiary.

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 15 Receivables**	**2011**	**2010**
1,558,262	1,802,090	Receivables from subsidiaries	-	-
0	76,641	Other non-current receivables	110,613	19,048
1,558,262	**1,878,731**	**Total non-current receivables**	**110,613**	**19,048**
119,896	145,817	Trade receivables	1,410,601	1,496,390
3,131,553	3,016,384	Interest bearing receivables from subsidiaries [1]	-	-
545,250	478,553	Other receivables from subsidiaries	-	-
4,486	4,931	Receivables from associates	7,756	7,833
0	0	Corporation tax and joint taxation contribution, receivable	9,783	12,049
2,669	71,847	Derivative financial instruments, forward transactions and bunker hedges	71,847	2,669
0	0	Insurancecompensation regarding LISCO GLORIA	0	525,000
52,236	49,314	Other receivables and current assets	200,141	274,647
3,856,090	**3,766,846**	**Total current receivables**	**1,700,128**	**2,318,588**
5,414,352	**5,645,577**	**Total current and non-current receivables**	**1,810,741**	**2,337,636**

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

None of the trade receivables with collateral are overdue on 31 December 2011 (2010: none). The collateral is bank guaranties.
The carrying amount of receivables is in all material respects approximate to the fair value.

		Age distribution of overdue, but not written down, trade receivables:		
		Days past due:		
18,012	12,419	Up to 30 days	299,071	301,435
5,744	5,038	31-60 days	72,974	54,998
1,794	1,184	61-90 days	9,845	17,221
313	1,394	91-120 days	8,910	6,382
1,836	1,569	More than 120 days	23,088	9,436
27,699	**21,604**		**413,888**	**389,472**

		Write-downs included in above receivables:		
20,229	6,255	Write-downs at 1 January	60,879	32,728
-	-	Foreign exchange adjustment	-402	120
0	0	Addtion on acquisition of enterprises	0	22,645
5,215	3,019	Write-downs	15,646	29,059
-15,308	-452	Realised losses	-24,578	-16,337
-3,881	-4,081	Reversed write-downs	-10,781	-7,336
6,255	**4,741**	**Write-downs at 31 December**	**40,764**	**60,879**

		Age distribution of written down trade receivables:		
		Days past due:		
470	0	Up to 30 days	5,462	29,042
0	68	31-60 days	3,926	1,428
0	42	61-90 days	445	1,816
0	0	91-120 days	1,189	6,339
5,785	4,631	More than 120 days	29,742	22,254
6,255	**4,741**		**40,764**	**60,879**

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

Note 15 Receivables (continued)

Financial leasing receivables (lessor)

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

DKK '000

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

The financial lease receivable is related to the ship QUEEN OF SCANDINAVIA which is chartered out on a bare boat contract with a purchase option.
In 2011 the lessee has called the purchase option and the ownership of the vessel will be transferred to the lessee in March 2015. There are no comparative figures for 2010.

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 16 Securities**	**2011**	**2010**
388,018	33,698	Listed bonds	33,698	388,018
6,894	2,973	Listed shares	2,973	6,894
16,924	17,782	Other shares and equity investments	19,046	18,191
1,589	731	Other investments	731	1,589
413,425	**55,184**	**Total securities**	**56,448**	**414,692**
		Classified as follows:		
25,407	21,486	Non-current securities	22,750	26,674
388,018	33,698	Current securities	33,698	388,018
413,425	**55,184**	**Total securities**	**56,448**	**414,692**

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

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

During 2011 the majority of the bonds have been drawn.

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 17 Inventories**	**2011**	**2010**
41,970	67,242	Bunkers	89,265	72,729
39,310	41,255	Goods for sale and raw materials for restaurants	60,117	56,117
-2,117	-1,974	Write-down of inventories	-2,174	-2,453
79,163	**106,523**	**Total inventories**	**147,208**	**126,393**

Note 18 Holding of treasury shares (number of shares)	**2011**	**2010**
Holding of treasury shares at 1 January	217,614	336,751
Disposals related to share options used	0	-30,000
Treasury shares applied as part of payment of acquisition of the Norfolkline-Group, cf. note 33	0	-89,137
Acquisition of treasury shares	135,100	0
Holding of treasury shares at 31 December	**352,714**	**217,614**
Market value of treasury shares at 31 December, DKK '000	125,213	90,963

At the Annual General Meeting in April 2011 the Board of Directors was authorised - until the Annual General Meeting 2012 – to acquire treasury shares at a nominal value totalling 10% of the DFDS A/S' share capital.

Acquisition of treasury shares during 2011 treasury shares amounts to a total payment of DKK 45.3 million.

The Parent Company's holdings of treasury shares at 31 December 2011 are 352,714 shares (2010: 217,614 shares), corresponding to 2.37% (2010: 1.46%) of the Parent Company's share capital. Treasury shares have originally been acquired to cover a share option scheme for employees.

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 19 Deferred tax**	**2011**	**2010**
0	0	Deferred tax at 1 January	54,678	59,398
-	-	Foreign exchange adjustments	-353	17,472
0	0	Additions on aquisition of enterprises / sale of enterprises	-4,519	-16,767
0	0	Deferred tax for the year recognised in the income statement	-6,010	-12,087
0	0	Deferred tax for the year recognised in other comprehensive income	0	97
0	0	Utilisation of tax losses between jointly taxed companies	799	0
0	0	Adjustments regarding prior years recognised in the income statement	1,644	6,565
0	**0**	**Deferred tax at 31 December, net**	**46,239**	**54,678**
		Deferred tax is recognised in the balance sheet as follows:		
0	0	Deferred tax (assets)	122,150	126,321
0	0	Deferred tax (liabilities)	168,389	180,999
0	**0**	**Deferred tax at 31 December, net**	**46,239**	**54,678**

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 recognised. If DFDS A/S withdraws from the tonnage taxation scheme, deferred tax in the amount of maximum DKK 252 million (2010: 396 million) may be recognised.

DFDS A/S has no tax losses carried forward (2010: DKK 0 million).

Consolidated
DKK '000

2011	**Balance sheet at 1 January**	**Foreign exchange adjustments**	**Additions on aquisition of enterprises / sale of enterprises**	**Deferred tax for the year recognised in the income statement**	**Utilisation of tax losses between jointly taxed companies**	**Adjustments regarding prior years recognised in the income statement**	**Balance sheet at 31 December**
Ships	168,438	1,529	-4,588	-5,254	0	0	160,125
Land and buildings, terminals and other equipment	14,619	99	69	-1,499	0	0	15,471
Provisions	-55,091	-1,190	0	3,880	0	3,261	-49,140
Tax losses carried forward	-65,687	-698	0	-3,279	799	-9,341	-78,206
Other	-7,601	-93	0	142	0	5,541	-2,011
	54,678	**-353**	**-4,519**	**-6,010**	**799**	**1,644**	**46,239**

2010	**Balance sheet at 1 January**	**Foreign exchange adjustments**	**Additions on adquisition of enterprises / sale of enterprises**	**Deferred tax for the year recognised in the income statement**	**Deferred tax for the year recognised in other com-prehensive income**	**Adjustments regarding prior years recognised in the income statement**	**Balance sheet at 31 December**
Ships	139,060	22,658	0	773	0	5,947	168,438
Land and buildings, terminals and other equipment	15,290	7	1,733	-2,413	0	2	14,619
Provisions	-40,967	-2,140	-16,793	4,809	0	0	-55,091
Value of hedging instruments	-97	0	0	0	97	0	0
Tax losses carried forward	-48,745	-2,831	-1,863	-12,605	0	357	-65,687
Other	-5,143	-222	156	-2,651	0	259	-7,601
	59,398	**17,472**	**-16,767**	**-12,087**	**97**	**6,565**	**54,678**

Parent Company
DFDS A/S has no deferred tax.

Note 20 Share options

The decision to grant share options is made by the Board of Directors. Share options have been granted to the Executive Board and some executive employees. Each share option gives the holder of the option the right to acquire one existing share in the Parent Company of nominal DKK 100. The share option scheme equals a right to acquire 0.9% of the share capital (2010: 0.6%) if the remaining share options are exercised.

Share options granted in 2007 have been granted at an exercise price equal to the average share price of the Parent Company's shares in December the year before the grant with an addition of 5%.

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

Vesting is done on a straight line basis over a period of three years from the date of grant for share options granted in 2010 and 2011. Share options granted in 2007, 2008 and 2009 are fully vested from the date of grant. Special conditions apply regarding illness and death and if the capital structure of the Parent Company is changed, etc.

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

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

Consolidated

2011	Executive Board Number	Executive employees Number	Terminated employees Number	Total	Average exercise price per option DKK	Average fair value per option DKK	Total fair value DKK '000
Outstanding at the beginning of the year	55,750	0	30,000	85,750	503.93	83.63	7,171
Granted during the year	20,000	32,405	0	52,405	456.22	27.15	1,423
Exercised during the year	0	0	0	0	0.00	0.00	0
Outstanding at the end of the year	**75,750**	**32,405**	**30,000**	**138,155**	**485.84**	**20.95**	**2,895**
Of this exercisable at the end of the year	20,000	0	30,000	50,000	620.58	0.16	8

2010	Executive Board Number	Executive employees Number	Terminated employees Number	Total	Average exercise price per option DKK	Average fair value per option DKK	Total fair value DKK '000
Outstanding at the beginning of the year	30,000	0	60,000	90,000	563.56	28.44	2,560
Granted during the year	25,750	0	0	25,750	334.40	103.34	2,661
Exercised during the year	0	0	-30,000	-30,000	334.40	85.74	2,572
Outstanding at the end of the year	**55,750**	**0**	**30,000**	**85,750**	**503.93**	**83.63**	**7,171**
Of this exercisable at the end of the year	10,000	0	20,000	30,000	607.20	263.52	1,875

Note 20 Share options (continued)

No share options have been exercised during 2011. At exercise of share options in 2010 the average weighted share price amounts to 377.

The cost of the year related to share based payment is recognised in the Group's and in the Parent Company's income statement with DKK 2.4 million (2010: DKK 0.8 million).

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

The outstanding options at 31 December 2011 have an average weighted time to maturity of 2.2 years (2010: 2.6 years).

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

Consolidated

Year of granting	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected dividend per share(DKK) at grant date	Expected term	Fair value per option at time of granting
2011 (Executive employees)	465.00	435.0	35.73%	2.42%	12	4 år	99.61
2011 (Executive Board)	442.00	445.0	30.33%	2.06%	10	4 år	99.88
2010	334.40	334.8	34.20%	2.87%	10	5 år	103.34
2009	357.28	334.4	31.28%	2.86%	10	5 år	85.60
2008	640.64	618.6	25.57%	4.13%	15	5 år	158.34
2007	607.20	704.0	23.53%	3.90%	7.5	5 år	263.52

The expected volatility for 2007-2010 is based on the historic volatility for the past 5 years while the expected volatility for 2011 to the Executive employees and the Executive Board is based on the historic volatility for the past 3 and 2 years respectively. The risk free interest rate is based on 5 year Danish government bonds.

Note 21 Pension and jubilee liabilities

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

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

Some of the pension plans in Sweden are multi-employer plans, which covers a large number of enterprises. The plans are collective and are covered through premiums paid to Alecta. The Swedish Financial Accounting Standards Council's interpretations committee (Redovisningsrådet) has defined this plan as a multi-employer defined benefit plan. Presently, it is not possible to obtain sufficient information from Alecta to assess the plans as defined benefit plans. Consequently, the pension plans are similary to prior years treated as defined contribution plans. The contributions made amounts to DKK 5.8 million in 2011 (2010: DKK 2.3 million). The collective funding ratio at Alecta amounts to 113% as per December 2011 (December 2010: 146%). For 2012 the contributions are expected to be DKK 5.7 million. DFDS' share of the multi-employer plan is at a maximum 0.037% and the liability follows the share of the total plan.

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

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**		**2011**	**2010**
0	0	Present value of funded obligations	870,747	847,859
0	0	Fair value of plan assets	-628,420	-623,358
0	**0**	**Funded obligations, net**	**242,327**	**224,501**
5,124	6,181	Present value of unfunded obligations	23,068	24,307
0	0	Unrecognised actuarial gains/(losses)	-34,809	-3,278
5,124	**6,181**	**Recognised liabilities for defined benefit obligations**	**230,586**	**245,530**
7,579	7,770	Provision for jubilee liabilities	15,270	8,078
12,703	**13,951**	**Total actuarial liabilities**	**245,856**	**253,608**
		Movements in the net present value for defined benefit funded and unfunded obligations		
5,196	5,124	Balance at 1 January	872,166	518,004
-	-	Foreign exchange adjustments	17,888	26,524
336	1,710	Current service costs	11,653	5,599
0	0	Calculated interest rate on obligations	43,747	36,805
0	0	Actuarial (gain)/loss on obligations, net	-22,652	-31,064
-408	-653	Benefits paid	-27,945	-23,853
0	0	Employee contributions	-1,042	-566
0	0	Settlements and curtailments	0	-614
0	-	Addtion on acquisition of enterprises	0	341,331
5,124	**6,181**	**Funded and unfunded obligations at 31 December**	**893,815**	**872,166**
		Movements in the fair value of the defined benefit plan assets		
0	0	Balance at 1 January	-623,358	-333,920
-	-	Foreign exchange adjustments	-11,088	-17,033
0	0	Expected return on plan assets	-37,482	-28,913
0	0	Actuarial (gain)/loss on plan assets, net	51,742	15,100
0	0	Employer and employee contributions	-28,950	-19,993
0	0	Benefits paid	20,716	20,684
0	0	Settlements and curtailments	0	-15
0	0	Addtion on acquisition of enterprises	0	-259,268
0	**0**	**Plan assets at 31 December**	**-628,420**	**-623,358**

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 21 Pension and jubilee liabilities (continued)**	**2011**	**2010**
		Movements in unrecognised actuarial gains/(losses)		
0	0	Balance at 1 January	-3,278	-13,969
-	-	Foreign exchange adjustments	-1,426	-841
0	0	Actuarial gain/(loss), net on funded and unfunded liabilities	22,652	31,065
0	0	Actuarial gain/(loss), net on plan assets	-51,742	-15,100
0	0	Actuarial (gain)/loss, recognised in income statement	-1,015	-4,433
0	**0**	**Unrecognised actuarial gains/(losses) at 31 December**	**-34,809**	**-3,278**
		Expenses recognised as staff costs in the income statement		
336	1,710	Current service costs	11,653	5,599
0	0	Net actuarial (gain)/loss recognised (corridor)	-1,015	-4,433
336	1,710		10,638	1,166
0	0	Payments on settlements and curtailments	0	-179
0	0	(Gain)/loss on settlements and curtailments	0	-629
336	**1,710**	**Total included in staff costs regarding defined contribution plans**	**10,638**	**358**
		Expenses recognised as financial expenses in the income statement		
0	0	Calculated interest rate on funded and unfunded liabilities	43,747	36,805
0	0	Expected return on plan assets	-37,482	-28,913
0	**0**	**Total included in financial expenses regarding defined contribution plans**	**6,265**	**7,892**
336	**1,710**	**Total expenses for defined benefit plans recognised in the income statement**	**16,903**	**8,250**

Actual return on plan assets in the Group's plans amounts to DKK -14.3 million (2010: DKK 13.8 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 make a contribution of DKK 34.0 million (expected for 2011: DKK 27.9 million) to the defined benefit plans in 2012. The Parent Company expects to make a contribution of DKK 0.2 million in 2012 (expected for 2011: DKK 0.2 million).

		Plan assets consist of the following:		
0	0	Listed shares (of this no DFDS A/S shares)	337,176	348,454
0	0	Bonds	223,260	214,686
0	0	Cash and cash equivalents	30,728	11,913
0	0	Properties	31,669	27,410
0	0	Other assets	5,587	20,895
0	**0**		**628,420**	**623,358**
		Defined benefit plans - assumptions: [1]		
1.9%	1.7%	Discount rate	4.7%	5.4%
-	-	Expected return on plan assets	5.3%	5.9%
0.0%	0.0%	Social security rate	0.4%	0.4%
0.0%	0.0%	Future salary increase	0.7%	0.8%
0.8%	0.8%	Future pension increase	2.5%	2.9%
0.8%	0.8%	Inflation	2.7%	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.

Note 21 Pension and jubilee liabilities (continued)

The Group's obligations for defined benefit plans for the past five years consists of the following:	**2011**	**2010**	**2009**	**2008**	**2007**
Present value of the defined benefit obligation	-893,815	-872,166	-518,004	-390,329	-566,401
Fair value of plan assets	628,420	623,358	333,920	254,044	432,368
Deficit in the plan	**-265,395**	**-248,808**	**-184,084**	**-136,285**	**-134,033**
Experience adjustments arising on plan liabilities	15,581	-26,488	-24,553	11,893	107,569
Experience adjustments arising on plan assets	-37,532	18,062	33,937	-114,563	1,757

The Parent Company's obligations for defined benefit plans for the past five years consists of the following:	**2011**	**2010**	**2009**	**2008**	**2007**
Present value of the defined benefit obligation	-6,181	-5,124	-5,196	-6,214	-6,397

It is not possible to assess historical experience to the Parent Companys defined benefit obligations.

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	
2010	**2011**	**Note 22 Other provisions**	**2011**	**2010**
0	0	Balance at 1 January	136,979	6,213
0	0	Addition on acquisition of enterprises	0	161,304
0	25,803	Provisions made during the year	53,258	3,717
0	0	Used during the year	-88,869	-34,255
0	0	Reversal of unused provisions	-7,680	0
0	**25,803**	**Other provisions at 31 December**	**93,688**	**136,979**
		Other provisions are expected to be payable in:		
0	0	0 - 1 year	63,725	86,284
0	25,803	1 - 5 years	29,963	50,695
0	**25,803**	**Other provisions at 31 December**	**93,688**	**136,979**

The Group's provision of DKK 93.7 million (2010: DKK 137.0 million), DKK 44.6 million (2010: DKK 118.9 million) relate to charter contracts and IT, DKK 5.2 million (2010: DKK 0.0 million) is redelivery obligation regarding leased operating equipment, DKK 0.0 million (2010: DKK 6.0 million) relates to costs incurred in connection with a contamination issue, DKK 25.8 million (2010: DKK 0.0 million) is calculated net present value of earn out agreement regarding the acquisition of the route Paldiski-Kapellskär and DKK 18.1 million (2010: DKK 12.1 million) regarding other provisions.

Of the reversal of unused provisions DKK 7.7 million (2010: DKK 0.0 million), DKK 6.0 million is related to expected costs regarding a pollution case.

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 23 Interest-bearing liabilities**	**2011**	**2010**
3,546,931	2,733,842	Mortgage on ships	2,962,279	3,817,676
30,004	23,478	Financial lease liabilities	52,836	69,423
40,831	30,010	Payables to subsidiaries	-	-
0	0	Bank loans	610	20,798
0	1,982	Other non-current liabilities	35,088	42,280
3,617,766	**2,789,312**	**Total interest bearing non-current liabilities**	**3,050,813**	**3,950,177**
509,178	407,722	Mortgage on ships	449,907	629,886
3,805	5,208	Financial lease liabilities	16,278	15,218
851,284	2,374,099	Payables to subsidiaries	-	-
59,635	0	Bank loans	54,699	355,417
0	744	Other non-current liabilities	10,732	11,905
1,423,902	**2,787,773**	**Total interest bearing current liabilities**	**531,616**	**1,012,426**
5,041,668	**5,577,085**	**Total interest bearing liabilities**	**3,582,429**	**4,962,603**

The fair value of the interest-bearing liabilities in the Group amounts to DKK 3,641 million (2010: DKK 4,963 million). The fair value of the interest-bearing liabilities in the Parent Company amounts to DKK 5,635 million (2010: DKK 5,042 million). The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The Group's actual borrowing rate for equivalent terms are used as the discount rate.

DKK 172 million of the interest-bearing liabilities in the Group fall due after five years (2010: DKK 234 million). DKK 146 million of the interest bearing liabilities in the Parent Company fall due after five years (2010: DKK 117 million). No exceptional conditions in connection with borrowing are made. The loan agreements can be settled at fair value plus a small surcharge. Reference is made to note 28 for financial risks etc.

2010	**2011**	**Allocation of currency, principal nominal amount**	**2011**	**2010**
3,283,348	1,588,114	DKK	1,224,107	3,228,768
1,314,624	2,665,710	EUR	1,146,724	1,177,640
362,675	292,185	SEK	270,449	341,558
44,924	42,920	NOK	89,875	108,292
28,706	191,554	GBP	54,699	104,426
0	796,575	USD	796,575	1,919
7,391	27	LTL	0	0
5,041,668	**5,577,085**	**Total interest bearing liabilities**	**3,582,429**	**4,962,603**

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 24 Other payables**	**2011**	**2010**
40,647	13,772	Payables to subsidiaries	-	-
0	0	Payables to associates	0	567
33,549	26,261	Accrued interests	26,261	36,248
5,456	5,651	Public authorities	71,903	65,694
107,621	117,756	Holiday pay obligations, etc,	173,489	180,528
121,582	103,648	Interest swaps, forward transactions and bunker hedges	103,648	120,908
252,455	286,951	Other payables	741,841	850,213
561,310	**554,039**	**Total other payables**	**1,117,142**	**1,254,158**

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 25 Deferred income**	**2011**	**2010**
40,784	57,664	Prepayments from customers	99,012	105,455
0	0	Other deferred income	1,859	2,542
40,784	**57,664**	**Total other payables**	**100,871**	**107,997**

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 26 Corporation tax**	**2011**	**2010**
0	0	Balance at 1 January	25,626	18,077
-	-	Foreign exchange adjustment	116	1,360
0	19,371	Opening adjustment regarding classification of due jointly taxation (transferred from other payables)	23,359	0
-	-	Additions on aquisition of enterprises / sale of enterprises	-1,424	5,430
0	12,475	Tax for the year recognised in the income statement	28,013	38,916
353	-18,997	Adjustment, prior years recognised in the income statement	-16,752	-8,640
-353	2,677	Corporation taxes payments for the year	-29,138	-53,791
-	-	Transferred to other interest-bearing liabilities	0	24,274
0	**15,526**	**Corporation tax at 31 December, net**	**29,800**	**25,626**
		Corporation tax recognised in the balance sheet		
0	0	Corporation tax receivable (assets)	9,783	12,049
0	15,526	Corporation tax debt (liabilities)	39,583	37,675
0	**15,526**	**Corporation tax at 31 December, net**	**29,800**	**25,626**

2011:
Further information regarding adjustment to tax previous years see note 9.

2010:
The increase in corporation taxes paid in the year is mainly related to activities for Logistics-Division in connection to the acquired Norfolkline-Group.

Parent Company DKK '000				Consolidated DKK '000
2010	**2011**	**Note 27 Information on financial instruments**	**2011**	**2010**
		Carrying amount per category of financial instruments		
2,406	3,518	Financial assets used for hedge	3,518	2,406
263	68,329	Derivatives (economical hedge)	68,329	263
5,653,728	6,165,289	Loans and receivables (assets)	2,636,258	3,030,974
413,425	55,184	Financial assets available for sale	56,448	414,692
-69,803	-63,491	Financial liabilities used for hedge	-63,491	-69,803
-48,992	-40,157	Derivatives (economical hedge)	-40,157	-51,779
-5,446,391	-5,995,481	Financial liabilities measured at amortised cost	-4,833,633	-6,367,371
504,636	**193,191**	**Total**	**-2,172,728**	**-3,040,618**

Fair value hierarchy of financial instruments

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

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

DKK '000	Parent Company			Consolidated		
2011	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets used for hedge	0	3,518	0	0	3,518	0
Derivatives (economical hedge)	0	68,329	0	0	68,329	0
Financial assets available for sale	36,671	0	18,513	36,671		19,777
Financial liabilities used for hedge	0	-63,491	0	0	-63,491	0
Derivatives (economical hedge)	0	-40,157	0	0	-40,157	0
Total	**36,671**	**-31,801**	**18,513**	**36,671**	**-31,801**	**19,777**

2010	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets used for hedge	0	2,406	0	0	2,406	0
Derivatives (economical hedge)	0	263	0	0	263	0
Financial assets available for sale	394,912	0	18,513	394,912	0	19,780
Financial liabilities used for hedge	0	-69,803	0	0	-69,803	0
Derivatives (economical hedge)	0	-48,992	0	0	-51,779	0
	394,912	**-116,126**	**18,513**	**394,912**	**-118,913**	**19,780**

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

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

Note 28 Financial and operational risks

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

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

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

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

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

Transaction risks
The Group's and the Parent Company's most substantial currency balance position is in SEK. A strengthening of SEK, GBP and NOK, as indicated below, against the DKK at 31 December would have increased/decreased equity and profit or loss by the amounts presented below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. As all subsidiaries are operating in their own functional currency no effect will occur on the equity. Hedge is only done in the Parent Company. The Parent Company is furthermore exposed against fluctuations in EUR vs. DKK. Due to the recent turbulence in the EURO zone this risk is regularly monitored.

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Hypothetical effect of reasonable possible change against DKK**	**2011**	**2010**
0.0	0.0	SEK, equity effect, 10% strengthening	0.0	0.0
14.7	13.3	SEK, profit or loss effect, 10% strengthening	13.3	14.7
0.0	0.0	GBP, equity effect, 10% strengthening	0.0	0.0
-1.1	-2.6	GBP, profit or loss effect, 10% strengthening	-2.6	-1.1
0.0	0.0	NOK, equity effect, 10% strengthening	0.0	0.0
13.4	10.6	NOK, profit or loss effect, 10% strengthening	10.6	13.4

In 2011 future cash flows have been hedged which have effected the equity by DKK 2.5 million. A 10% strengthening in USD would have effected the equtily positively by DKK 5 million.

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

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

The Group's most substantial translation risks are GBP, SEK and NOK. A decrease in these currencies of 10% compared to the level at year-end 2011 would in respect of GBP have decreased the result by DKK -84.4 million (2010: DKK -139.9 million), in respect of SEK by DKK -50.8 million (2010: DKK -66.7 million) and in respect of NOK by DKK -43.1 million (2010: DKK -40.2 million).

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

The total net interest-bearing debt (excl. interest rate swaps etc.) of the Group amounts to DKK 2,685 million at year-end 2011 (2010: DKK 4,192 million), of which the fixed-rate debt amounts to DKK 919 million at year-end 2011 (2010: DKK 1,113 million). Thereby the fixed interest-bearing debt share is 34% at year-end 2011 (2010: 27%) including the effect of interest rate swaps etc. If the long term charter agreements are included the fixed interest-bearing debt increase to 58%.

An increase in the interest rate of 1%-point compared to the actual interest rate in 2011 would, other things being equal, have increased net interest payments about DKK 25 million for the Group in 2011 (2010: DKK 29 million). The effect would have been DKK 24 million (2010: DKK 33 million) for the Parent Company. A decrease in the interest rate would have had a similar positive effect.

The total interest-bearing debt except bank overdrafts had an average time to maturity of 4.2 years (2010: 3.4 years), and consists primarily of syndicated floating rate bank loans with security in the ships. The financing is obtained at the market interest rate with addition of a marginal rate reflecting DFDS' financial strength. As part of the financial strategies in DFDS interest rate swaps with a principal amount totalling DKK 876 million (2010: DKK 1,023 million) have been entered into in order to change part of the floating-rate bank loans to fixed-rate bank loans. The interest duration of the Group's debt portfolio is 1.2 (2010: 0.7). As from 2011 charter liabilities have been included.

An increase in the interest rate of 1%-point compared to the actual interest rate at balance sheet date would, other things being equal, have had a hypothetical positive effect on the equity reserve for hedging by DKK 16 million (2010: DKK 26 million). This is due to the interest rate swaps entered to hedge variable interest rate loans. A decrease in the interest rate would have had a similar negative effect. The sensitivity analysis is based on the assumption that the effectiveness of the included hedges will stay unaffected by the change in the interest rate.

Note 28 Financial and operational risks (continued)

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

An increase in the bunker price of 10%-point compared to the actual bunker price at balance sheet date would, other things being equal, have had a hypothetical positive effect on the equity reserve for hedging of DKK 6.0 million (2010: DKK 2.2 million). This is due to the oil contracts for future delivery entered to hedge the cost for bunkers. A decrease in the bunker price would have had a similar negative effect.

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

Liquidity risks
DFDS aims to maintain a minimum cash resource of DKK 400 million, which is regarded sufficient for the current operation. The cash resources are managed at Group level, and 12-months rolling cash forecasts are prepared on a monthly basis. The cash resources at 31 December 2011 is DKK 1,362 million (2010: DKK 1,219 million). The central treasury department manages excess liquidity and cash resources. Cash at bank and in hand are primarily placed in the short money market as well as short term bonds, and due to banks are drawn mostly on overdraft facilities.

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

Consolidated
DKK '000

2011	**0-1 year**	**1-3 years**	**3-5 years**	**More than 5 year**
Non-derivative financial assets				
Liquidity in banks	897,364	0	0	0
Bonds	31,968	0	0	0
Non-derivative financial liabilities				
Mortgages on ships	-565,194	-1,892,067	-1,135,853	-139,894
Bank loans	-21,577	0	0	-610
Bank overdrafts	-33,339	0	0	0
Other interest-bearing loans	-10,591	-10,598	-447	-24,977
Financial lease liabilities	-18,542	-43,756	-12,660	0
Trade payables	-483,102	0	0	0
Derivative financial assets				
Forward exchange contracts used for hedging	70,479	0	0	0
Oil contracts	1,368	0	0	0
Derivative financial liabilities				
Interest swaps	-27,003	-36,915	-1,768	0
Forward exchange contracts used for hedging	-40,156	0	0	0
	-198,325	**-1,983,336**	**-1,150,728**	**-165,481**

2010	**0-1 year**	**1-3 years**	**3-5 years**	**More than 5 year**
Non-derivative financial assets				
Liquidity in banks	696,007	0	0	0
Bonds	382,054	-	-	-
Non-derivative financial liabilities				
Mortgages on ships	-789,218	-2,136,507	-1,852,480	-212,988
Bank loans	-60,850	-21,098	0	0
Bank overdrafts	-295,782	0	0	0
Other interest-bearing loans	-11,305	-18,033	-470	-24,732
Financial lease liabilities	-16,975	-37,685	-39,829	0
Trade payables	-518,414	0	0	0
Derivative financial assets				
Forward exchange contracts used for hedging	263	0	0	0
Oil contracts	2,406	0	0	0
Derivative financial liabilities				
Interest swaps	-32,788	-40,858	-7,256	0
Forward exchange contracts used for hedging	-51,779	0	0	0
	-696,381	**-2,254,181**	**-1,900,035**	**-237,720**

Note 28 Financial and operational risks (continued)

Parent Company
DKK '000

2011	0-1 year	1-3 years	3-5 years	More than 5 year
Non-derivative financial assets				
Liquidity in banks	584,280	0	0	0
Bonds	31,968	0	0	0
Non-derivative financial liabilities				
Mortgages on ships	-515,571	-1,763,129	-1,024,692	-139,894
Bank loans	-744	-1.543	-438	0
Financial lease liabilities	-6,339	-12,275	-12,660	0
Trade payables	-91,412	0	0	0
Derivative financial assets				
Forward exchange contracts used for hedging	70,479	0	0	0
Oil contracts	1,368	0	0	0
Derivative financial liabilities				
Interest swaps	-27,003	-36,915	-1,768	0
Forward exchange contracts used for hedging	-40,156	0	0	0
	6.870	**-1,813.862**	**-1,039,558**	**-139,894**

2010	0-1 year	1-3 years	3-5 years	More than 5 year
Non-derivative financial assets				
Liquidity in banks	242,045	0	0	0
Bonds	382,054	-	-	-
Non-derivative financial liabilities				
Mortgages on ships	-659,837	-2,037,097	-1,747,815	-120,073
Bank loans	-60,264	0	0	0
Financial lease liabilities	-4,783	-13,300	-20,492	0
Trade payables	-75,286	0	0	0
Derivative financial assets				
Forward exchange contracts used for hedging	263	0	0	0
Oil contracts	2,406	0	0	0
Derivative financial liabilities				
Interest swaps	-30,953	-39,519	-7,256	0
Forward exchange contracts used for hedging	-51,779	0	0	0
	-256,134	**-2,089,916**	**-1,775,563**	**-120,073**

Payables to subsidiaries is disclosed in note 23.

Note 28 Financial and operational risks (continued)

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

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

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

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

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

DFDS's risks regarding trade receivables are not considered unusual and no material risk is attached to a single customer or cooperative partner. According to the Group's policy of undertaking credit risks, current credit ratings of all major customers and other cooperative partners are performed. A few counterparties have provided guarantees for payments and delivery of ships for the benefit of DFDS. These guarantees constitute totally DKK 548 million in 2011 (2010: DKK 185 million). Besides the provisions mentioned in Note 15 no other provisions on receivables have been done and no insurance cover has been taken out on any of the receivables.

Internal credit ratings are prepared on a systematical and current basis for all financial counterparties. The internal credit rating is based on ratings from international credit rating companies. On the basis of the internal credit rating the Board of Directors have approved general limits for deposits etc. with financial counterparties. Futhermore, DFDS has a legal right to set off receivables and liabilities with financial counterparties and consequently, DFDS has no credit risks associated with financial counterparties as of 31 December 2011 or 2010.

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

At year end 2011 the equity's share of the total liabilities for the Group was 54% (2010: 46%). Based on the present uncertain market conditions, the aim is to have an equity ratio of 40% as a minimum.

The Group's cost of capital (WACC) was calculated at 6.5% (2010: 6.5%) and the return on invested capital (ROIC) was 8.6% (2010: 7.2%).

The Group's dividend policy is to distribute around 30% of the DFDS shareholders' share of the Group's profits, however, taking into consideration any significant investments etc. Proposed dividends for 2011 amount to DKK 14,00 per share equal to 28% of the profits (2010: DKK 8,00 per share or 23% of the profits).

Consolidated
DKK '000

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

Consolidated
DKK '000

2010				**Expected timing of recycling to profit and loss of gains/ losses recognised in the equity**				
Expected future transactions	**Hedge instrument**	**Time to maturity**	**Notional principal amount**	**0-1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Fair value**
Interest	Interest swaps	0-5 years	1,023,082	-18,182	-37,822	-4,214	0	-69,803
Goods purchased	Oil contracts for forward delivery (tons)	0-6 months	8,000	2,406	0	0	0	2,406
				-15,776	**-37,822**	**-4,214**	**0**	**-67,397**

For 2011 a cost of DKK 0.7 million (2010: cost DKK 1.9 million) is recognised in the income statement due to inefficiency.

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

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

Note 28 Financial and operational risks (continued)

Parent Company
DKK '000

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

Parent Company
DKK '000

2010				Expected timing of recycling to profit and loss of gains/ losses recognised in the equity				
Expected future transactions	**Hedge instrument**	**Time to maturity**	**Notional principal amount**	**0-1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Fair value**
Interest	Interest swaps	0-5 years	944,582	-17,787	-37,493	-4,214	0	-67,016
Goods purchased	Oil contracts for forward delivery (tons)	0-6 months	8,000	2,406	0	0	0	2,406
				-15,381	**-37,493**	**-4,214**	**0**	**-64,610**

For 2011 a cost of DKK 0.7 million (2010: cost DKK 1.9 million) is recognised in the income statement due to inefficiency in hedging of expected future cash flows.

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

Operational risks

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

Currency cash flow risks

Approximately 84% of DFDS' revenues are invoiced in unhedged foreign currencies (2010: 85%) with the most substantial net income currencies being SEK, GBP and NOK. USD was the most substantial net expense currency. EUR is considered as minor risk bearing due to the currency peg. However, due to the recent turbulence in the EURO zone the position is regularly monitored. For other entities than the Parent Company the currencies used are primarily their functional currency. The table below shows the unhedged currency cash flow exposure.

Parent Company DKK '000 / Consolidated DKK '000

2010	2011	Profit or loss effect of reasonable possible change against DKK	2011	2010
-34.7	-37.0	SEK, profit or loss effect, 10% weakening	-37.6	-36.3
-9.9	-11.1	NOK, profit or loss effect, 10% weakening	-10.9	-9.9
2.2	7.6	GBP, profit or loss effect, 10% weakening	-12.0	-11.4
-43.8	-48.4	USD, profit or loss effect, 10% strengthening	-63.8	-59.6

Oil risks

The cost of bunkers constitutes a specific and significant operational risk partly due to large fluctuations in bunker prices and partly due to the total annual bunker costs of approximately DKK 1,742 million or 15% of the Group's turnover (2010: DKK 1,343 million or 14% of the Group's turnover).

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

The bunker consumption in 2011 was approximately 484,000 tons (2010: 483,000 tons). An increase of 10% in the price of bunker compared to the level at year-end 2011 would have meant increased costs for the Group of DKK 25.6 million (2010: DKK 30.8 million), and increased cost for the Parent Company of DKK 23.8 million (2010: DKK 24.9 million).

Parent Company
DKK '000

Consolidated
DKK '000

2010	2011	Note 29 Non-liquid operating items	2011	2010
-260	27,052	Change in provisions	-51,043	386
172	-143	Change in write-down of inventories for the year	-279	508
336	1,710	Defined benefit plans in the income statement	10,638	358
838	2,403	Fair value of the share options in the income statement	2,403	838
1,086	**31,022**	**Non-liquid operating items**	**-38,281**	**2,090**

Parent Company
DKK '000

Consolidated
DKK '000

2010	2011	Note 30 Change in working capital	2011	2010
-15,082	-27,217	Change in inventories	-20,536	-14,313
174,029	113,467	Change in receivables	221,719	-59,054
70,035	29,250	Change in current liabilities	-99,254	4,911
228,982	**115,500**	**Change in working capital**	**101,929**	**-68,456**

Parent Company
DKK '000

Consolidated
DKK '000

2010	2011	Note 31 Change in other loans, net	2011	2010
-89,360	-1,263	Installments and repayments of loans	-12,353	-1,350,586
37,927	3,988	Raising of loans	3,988	61,768
-51,433	**2,725**	**Change in other loans, net**	**-8,365**	**-1,288,818**

Note 32 Acquisition and sale of enterprises and activities

Acquisition of activities (2011)

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

DFDS paid DKK 7.5 million to acquire the route and the agency. In addition to this, an earn-put agreement has been entered with the seller, accordingly DFDS must pay 50% of the routes accumulated result for the comming 5,5 years, however only the part which exceeds the initial payment of DKK 7.5 million

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

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

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

Acquisition of companies and activities (2010)

On 12 July 2010, DFDS acquired all of the shares of Norfolk Holdings B.V., the parent company in the Norfolkline Group. Prior to the acquisition, Norfolkline was a leading shipping and logistics company with a strong marine-based route network in the North Sea, English Channel and Irish Sea, combined with substantial logistics activities in Northern Europe. Norfolkline's activities were divided between the business areas Ferry and Logistics, each of which had its own separate management and organisation. The Ferry business area encompassed the transport of freight units, passengers and passenger vehicles in ro-ro and ro-pax vessels on the northern European routes. The Logistics area consisted primarily of door-to-door delivery of full and partial trailer loads in Europe, focusing on the UK, Ireland, Germany, the Benelux countries, Italy and Scandinavia. The Logistics area made use of the Ferry area for marine tranport to an appropriate extent. To support its activities, the Ferry area had a port terminal in Vlaardingen near Rotterdam in the Netherlands, which is centrally located in relation to the transport of goods to and from the Netherlands and Germany. The Group also operated port terminals in Dunkirk, Liverpool, Dublin and Belfast.

Following the acquisition, the Ferry area has been incorporated into the DFDS Group's Shipping segment, while the Logistics activities have been incorporated into the DFDS Group's Logistics segment.

By combining two complementary companies, the acquisition has created Northern Europe's leading sea-based transport network. The acquisition of Norfolkline extends the DFDS ro-ro route network by two new markets, the English Channel and the Irish Sea, while in the North Sea it will be possible to combine the activities. The possibilities of securing much greater volume across the entire network have also been enhanced.

The purchase price of Norfolk Holdings B. V. on a debt-free basis consisted of (i) a fixed cash payment of EUR 170 million, (corresponding to approximately DKK 1.3 billion), (ii) a variable cash payment corresponding to the proceeds DFDS received from a directed rights issue to A. P. Møller - Mærsk, equivalent to 28.2% of the total shares in DFDS after the implementation of a capital increase on 12 July 2010, and (iii) DFDS' own shares, equivalent to 0.6% of DFDS' total share capital after the implementation of the capital increase on 12 July 2010.

The purchase price and the fair value of the acquired assets and liabilities on the acquisition date may be calculated as follows:

2010

Fair value, acquisition date	DKK million
Non-current intangible assets	8
Ships	1,961
Land and buildings	116
Terminals	377
Other non-current tangible assets	83
Non-current tangible assets	2,545
Capital shares in associated companies	28
Total non-current assets	**2,573**
Interest-bearing debt	747
Pensions	209
Other provisions	47
Negative market value of charter agreement etc.	**1,003**
Total non-current liabilities	**3,576**
Interest-bearing debt	997
Suppliers of goods and services	84
Negative market value of charter agreement etc.	11
Other current liabilities	82
Total current liabilities	**1,174**

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

2010

Fair value, acquisition date	**DKK million.**
Interest-bearing debt	223
Suppliers of goods and services	258
Negative market value of charter agreement etc.	70
Other current liabilities	496
Total current liabilities	**1,047**
Forpligtelser i alt	**2,221**
Fair value of acquired net assets	1,355
Goodwill	109
Total Purchase price	1,464
Acquired cash funds	-47
Liquidity, net	**1,417**

Elements of the total cost price may be itemised as follows:

DKK million	
Cash Payment	1,431
Fair value of own shares in DFDS A/S transferred to A. P. Møller-Mærsk	33
Total	**1,464**

In all, 89,137 of DFDS' own shares were transferred to A. P. Møller – Mærsk, representing a fair value of DKK 33 million, calculated on the basis of the market price of the shares on the exchange day (DKK 372.92).

The acquired assets, liabilities and contingent liabilities have been included at their fair value on the acquisition date, in accordance with the provisions of IFRS 3. Any adjustments to the fair values will be recognised within 12 months of the acquisition.

The goodwill associated with the takeover of the Norfolkline Group amounts to DKK 109 million, which represents the value of the synergies in the acquired businesses, primarily through the amalgamation of IT systems and sales channels, better utilisation use of ships and reduced costs for corporate functions. The goodwill has been allocated to the North Sea business area. The recognised goodwill is not tax-deductible.

The fair value of the acquired vessels on the acquisition date has been calculated on the basis of evaluations obtained from independent brokers, minus the estimated sales costs. The evaluations obtained have been compared with and assessed in relation to other relatively comparable sales in the market around the time of the acquisition, as well as current charter rates for comparable ships around the time of the acquisition and comparable ships in the DFDS fleet.

Trade receivables have been recognised at the acquisition date at a market value of DKK 747 million. Gross receivables at market value before writing-down were DKK 782 million on the acquisition date, of which DKK 31 million had already been written down before the acquisition date.

The purchase price allocation identifies certain charter agreements, etc., in which the agreed payments are estimated to have exceeded the market price on the acquisition date, making the agreements unfavourable. All of the agreements will expire in H2 2012. It is estimated that these agreements, etc., had a total discounted value on the acquisition date of DKK 152m, which has been recognised as long and short-term prepayments.

The Group incurred transaction and integration costs relating to the acquisition totalling DKK 60 million, of which DKK 35 million has been recognised in 2010 under "Special items", while DKK 25 million was recognised in 2009. Transaction and integration costs for legal advisers, accountants, consultants and other specialists.

DKK 2,516 million of the total of DKK 9,867 in revenues for the DFDS Group in 2010 relates to the acquired Norfolkline Group. DKK 197 million of the total of DKK 547 million in pre-tax profit for the DFDS Group in 2010 relates to the acquired Norfolkline Group.

If the acquisition had occurred at the beginning of the financial year, total revenues for the year would amount to approximately DKK 12,097 million, and pre-tax profit to approximately DKK 595 million.

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

Sale of companies and activities (2011)

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

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

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

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

Sale of companies and activities (2010)

On 1 December 2010, The Group sold two routes in the northern part of the Irish Sea to Stena Line. The sold activities consisted of the Belfast-Birkenhead and Belfast-Heysham routes, and two ro-ro ships (Hibernia Seaways and Scotia Seaways) Stena Line also took over operation of the port terminals in Belfast, Birkenhead and Heysham. The activity and the two ships were part of the Shipping-segmentet.

Stena Line acquires a company that owns and operates the routes and the two ships. The total sales price on a debt-free basis, excluding working capital, amount to DKK 354 million (EUR 47.5), and resulted in an accounting gain of DKK 200 million in 2010.

DKK million	Regnskabsmæssig værdi på salgstidspunktet
Tangible assets	145
Inventories	8
Other current assets	9
Interest-bearing debt, current	-65
Current liabilities	-5
Carrying amount of net assets	**92**
Transaction-related costs	9
Gain on sale of the activity	200
Actual cash payment	**301**
Including not paid sales price	-3
Net liquidity effect	**298**

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

Parent Company DKK '000				Consolidated DKK '000
2010	**2011**	**Note 33 Acquisition of non-controlling interests**	**2011**	**2010**
-606	-910	AB DFDS LISCO	-910	-606
-606	**-910**	**Cash flow from acquisition of non-controlling interests**	**-910**	**-606**

Acquisition of shares in AB DFDS Lisco during 2011 amounts to DKK 0.9 million (2010: DKK 0.6 million), equivalent to an ownership of 0.2% (2010: 0.2%), where after the company is owned 96.4% (2010: 96.2).

Negative goodwill of DKK 2.4 million (2010: DKK 1.1 million) is recognised directly in the statement of changes in equity in the line 'disposal of non-controlling interests' in the item 'retained earnings'.

Parent Company DKK '000				Consolidated DKK '000
2010	**2011**	**Note 34 Assets held for sale**	**2011**	**2010**
0	0	Non-current assets	25,276	159,970
0	**0**	**Total assets held for sale**	**25,276**	**159,970**

2011

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

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

2010

Assets regarding the terminal in Maasvlakte and the former Norfolkline head office in Scheveningen are put up for sale in December 2010 and are expected to be sold during 2011.

Note 35 Guarantees and contingent liabilities

Guarantees amount to DKK 377.9 million (2010: DKK 114.0 million) for the Group. Guarantees amount to DKK 631.5 million (2010: DKK 461.1 million) for the Parent Company. In addition, the Parent Company has provided an unlimited guarantee for a subsidiary to cover any obligations under a Payment Service Agreement for creditcard payments.

Group companies have provided bank guarantees for the benefit of the Parent Company in the amount of DKK 0.0 million (2010: DKK 900.9 million).

The Group and the Parent Company are in 2010 as well as in 2011 part of various legal disputes. The outcome of these disputes is not considered likely to influence the Group or the Parent Company significantly, besides what is already recognised in the balance sheet.

In terms of the contaminated land in one of the Group companies discovered in 2005, there is still no obligation to clean the land. If such obligation should occur, the Group has the possibility to get the cost adjusted in the original purchase price for the company.
The seller of the land has made a deposit of DKK 24.0 million on a bank account to cover this.

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Note 36 Contractual commitments**	**2011**	**2010**
363,775	362,789	Contracting of ships and rebuildings, term 0-1 year	362,893	363,775
363,775	0	Contracting of newbuildings and rebuildings, term 1-5 years	0	363,775
727,550	**362,789**	**Total contracting obligations**	**362,893**	**727,550**

Contractual commitments in 2010 and 2011 relate to the purchase of two new ro-ro ships for delivery in 2012, which is part of the extended contract entered into in November 2010 with the Danish and German defense.

2010	2011	Operating lease commitments (lessee)	2011	2010
		Minimum lease payments		
18,831	18,561	0-1 year	34,559	32,742
77,321	74,245	1-5 years	107,943	88,287
77,321	55,684	After 5 years	55,684	108,816
173,473	**148,490**	**Total buildings**	**198,186**	**229,845**
12,753	12,992	0-1 year	89,697	103,786
53,175	53,955	1-5 years	352,474	394,447
127,412	113,633	After 5 years	1,186,186	1,367,696
193,340	**180,580**	**Total terminals**	**1,628,357**	**1,865,929**
675,510	888,413	0-1 year	345,420	477,251
812,251	1,359,232	1-5 years	881,074	883,693
529,110	345,606	After 5 years	345,606	529,110
2,016,872	**2,593,251**	**Total ships**	**1,572,100**	**1,890,054**
55,169	40,967	0-1 year	61,697	93,952
51,655	32,633	1-5 years	103,588	102,900
0	0	After 5 years	4,239	0
106,824	**73,600**	**Total equipment etc.**	**169,524**	**196,852**
		Total minimum lease payments are expected to fall due as follows:		
762,263	960,933	0-1 year	531,373	707,731
994,402	1,520,065	1-5 years	1,445,079	1,469,327
733,843	514,923	After 5 years	1,591,715	2,005,622
2,490,508	**2,995,921**	**Total minimum lease payments**	**3,568,167**	**4,182,680**

The specified payments are not discounted.

Operating lease- and rent costs recognised in the income statement amount for the Group to DKK 923.7 million for 2011 (2010: DKK 759.2 million) and for the Parent Company to DKK 1,173.8 million for 2011 (2010: DKK 817.3 million).

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

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

DFDS has a purchase option on the chartered ship REGINA SEAWAYS. The contract has been entered in 2011.

Note 36 Contractual commitments (continued)

Parent Company DKK '000			Consolidated DKK '000	
2010	**2011**	**Operating lease commitments (lessor)**	**2011**	**2010**
		Minimum lease payments		
		Ships and equipment		
44,587	85,656	0-1 year	158,109	104,993
267,699	378,548	1-5 years	647,035	377,823
362,418	301,197	After 5 years	301,197	362,418
674,704	**765,401**	**Total ships and equipment**	**1,106,341**	**845,234**

The specified minimum payments are not discounted.

Operational lease- and rent income recognised in the income statement amount for the Group to DKK 225.2 million in 2011 (2010: DKK 279.1 million) and for the Parent Company to DKK 327.9 million in 2011 (2010:DKK 327.7 million).

The contracts are entered on usual conditions.

2010	**2011**	**Financial lease commitments (lessee)**	**2011**	**2010**
		Minimum lease payments		
6,056	6,056	0-1 year	19,304	20,160
30,828	24,807	1-5 years	56,302	74,548
36,884	30,863	Total minimum lease payments	75,606	94,708
-3,075	-2,177	Hereof financing element	-6,492	-10,067
33,809	**28,686**	**Total**	**69,114**	**84,641**
		Presentation in the balance sheet		
3,805	5,208	Current liabilities	16,278	15,218
30,004	23,478	Non-current liabilities	52,836	69,423
33,809	**28,686**	**Total**	**69,114**	**84,641**

In 2011 the finance lease contracts included in the balance sheet are all related to cargo carrying equipment. The lease contracts are entered during 2009 and they expire in 2014.

Note 37 Related party transactions

The Group's related parties exercising control are Lauritzen Fonden, Copenhagen, which through a shareholders agreement controls more than 50% of the votes in DFDS A/S. The members of the Board of Directors and the Executive Board at Lauritzen Fonden are also related parties.

Furthermore, related parties comprise all companies owned by Lauritzen Fonden, DFDS's subsidiaries and associates, reference is made to Note 42 and Note 14, and these companies' Executive Board and Board of Directors, executive employees and close members of the family of those.

Apart from intra-group balances and transactions (primary charter hire, trade in ships and commissions etc.), which are eliminated on consolidation, usual Executive Board remuneration and Board of Directors emoluments (disclosed in Note 4), share options to the Executive Board and executive employees (disclosed in Note 20) and the below transactions, no related-party transactions have been carried out during the year.

Consolidated
DKK '000

2011	**Sale of services**	**Purchase of services**	**Purchase of assets**	**Receivables**	**Liabilities**
Associates	25,386	12,659	0	7,756	0
2010					
Associates	3,090	13,590	0	7,833	567

Parent Company
DKK '000

2011	**Sale of services**	**Purchase of services**	**Purchase of assets**	**Receivables**	**Liabilities**	**Dividends received from subsidiaries**
Associates	4,441	0	0	4,931	0	0
Subsidiaries	552,413	1,723,464	750,134	2,280,643	2,417,881	42,215
2010						
Associates	0	0	0	4,486	0	0
Subsidiaries	390,021	1,055,307	0	2,103,512	932,762	4,172

Note 38 Impairment tests

Introduction
As a minimum goodwill is tested for impairment at year end. Other non-current tangible, intangible and financial assets are tested if there is any indication of impairment.

Definition of cash-generating units
The breakdown of cash-generating units takes its starting-point in the internal structure of the two segments, Shipping and Logistics, and their business areas, including the strategic, operational and sales-related control of these, both separately and across business areas, and the nature of the customer services provided. Based on this the following eight cash generating units has been identified:

Shipping:
- The business areas North Sea og Baltic Sea
- The business areas English Channel
- The Copenhagen - Oslo route, which is part of the Passenger business area
- The Amsterdam - Newcastle route, which is part of the Passenger business area

Logistics:
- The business areas Nordic transport og Continental transport
- The business area European contract
- The business area Intermodal
- The business area Nordic contract

Non-current tangible and intangible assets are attributed to the above cash-generating units, unless this cannot be done with a reasonable degree of certainty. Software and other assets which cannot with reasonable certainty be attributed to one or more of the above cash-generating units are tested for impairment on the basis of Group earnings.

For a breakdown of goodwill on cash generating units, references are made to note 11.

Basis for impairment testing and calculation of recoverable amount
Impairment testing is performed on the basis of management-approved budgets and business plans. Key parameters are trends in revenue, EBIT margin, future investments and growth expectations in the terminal period. These parameters are set specifically for each individual cash-generating unit.

In the impairment test for cash-generating units, the recoverable amount of the unit is compared with its book value. The recoverable amount is the higher value of its value in use and net realisable value. If the recoverable amount is less than the book value, the latter is written down to the lower value.

The value in use is calculated as the discounted value of the future net cash flows per cash-generating unit. Net realisable value is calculated as the fair value of non-current assets, less the estimated sales costs.

The net realisable value of the Group's main assets, ships, is determined on the basis of the average of several independent broker valuations. The task of the brokers is to assess the value of the individual ships in a "willing buyer - willing seller" situation. Due to the world economic and financial situation, the assessments obtained as of 31 December 2011 were undertaken in a volatile and uncertain market with few comparable transactions, for which reason these valuations are subject to greater uncertainty than would be the case in a normal and stable market. As assessments have been obtained from various brokers, the management considers an average of these to be the best and most valid expression of the ships' net realisable value.

Determination of discount rate
Management determines a discount rate for each cash-generating unit (Business area) on the basis of a risk-free rate, plus a risk premium associated with the individual business areas. The risk-free interest rate is set at a 10-year Danish risk-free rate at year-end. The risk premium is calculated as a general equity market risk premium of 5%, multiplied by the non-leveraged beta value of each cash-generating unit. Further risk premium may be added if special conditions and/or uncertainties indicates a need hereto.

The non-leveraged beta values are calculated by obtaining the non-leveraged beta values of peer-group companies for each business area via the Bloomberg database. The validity of each peer-group company's non-leveraged beta value is assessed, in order to remove those with the lowest validity. There are generally few peer-group companies, as values are available only for listed companies.

The pre-tax discount rates used in the two segments are within the following ranges:

	2011	**2010**
Shipping	6.6% - 8.0%	6.5% - 8.0%
Logistics	7.1% - 12.1%	7.0% - 10.4%

Sensitivity analysis
As part of the preparation of impairment tests, sensitivity analyses are prepared on the basis of relevant risk factors and scenarios that management can determine with reasonable reliability.

Sensitivity analyses are prepared by altering the estimates within the area of probable outcomes. None of these calculations have given rise to adjustments of the following results of the impairment tests prepared.

Order of recognising impairments
If a need for impairment is identified, goodwill is the first to be written down, followed by the primary non-current tangible and intangible assets in the individual cash-generating units. Impairments are distributed according to the book value of the assets, unless this results in a write-down to a value below the net realisable value of the asset, the value in use (if determinable), or zero.

Impairment tests for 2011
On the basic of the impairment tests prepared it has not been deemed necessary to write-down the cash generating units in 2011.

The Group's investment in the associated Dutch logistic enterprise DailyFresh has shown a significant decrease in the financial performance in 2011 including negative results in Q4. It is expected that this negative development will continue and consequently, the goodwill related to the investment has been written down by DKK 25 million. After this the investment is recognised at the Group's proportionate share of the net asset value in DailyFresh. The write down has been recognised under Special items.

2010 :
As a consequence of the impairment tests prepared it is considered necessary to recognise the following write-downs:

There was indication of impairment on the two passenger vessels on the Amsterdam - Newcastle route, and the impairment test showed a need to write down one ship by DKK 20 million and the other by DKK 40 million, as their book value exceeded both their value in use and the average of the broker valuations obtained. One ship has been written down to value in use, while the other has been written down to its net realisable value, based on an average of two broker valuations obtained.

The impairment test of Sideport activity carried out in the business area "Nordic Contract", together with the associated attributable goodwill of DKK 30 million, show a need to write down goodwill in full and to write down the three sideport ships by a total of DKK 60 million, as their book values exceeded both their values in use and the average of the obtained broker valuations (two valuations per ship). The three ships have been written down to their net realisable values.

The impairment tests of the goodwill attributable to the cash-generating unit "Nordic Transport and Continental Transport" showed a need to write down DKK 30 million of the total goodwill of DKK 58 million, as the book value exceeded the value in use.

The impairment tests of the goodwill attributable to the cash-generating unit "Intermodal" showed a need to write down DKK 60 million of the total goodwill of DKK 179 million, as the book value exceeded the value in use.

Write-downs for the year amounted in total to DKK 240 million, and are recognised under Special Items.

Impairment tests of investments in subsidiaries and associated companies (Parent Company)
Impairment tests are carried out for each subsidiary or associated company in the Parent Company if there is indication of impairment. The individual companies are regarded as the lowest cash-generating units.

The estimated value in use is based on cashflows according to the management-approved budget for the coming financial year. Expectations towards the cash flows are adjusted for uncertainty on the basis of historical results, and take into account expectations towards possible future fluctuations in cash flows.

The Parent Company uses a discount rate determined for each subsidiary or associate, according to the business area to which it belongs. The applied discount rates for 2011 and 2010 are shown in the table above.

In 2011 investments in subsidiaries have been written down by DKK 42.5 million in total. DFDS Logistics Contracts SARL has been written down by DKK 1.0 million, DFDS Logistics Container Line B.V. by DKK 40.0 million and DFDS Seaways GmbH by DKK 1.5 million, as the calculated value in use of the individual investment were lower than the book value.

Furthermore, in 2011 previous write downs have been fully or partly reversed by DKK 25.2 million in total. Regarding DFDS Seaways NV DKK 0.2 million has been reversed, and for DFDS Seaways AS DKK 25.0 million has been reversed, as their calculated value in use exceeded the book value.

2010:
In 2010 write downs of DKK 302.7 million are recognised regarding the investments in DFDS Logistics Container Line B.V. (DKK 196.6 million), DFDS Logistics NO (DKK 91,7 million) and other shareholdings by DKK 14.4 million, as the calculated value in use of the individual shareholdings were lower than their book value.

In 2010, previous write downs of DKK 15.1 million in relation to DFDS Logistics GmbH were reversed, as the calculated value in use exceeded the book value.

Note 39 Events after the balance sheet date

On 24 January 2012 one of DFDS's customers started operating a new ro-ro route between Göteborg and Killingholme. The route will be in competition with DFDS's route between Göteborg and Immingham.

On 17 February 2012 DFDS started operating a new route between Dover and Calais in coorperation with Louis Dreyfus Armateurs. Initially the route will be serviced by one ship, NORMAN SPIRIT, but it is planned to add a second ship to the route.

Besides the above there have been no significant events after 31 December 2011.

Note 40 Critical accounting estimates and assessments

In the process of preparing the consolidated financial statements, the Group's management undertakes a number of accounting estimates and assessments, and formulates assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Group and the Parent Company. These estimates, assessments and assumptions are based on historical experience and other factors which the management considers reasonable under the circumstances, but which by their nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the stated estimates and assessments. For a detailed description of the Group's accounting policies, reference is made to note 41.

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

Uncompleted deliveries (mainly in Logistics Division)
The net revenue encompasses the year's completed freight deliveries and services, as well as the movements in the value of uncompleted freight deliveries. Direct costs consist of costs incurred to achieve the net revenue for the year.

At the conclusion of interim periods, including year-end, assessments and evaluations are undertaken of uncompleted freight deliveries, including the accruals of revenues and direct costs. These assessments are based on historical experience, etc.

Business Combinations
When other enterprises are acquired, the assets, liabilities and contingent liabilities of the acquired enterprises are recognised in accordance with the acquisition method described in IFRS 3. In determining the market value of the acquired assets, liabilities and contingent liabilities, management undertakes certain estimates and assessments.

The unallocated acquisition price is recognised in the balance sheet as goodwill and allocated to the Group's cash-generating units on the basis of the management's assessment.

Impairment testing of goodwill and other non-current intangible assets
Impairment testing of goodwill and other non-current intangible assets, which primarily relate to IT and customer portfolios and relations, is undertaken at least once every year, and in case of indication of impairment. The impairment tests are based on the expected future cash flow for the cash-generating unit in question. For a further description of impairment testing of goodwill and other non-current intangible assets, reference is made to note 38.

Impairment testing of ships, including the assessment of useful life and scrap value
Critical accounting estimates and assessments regarding ships include the decomponing of the ship's cost price on the basis of the expected useful life of its component elements; the ship's expected maximum useful life in the company, its scrap value and impairment test. The expected useful life of ships in the company and their scrap values are reviewed and estimated at least once annually. Impairment tests are also carried out when there is any indication of impairment.

For further details of estimates and assessments relating to ships, please see the description of accounting policies in Note 41 and note 38, which mention impairment testing

Provision for bad debts
Receivables are assessed at the amortised cost price after deduction of write-downs to meet expected losses. Provisions are made for losses due to the customer's inability to pay. Should the customer's ability to pay deteriorate further in the future, further write-downs may be necessary.

The need to write down receivables, and the adequacy of such write-downs, is assessed by the management on the basis of historical data and customer payment patterns, age distributions, dubious receivables, customer concentrations, customer creditworthiness, and any collateral received.

Pensions and similar liabilities
The Group's defined pension schemes are calculated on the basis of a number of key actuarial assumptions, including discount rate, the anticipated returns on the schemes' assets, the anticipated rate of increase in wages and pensions, anticipated mortality, etc. Even moderate alterations in these assumptions can bring about significant changes in pension liabilities.

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

Deferred taxable assets
Deferred taxable assets, including the tax value of tax losses to be brought forward, are recognised to the extent that the management assesses that the tax asset can be utilised through positive income in the foreseeable future. Assessment is performed annually on the basis of forecasts, business initiatives and structural adjustments for the coming year.

Note 40 Critical accounting estimates and assessments (continued)

Leasing agreements
The company has entered into leasing/charter agreements for ships, buildings and other equipment, under the usual conditions for such agreements. On the basis of separate assessments of the individual contracts at the time of inception, the management assesses whether each agreement should be considered as a financial or an operational leasing agreement.

Derivatives
When entering into agreements involving derivatives, the management assesses whether the instruments in question provide and satisfy the conditions for effective hedging, including whether the hedging involves recognised assets and liabilities, projected future cash flows, or financial investments. Monthly effectiveness tests are carried out, and any inefficiency is recognised in the income statement.

Special items
The use of special items includes managerial assessments in order to ensure separation from other income statement items, cf. the accounting policies. In general, special items encompass significant items not directly attributable to the Group's operating activities, such as restructuring costs in connection with fundamental process, structural and managerial readjustments, as well as any disposal gains or losses arising in this connection. Major non-recurring items are also classified under this heading. Reference is made to Note 7 for a further itemisation and description of special items.

Provisions and contingencies
The management assesses current provisions and contingencies on an ongoing basis, together with the likely outcome of pending or potential legal proceedings, etc. Such outcomes depend on future events, which are inherently uncertain. In assessing the likely outcome of significant legal proceedings, tax issues, etc., the management consults external legal advisers and studies the outcome of previous cases.

Note 41 Accounting Policies

The 2011 annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

On 1 March 2012, the Board of Directors and Executive Management Board considered and approved the 2011 annual report of DFDS A/S. The annual report will be presented to the shareholders of DFDS A/S for approval at the Group's ordinary annual general meeting on 29 March 2012.

Basis for preparation
The annual report is presented in Danish Kroner (DKK) which is the Parent Company's functional currency.

The annual report has been prepared on the historical cost basis except for the following assets and liabilities measured at fair value: derivatives and financial instruments classified as available-for-sale.

Non-current assets and assets held for disposal classified as held for sale are measured at the lower of the book value before the changed classification and the fair value less costs to sell.

Change in accounting policies for the Parent Company
The accounting policies for the Parent Company are unchanged compared to last year except form new accounting policy regarding recognition and measurement of the Parent Company's acquisitions and disposals of activities and companies under common control. As from 1 January 2011 these transactions will be recognised and measured according to the 'book value method' as it is transactions under common control, which formerly was done according to the 'purchase accounting method'. According to the 'book value method' all differences between the book value of the acquired assets and liabilities and the purchase price will be recognised directly in the equity whereas a positive difference according to the 'purchase accounting method' has to be allocated to the acquired assets and liabilities and the remaining difference recognised as goodwill.

The effect of the change is that goodwill as of 1 January 2010 is reduced by DKK 217 million and a corresponding reduction of the equity. Total assets is reduced by DKK 217 million. Goodwill as of 1 January 2011 is reduced by DKK 217 million and the equity is reduced with a corresponding amount. Total assets as of 1 January 2011 is also reduced by DKK 217 million. As of 31 December 2011 the Parent Company's acquisition of the two ro-ro routes from Vlaardingen in Holland to England and the ro-ro route from Rosyth to Zebrugge recognised directly on the equity reducing the equity by DKK 662 million. The total reduction of the equity as of 31 December 2011 amount to DKK 879 million.

Thee changed accounting policy is incorporated in the 2011 annual accounts of the Parent Company including adjusted comparatives. The change is not relevant for the Group as the affected transactions are fully eliminated.

New International Financial Reporting Standards and Interpretations
With effect from 1 January 2011, the Group has adopted the following new International Financial Reporting Standards and Interpretations:

- Amendment to IFRS 1 'First-time adoption of IFRS'
- Amendment to IAS 24 'Related party disclosures'
- Amendment to IAS 32 'Financial instruments: Presentation'
- Improvements to IFRS-standards May 2010 (includes IFRS 1, 3 and 7 and IAS 1, 27, 34 and IFRIC 13)
- Amendment to IFRIC 14 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'
- IFRIC 19 'Extinguishing financial liabilities with equity instruments'

The new standards, amendments and interpretations have no effect on recognition and measurement. Other accounting policies for the Group's consolidated annual accounts for 2011 are unchanged in relation to the previous year while the Parent Company's accounting policies are changed as above mentioned in the section 'Change in accounting policies for the Parent Company'.

Effect of adopted but not yet implemented accounting regulation
The IASB has issued the following new standards and interpretations which were not yet compulsory at the time of preparation of DFDS' consolidated annual accounts and annual accounts for 2011:

- Amendment to IFRS 1 'First-time adoption of IFRS, (1 July 2011)*
- Amendment to IFRS 7 'Financial instruments: Disclosures - Transfers of Financial Assets' (1 July 2011)
- Amendment to IFRS 7 'Financial instruments: Disclosures - Offsetting of financial assets and financial liabilities' (1 January 2013)*
- Amendment to IFRS 7 'Financial instruments: Disclosures - Related to disclosures on transition to IFRS 9' (1 January 2015)*
- IFRS 9 'Financial instruments: Classification and measurement and Derecognition (1 January 2015)*
- IFRS 10 'Consolidated financial statements' (1 January 2013)*
- IFRS 11 'Joint arrangements' (1 January 2013)*
- IFRS 12 'Disclosure of interest in other entities' (1 January 2013)*
- IFRS 13 'Fair value measurement' (1 January 2013)*
- Amendment to IAS 1 'Presentation of financial statements' (1 July 2012)*
- Amendment to IAS 12 'Income taxes' (1 January 2012)*
- Amendment to IAS 19 'Employee benefits' (1 January 2013)*

- Revised IAS 27 'Separate financial statements' (1 January 2013)*
- Revised IAS 28 'Investment in associates and joint ventures' (1 January 2013)*
- Amendment to IAS 32 'Financial instruments: Presentation - classification of rights issues' (1 January 2014)*
- IFRIC 20 'Stripping costs in the production phase of a surface mine' (1 January 2013)*

* = Not yet approved by the EU

The DFDS Group expects to adopt these standards and interpretations as they become mandatory.

The amendment to IAS 19 'Employee benefits' among others results in the abolishment of the corridor-method. It will no longer be permitted to postpone recognition of actuarial gains and losses regarding defined benefit schemes. The actuarial gains and losses on the net defined pension liabilities or assets must be recognised in other comprehensive income when occurred. The change of this standard which is not yet approved by the EU is expected to be implemented in 2013 and could potentially have significant effect on the annual report in the coming financial years. If the change was amended as of 31 December 2011 it would have reduced the equity by DKK 35 million and increased staff costs by DKK 1 million.

In the opinion of the management all other new standards and interpretations will not materially impact annual reports in the coming financial years.

Critical accounting policies
The management of DFDS considers the applied accounting policies for the consolidated financial statement and business combinations, non-current intangible assets, ships, contribution-based pension schemes, operational lease versus financial lease and derivative financial instruments to be the most important for the Group. The individual areas are described bellow, together with other applied accounting policies.

Significant estimates and judgements in connection with the application of the Group's accounting policies are mentioned in Note 40.

DESCRIPTION OF ACCOUNTING POLICIES

Consolidated financial statements
The consolidated financial statements include the financial 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, reference is made to note 42.

The consolidated financial statements are based on the financial statement of the Parent Company and the subsidiaries and are prepared by combining items of a uniform nature and eliminating inter-company transactions, shareholdings, balances and unrealised inter-company profits and losses. The consolidated financial statements are based on financial statements prepared by applying the Group's accounting policies.

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

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

Minority interests
In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' proportionate shares of the 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 recognised using the purchase method. The identifiable assets, liabilities and contingent liabilities of newly-acquired enterprises are assessed at their fair value on the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. The deferred tax on any revaluations is included.

The acquisition date is the date on which DFDS A/S obtains actual control of the acquired enterprise.

Positive differences (goodwill) between, on the one hand, the purchase price, the value of minority interests in the acquired enterprise and the fair value of any previously acquired shareholdings, and, on the other hand, the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under intangible assets. Goodwill is not depreciated, but is tested annually for impairment. The first impairment test is performed before the end of the acquisition year.

On acquisition, goodwill is assigned to the cash-generating units, which subsequently form the basis for the impairment test. The distribution of goodwill between cash-generating units is described in notes 11 and 38.

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

The purchase price of an enterprise is the fair value of the agreed payment in the form of assets acquired, liabilities assumed, and equity instruments issued. If any portion of the purchase price is contingent on future events or on the fulfilment of agreed conditions, this part of the purchase price is recognised at its fair value on the acquisition date. Costs attributable to business combinations are recognised directly in the income statement at the time incurred.

Positive and negative balances from the acquirees may be adjusted until 12 months from the date of the acquisition, provided that the initial recognition was preliminary or incorrect. All other adjustments are recognised in the income statement.

If control is acquired in several steps, those capital interests which the company held immediately prior to the last transaction in which control was obtained are regarded as having been sold and immediately re-purchased at fair value on the acquisition date. Any difference between the "sales price" and the book value of these capital interests will result in an accounting gain or loss on the interests already held. These gains or losses are recognised under financial items.

Incremental acquisition after control has been achieved, i.e. the purchase of minority interests, is recognised directly in equity.

Gains or losses on subsidiaries and associates disposed of are stated as the difference between the sales amount or disposal costs and the book value of net assets at the date of disposal, including the book value of goodwill, accumulated exchange gains and losses previously recognised in the equity plus anticipated disposal costs. Exchange rate adjustments attributable to the Group's ownership interest, and which are recognised directly in equity, are included in the profit statement. Any retained participating interests are measured at their fair value at the time at which the controlling influence was lost.

In the divestment of partially-owned foreign subsidiaries, that part of the foreign currency translation reserve which relates to the minority interests is not transferred to the income statement.

In the Parent Company common control acquisitions (and disposals) of enterprises and activities are measured and recognised in accordance with the "book value method" by which differences, if any, between purchase price and book value of the acquired enterprise/activity are recognised directly in equity.

TRANSLATION OF FOREIGN CURRENCIES

Functional and presentation currency

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

Translation of transactions and balances

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 are reported as part of the fair value gain or loss.

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

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.

The above exchange gains and losses (exchange rate adjustments) are recognised in a separate reserve in the equity.

In the divestment of 100%-owned foreign units, exchange differences which have accumulated in equity via other overall income, and which are attributable to the unit, are reclassified from "Reserve for exchange rate adjustments" to the income statement together with any gains or losses associated with the disposal.

In the divestment of partially-owned foreign subsidiaries, that part of the foreign currency translation reserve which relates to the minority interests is not transferred to the income statement.

In the partial divestment of foreign subsidiaries without relinquishment of control, a proportionate amount of the currency translation reserve is transferred from the Parent Company's equity share to that of the minority shareholders.

In the partial divestment of associated companies and joint ventures, the proportion of the accumulated currency translation reserve recognised in other overall income is reclassified to the result for the period.

Repayment of balances that are considered part of the net investment are not in themselves regarded as the partial divestment of the subsidiary.

Derivative financial instruments

Derivative financial instruments are recognised in the balance sheet at fair values on the transaction date. The fair values of derivative financial instruments are presented as other receivables if positive or other liabilities if negative. Netting of positive and negative derivative financial instruments is only performed if the company is entitled to and has the intention to settle more derivative financial instruments as a net. All fair values are computed on the basis of current market data and generally accepted valuation methods.

Fair value hedge

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability with respect to the hedged portion. Hedging of future cash flows according to agreements, except for foreign currency hedges, is treated as a fair value hedge of a recognised asset and liability.

Cash flow hedge

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in the value of the hedged item are recognised in the comprehensive income. The effective part of the change in the fair value is recognised as a separate equity reserve until the cash flow hedge impacts the income statement. If the hedged transaction results in gains or losses, amounts previously recognised in equity are transferred to the same item in the income statement as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, the hedge is dissolved. As soon as the cash flow hedge affects the income statement, the accumulated changes in fair value that are previously recognised in equity are transferred to the income statement.

For derivative financial instruments that are no longer realised, the accumulated changes are transferred immediately to the income statement.

Net investment hedge

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries or associates and which effectively hedge currency fluctuations in these companies are recognised in the consolidated financial statements directly in a separate translation reserve in equity.

Other derivative financial instruments

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

Government grants

Government grants related to funding for investments are offset against the cost of the non-current fixed asset and reduce the depreciation of the assets for which the grants are awarded.

Rental and lease matters

When contracts for 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 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 number of share options expected to be exercised by employees is estimated in the initial recognition in accordance with the service conditions described in Note 20. Subsequent to initial recognition, the estimate is adjusted on a continuing basis to reflect the actual number of exercised share options.

The fair value of granted share options for equity-settled plans and cash-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 figures
Key figures are calculated in accordance with the Danish Society of Financial Analysts' guidelines, "Recommendations and Financial Ratios 2010". The key figures stated in the survey of consolidated financial highlights are defined on the "Definitions and Glossary" page.

INCOME STATEMENT

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

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

Costs
When passenger conveyance, sea freight and land transport etc. are recognised as income, related costs are recognised in the income statement.

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

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.

Profit/loss on disposal of non-current assets
Profit/loss on disposal of non-current assets is determined as the difference between the selling price or the disposal price and the book value of net assets at the date of disposal, including 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 areas, etc.

Profit from investments in associated companies
The Group's income statement includes the pro rata share of the result in the associated companies after tax and minority interests after elimination of pro rata share of inter-company profit/purchase.

Special items
In general, special items include significant income and expenses not directly attributable to the Group's operating activities, such as comprehensive process restructuring or basic structural and managerial adjustments, as well as any disposal gains or losses arising in this connection, and which are of significance over time. In addition, other significant non-recurring amounts are classified under this item, including impairment of goodwill and ships, transaction, consultant and integration costs related to major business combinations, and gains and losses on the disposal of activities.

These items are listed separately, in order to provide a more correct picture of Group operating profit.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies, realised gains and losses on securities, as well as the amortisation of financial assets and liabilities including financial leasing commitments as well as surcharges and allowances under the tax prepayment scheme (DK). Also included are realised and unrealised gains and losses on derivative financial instruments that are not designated as hedges.

Tax
Tax for the year comprises income tax, tonnage tax, and joint taxation contribution for the year of Danish subsidiaries as well as changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. Additionally, adjustments to prior years are included.

The current payable Danish corporation tax is allocated by the settlement of a joint taxation contribution between the jointly taxed companies in proportion to their taxable income. 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, taking account of on-account payments. In accordance with the Danish regulations on joint taxation, associated companies' own corporation tax liabilities towards the Danish tax authorities are settled concurrently with the payment of the joint taxation contribution to the company that manages the joint taxation.

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

Deferred tax relating to assets and liabilities subject to tonnage taxation is recognised to the extent that deferred tax is expected to 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' operating cycle, or
- Assets held primarily for trading purposes or which are expected to be realised within twelve months of the balance sheet date, or
- Cash or cash equivalent assets that are not restricted in use.

All other assets are defined as non-current assets.

Non-current intangible and tangible assets
Generally the following applies unless otherwise specified:

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

Goodwill
At initial recognition goodwill is recognised in the balance sheet at cost, as described in the section 'Business combinations'. Subsequently, goodwill is measured at cost less accumulated impairments. Goodwill is not amortised.

An impairment test is performed annually in connection with the presentation of next year's budget.

The book value of goodwill is allocated to the Group's cash-generating units at the time of acquisition. Allocation of goodwill to cash-generating units is described in notes 11 and 38.

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 and is provided on a straight-line basis over the expected useful lifetime, normally 3-5 years, but in certain cases up to 10 years.

Other non-current intangible assets
Other non-current intangible assets comprise the value of customer relations or similar identified as a part of acquisitions, and have definable useful lifetimes. Other non-current intangible assets are measured at cost less accumulated amortizations/depreciations and impairment. Depreciation is provided on a straight-line basis over the expected useful lifetime, normally 3-5 years, but in certain cases up to 10 years.

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

- Safety measures.
- Measures to extend the useful lifetime of the ship.
- Measures to improve earnings.
- Docking.

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

Docking costs are capitalised and depreciated on a straight-line basis over the period between two dockings. In most cases, the docking interval is 2 years for passenger ships and 2½ years for freighters and ro-pax ships.

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

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

Freighters
The cost of freighters is not divided into components, since the depreciation on the components of these ships is evenly distributed over time.

Depreciation, expected useful lifetime and residual value
The average depreciation period for components with low wear is 30 years for passenger ships and 25 years for ro-pax ships from the year in which the ships were built. The depreciation period for freighters is 25 years from the year in which the ships were built.

For passenger and ro-pax ships, components with high wear are depreciated over 10-15 years. For ships, the residual value of components with high wear is determined as DKK 0.

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

The expected useful lifetimes are as follows:	
Buildings	25-50 years
Terminals etc.	10-40 years
Equipment etc.	4-10 years
Leasehold improvements	are max. depreciated over the term of the lease

Gains or losses arising from the disposal of buildings, terminals, equipment and leasehold improvements are determined as the difference between the selling price less the disposal costs and the book value at the date of disposal. The gains on the disposal of these non-current assets are recognised in the income statement as 'Profit on disposal of tangible assets'.

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 capita-

lised minimum lease payments are recognised in the balance sheet as a liability and the interest element of the lease payments is recognised in 'financial costs' 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.

Profits on "sale and lease-back" are deferred and recognised over the lease term for financial leases. For operational leases, any profits on sale are recognised in the income statement immediately, if the sales price equals the fair value of the asset. Otherwise, the profits are deferred and amortised over the term of the operational lease.

Investments in associates (Group)
Investments in associates are measured in the consolidated annual accounts under the equity method, whereby the investments in the balance sheet are measured at the proportionate share of the enterprises' net asset values, calculated in accordance with the accounting policies of the Group, with the addition of the book value of goodwill, and after deduction or addition of the proportionate share of unrealised intra-group profits and losses.

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

Any receivables from the associates are written down to the extent that the receivables are considered 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's income statement for the year in which the dividends are declared. The cost of investments in subsidiaries and associates are written down to the extent that the dividends are considered repayment of the investment.

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

Impairment tests of goodwill (value in use) are performed at least once a year. Impairment tests of the Group's assets are performed once a year, typically in December. DFDS performs tests in between the annual tests if there is an indication of impairment. Reference is made to note 38 for method description.

Securities
Securities held as part of the investment portfolio are designated as 'available-for-sale' and are measured at fair value, which for listed securities is the fair price at the balance sheet date. The recognition are made on the trade date.

The following measurement are made to fair value, which are equivalent to the market price for listed securities. When it is not possible to give a reliable estimate of the fair value for non-listed securities, they are recognised at cost less impairment losses.

Unrealised value adjustments on securities are recognised as a separate reserve (revaluation of securities) in equity except for impairments, which are recognised in the income statement under 'Financial items'. When securities are realised, the accumulated value adjustment recognised directly in equity under 'Financial income or expenses' is transferred to the income statement.

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 for bunkers and average prices for the remaining inventories. The net realisable value is recognised if lower than the cost.

Receivables
Receivables are recognised at amortised cost less impairment losses. Write-down is performed on an individual basis.

Other receivables comprise calculated receivables on hedges, insurance receivables on loss or damage of ships, financial leased receivables, outstanding balances for chartered ships, interest receivable, etc.

Prepayments
The item includes cost incurred no later than the balance sheet date but which relates to subsequent years, e.g. prepaid charters, rents, etc.

Assets held for sale
Assets held for sale comprise non-current assets and disposal groups that are classified as held for sale. Disposal groups are groups of fixed assets subject to be sold or otherwise disposed of in a single transaction. Liabilities related to assets held for sale comprise liabilities directly attached to these assets and which will follow the assets when disposed. Assets are designated as 'held for sale' when the book value is primarily recovered by sale within 12 months in accordance with a plan, instead of through continued usage.

Assets or disposal groups 'held for sale' are measured at the lowest value of t he book value at the time of designation as 'held for sale' or the fair value less sales costs. Assets are not depreciated from the date they are designated as 'held for sale'.

Impairment losses from the initial classification of the non-current assets as held for sale, as well as gains and losses from subsequent measurement of the lowest value of the book value or the fair value less sales costs, are recognised in the income statement. Gains and losses are described in the notes.

Assets and associated liabilities are reported in separate lines in the balance sheet, and the principal items are specified in the notes.

EQUITY

Dividends
Proposed dividends are recognised as liabilities at the date on which they are adopted at the annual general meeting (time of declaration). The expected dividend payment for the year is disclosed as a separate item under equity.

Treasury shares
The cost of acquisition, consideration and dividends received from treasury shares is recognised directly in retained earnings in the equity. Accordingly, profits from sale of treasury shares are not recognised in the income statement. Holdings of treasury shares are recognised in the balance sheet at zero value. The nominal value of treasury shares (price 100) is recognised directly in equity as a separate reserve (own shares).

Reserve for exchange rate adjustments
The reserve for exchange rate adjustment comprises currency translation differences from translating annual accounts from a foreign currency into Danish Kroner and exchange rate adjustments related to assets and liabilities, which are included in the Group's net investments.

Reserve for hedging
The reserve for hedging comprises the accumulated net change in the fair value of hedging which qualifies as future cash flow hedging, and where the hedged transaction is not yet realised.

Reserve for revaluation of securities
The reserve for revaluation of securities comprises accumulated changes in the fair value of the securities classified as 'available-for-sale'. The reserve is dissolved and transferred to the income statement when the investment is sold or written down.

LIABILITIES

Current liabilities are:
- liabilities expected to be settled within the normal course of DFDS' operating cycle, or
- liabilities due to be settled within twelve months of the balance sheet date.

All other liabilities are classified as non-current liabilities.

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

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

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

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

Pension plans, considered as a net asset, are recognised as assets only if the asset equals the value of future repayments, or it will result in reduced payments.

Other non-current personnel obligations include jubilee benefits, etc.

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

Interest-bearing 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, interest-bearing liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under 'financial costs' over the term of the loan.

Interest-bearing liabilities also include the capitalised residual obligation on financial leases. Other liabilities are recognised at amortised cost.

Other payables
Other payables comprise amounts owed to staff, including wages, salaries and holiday pay. Amounts owed to the public authorities include payable tax at source, VAT, excise duties, real property taxes, etc., and amounts owed in connection with the purchase/disposal of ships, buildings and terminals, interest expenses, fair value of hedges, amounts due in respect of losses on ships and costs related to shipping operations, etc. Other payables include amounts owed in relation to contribution-based pension schemes.

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 includes changes in the size or composition of the Group's share capital, payment of dividends to shareholders and the obtaining and repayment of mortgage loans and other long-term and short-term debt. Cash and cash equivalents comprise cash.

Segment information
The segment information has been compiled in conformity with the Group's accounting policies, and is in accord with the internal management reports.

Note 42 Company overview

Company	Ownership share 2011*	Country	City	Currency	Share Capital
Operating – and holding Companies					
DFDS Seaways NV		Belgium	Gent	EUR	62,000
DFDS Logistics NV		Belgium	Gent	EUR	297,472
DFDS Logistics Services NV		Belgium	Brugge	EUR	1,996,503
Aukse Multipurpose Shipping Ltd.	96.4	Cyprus	Limassol	EUR	1,709
Lisco Optima Shipping Ltd.	96.4	Cyprus	Limassol	EUR	1,709
Rasa Multipurpose Shipping Ltd.	96.4	Cyprus	Limassol	EUR	1,709
Tor Botnia Shipping Ltd.	96.4	Cyprus	Limassol	EUR	1,000
Tor Finlandia Shipping Ltd.	96.4	Cyprus	Limassol	EUR	1,000
Lisco Maxima Shipping Ltd.	96.4	Cyprus	Limassol	EUR	1,000
Mare Blue Shipping Ltd.	96.4	Cyprus	Limasol	EUR	1,000
DFDS A/S		Denmark	Copenhagen	DKK	1,485,608,100
DFDS Baltic Line A/S		Denmark	Copenhagen	DKK	503,000
DFDS Russia ApS		Denmark	Copenhagen	DKK	127,000
DFDS Stevedoring A/S		Denmark	Esbjerg	DKK	502,000
DFDS Logistics A/S		Denmark	Taulov	DKK	10,000,000
DFDS Seaways Newcastle Ltd		England	Harwich	GBP	8,050,000
DFDS Seaways Plc.		England	Immingham	GBP	25,500,000
DFDS Logistics Partners Ltd.		England	Immingham	GBP	150,000
DFDS Logistics Services Ltd		England	Immingham	GBP	100
DFDS Seaways Holding Ltd.		England	Immingham	GBP	250,000
DFDS Logistics Contracts Ltd		England	Ipswich	GBP	2,571,000
DFDS Logistics Ltd		England	Belfast	GBP	165,210
DFDS Seaways OÜ	64.5	Estonia	Tallinn	EUR	3,800
DFDS Logistics OY		Finland	Hamina	EUR	59,000
Halléns France SA		France	Paris	EUR	7,000
DFDS Logistics SARL		France	Boulogne sur Mer	EUR	30,000
DFDS Logistics Contracts SARL		France	Dunkirk	EUR	50,000
New Channel Company S.A.S.	82.0	France	Le Havre	EUR	1,000
DFDS Logistics BV		the Netherlands	Gravenhage	EUR	453,780
DFDS Seaways Terminals BV		the Netherlands	Gravenhage	EUR	72,000
DFDS Shipping BV		the Netherlands	Gravenhage	EUR	18,400
DFDS Holding BV		the Netherlands	Gravenhage	EUR	40,000,000
DFDS Seaways BV		the Netherlands	IJmuiden	EUR	18,000
DFDS Logistics Container line BV		the Netherlands	Rotterdam	EUR	18,151
LHT Transport BV		the Netherlands	Rotterdam	EUR	21,000
DFDS Dailyfresh BV		the Netherlands	Rotterdam	EUR	15,882
DFDS Logistics Contracts Ltd		Ireland	Dublin	EUR	200
DFDS Logistics Ltd		Ireland	Dublin	EUR	3
DFDS Logistics Contracts SRL		Italy	Genova	EUR	77,000
DFDS Logistics SPA		Italy	Milan	EUR	140,000
DFDS Seaways SIA		Latvia	Riga	LVL	70,000
AB DFDS Lisco	96.4	Lithuania	Klaipeda	LTL	332,547,434
Laivyno Technikos Prieziuros Base	96.4	Lithuania	Klaipeda	LTL	1,500,000
UAB Krantas Travel	96.4	Lithuania	Klaipeda	LTL	400,000
UAB LISCO Shipping Logistics	96.4	Lithuania	Klaipeda	LTL	100,000
DFDS Logistics AS		Norway	Lilleaker	NOK	1,538,000
Moss Container Terminal AS		Norway	Moss	NOK	1,000,000
DFDS Logstics Rederi AS		Norway	Oslo	NOK	24,990,000
DFDS Seaways AS		Norway	Oslo	NOK	12,000,000
NorthSea Terminal AS	66.0	Norway	Oslo	NOK	1,000,000
SCF DFDS Lines Ltd	99.0	Russia	Kaliningrad	RUR	20,000
DFDS Seaways AB		Sweden	Gothenburg	SEK	25,000,000
DFDS Logistics Services AB		Sweden	Gothenburg	SEK	1,100,000
DFDS Logistics AB		Sweden	Gothenburg	SEK	500,000
DFDS Seaways Holding AB		Sweden	Gothenburg	SEK	100,000
Buhus Terminal Holding AB		Sweden	Gothenburg	SEK	50,000
DFDS Seaways GmbH		Germany	Cuxhaven	EUR	25,000
DFDS (Deutschland) GmbH		Germany	Hamburg	EUR	102,000
DFDS Logistics GmbH		Germany	Hamburg	EUR	525,000
DFDS Logistics Services GmbH		Germany	Hofheim	EUR	35,000
DFDS Seaways Baltic GmbH	96.4	Germany	Kiel	EUR	25,565
17 Dormant companies					

* Unless otherwise indicated, the companies are 100% owned.

STATEMENTS

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS
The Board of Directors and the Executive Board have today considered and approved the annual report of DFDS A/S for the financial year 1 January - 31 December 2011.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements in the Danish Financial Statements Act.

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2011 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 2011.

Further, in our opinion, the Management's review includes a true and fair account of the development in the Group's and the parent company's operations and financial matters, of the result for the year and of the Group's and the parent company's financial position as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 1 March 2012

EXECUTIVE BOARD

Niels Smedegaard President & CEO	**Torben Carlsen** Executive Vice President & CFO

BOARD OF DIRECTORS

Bent Østergaard Chairman	**Vagn Sørensen** Deputy Chairman	**Søren Skou** Deputy Chairman	**Annette Bjerregaard**
Jens Knudsen	**Jill Lauritzen Melby**	**Anders Moberg**	**Tony Smidt**
Ingar Skaug	**Lene Skole**	**Kent Vildbæk**	

INDEPENDENT AUDITORS' REPORT

To the shareholders of DFDS A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements
We have audited the consolidated financial statements and the parent company financial statements of DFDS A/S for the financial year 1 January – 31 December 2011. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial institutions.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial institutions and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2011 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 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial institutions.

Statement on the Management's review
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 1 March 2012

KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen State Authorised Public Accountant	Torben Bender State Authorised Public Accountant

FLEET LIST

PER 31.12.2011

FREIGHT SHIPS (RO-RO)

	Year built	GT	Lanemeter	Deployment
Ficaria Seaways	2006/09	37,939	4,650	Gothenburg-Brevik-Immingham
Tor Freesia	2005/09	37,722	4,650	Gothenburg-Brevik-Immingham
Tor Begonia	2004/09	37,722	4,650	Gothenburg-Brevik-Immingham
Primula Seaways	2004	32,289	3,831	Gothenburg-Brevik-Gent
Petunia Seaways	2004	32,289	3,831	Gothenburg-Brevik-Gent
Magnolia Seaways	2003	32,289	3,831	Gothenburg-Brevik-Gent
Selandia Seaways	1998	24,196	2,772	Gothenburg-Tilbury
Suecia Seaways	1999/11	24,196	2,772	Vlaardingen-Felixstowe
Britannia Seaways	2000/11	24,196	2,772	Vlaardingen-Felixstowe
Ark Futura	1996/00	18,725	2,308	On charter
Flandria Seaways	2000	13,073	1,692	Vlaardingen-Felixstowe
Anglia Seaways	2000	13,073	1,692	Vlaardingen-Immingham
Tor Botnia	2000	11,530	1,899	Kiel-Karlshamn-St. Petersburg
Tor Finlandia	2000	11,530	1,899	Zeebrugge-Rosyth
Maas Viking [2]	2009	29,004	3,663	Vlaardingen-Immingham
Humber Viking [2]	2009	29,004	3,663	Vlaardingen-Immingham
Tor Corona [2]	2008	25,609	3,322	Fredericia-Copenhagen-Klaipeda
Hafnia Seaways [2]	2008	25,609	3,322	Cuxhaven-Immingham
Fionia Seaways [2]	2009	25,609	3,322	Esbjerg-Immingham
Jutlandia Seaways [2]	2010	25,609	3,322	Esbjerg-Immingham
Tor Dania [2]	1978/95	21,491	2,562	Cuxhaven-Immingham
Transpulp [2]	2006	23,128	2,774	Gothenburg-Tilbury

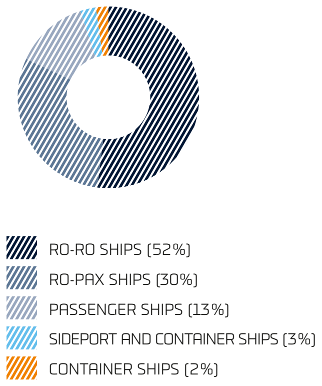
FREIGHT SHIPS (RO-RO) FOR DELIVERY IN 2012

	Year built	GT	Lanemeter	TEU [4]
Stralsund NB 500 (Ark Germania)	2012	33,300	3,000	342
Stralsund NB 501 (Ark Dania)	2012	33,300	3,000	342

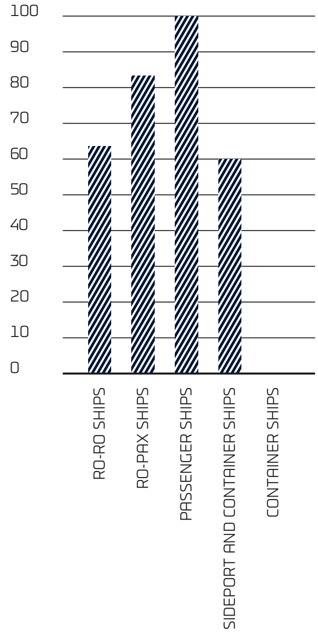
RO-PAX SHIPS [3]

	Year built	GT	Lanemeter	Passengers	Deployment
Dunkerque Seaways	2005	35,923	2,000	1,000	Dover-Dunkirk
Delft Seaways	2006	35,923	2,000	1,000	Dover-Dunkirk
Dover Seaways	2006	35,923	2,000	1,000	Dover-Dunkirk
Regina Seaways [1]	2010	25,518	2,496	550	Kiel-Klaipeda
Lisco Maxima	2009	25,518	2,496	550	Kiel-Klaipeda
Lisco Optima	1999	25,206	2,300	328	Karlshamn-Klaipeda
Dana Sirena	2002/03	22,382	2,056	623	Esbjerg-Harwich
Liverpool Seaways	1997	21,856	2,200	340	Karlshamn-Klaipeda
Patria Seaways	1991	18,332	1,710	222	Paldiski-Kapellskär
Kaunas	1989/94	25,606	1,539	262	Kiel-Sassnitz-Ust-Luga
Vilnius Seaways	1987/93	22,341	1,700	132	Sassnitz-Klaipeda
Norman Spirit [2]	1992	28,833	1,784	1,100	Dover-Dunkirk

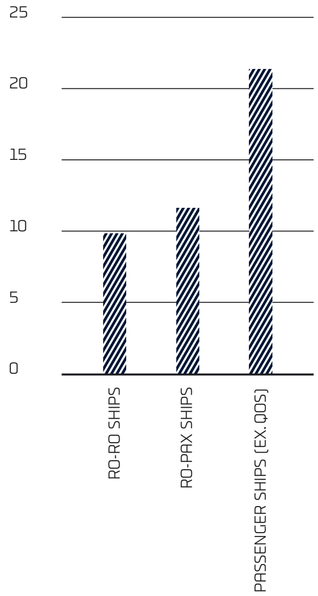
FLEET, OWNED AND CHARTERED SHIPS, END 2011
(GROSS TONS)



OWNERSHIP SHARES OF FLEET, END 2011
(%)



OWNED SHIPS, AVERAGE AGE END 2011
(NO. OF YEARS)



PASSENGER SHIPS

	Year built	GT	Lanemeter	Passengers	Deployment
Pearl Seaways	1989/01/05	40,039	1,482	2,166	Copenhagen-Oslo
Crown of Scandinavia	1994/05	35,498	1,370	2,026	Copenhagen-Oslo
King Seaways	1987/93/06	31,788	1,410	1,534	Amsterdam-Newcastle
Princess Seaways	1986/93/06	31,356	1,410	1,364	Amsterdam-Newcastle
Princess Maria (Queen of Scandinavia)	1981/00	34,093	1,050	1,762	On charter

SIDEPORT SHIPS

	Year built	BT	TEU[4]	Deployment
Lysvik Seaways	1998/04	7,409	160	Oslo Fjord-Continent/UK
Lysbris	1999/04	7,409	160	Oslo Fjord-Continent/UK/Spain/UK
Lysblink	2000/03	7,409	160	Oslo Fjord-Continent/UK/Spain/UK
Lystind[2]	1990/00	4,471	56	Western Norway-Northern Ireland/Scotland
Tistedal[2]	1996	4,464	129	Western Norway-UK/Continent

CONTAINER SHIPS

	Year built	BT	TEU[4]	Deployment
Dana Hollandia[2]	2002	6,370	698	Ireland-Continent
Endeavor[2]	2005	7,642	750	UK-Ireland-Spain
Rheintal[2]	1996	3,824	390	Norway-Continent

[1] Chartered tonnage (bareboat charter)
[2] Chartered tonnage (time charter)
[3] Ro-pax: Combined ro-ro and passenger ship
[4] TEU: 20 foot container unit

COMMERCIAL DUTIES

COMMERCIAL DUTIES OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD AS OF 1 MARCH 2012

BOARD OF DIRECTORS

Bent Østergaard, Chairman
- Date of birth: 5 October 1944
- Joined the Board: 1 April 2009
- Re-elected: 2011
- Period of office ends: 29 March 2012
- Chairman of the Nomination Committee and Remuneration Committee
- Chairman: Cantion A/S, Fonden Kattegat Silo, Frederikshavn Maritime Erhvervspark A/S, J. Lauritzen A/S, Kayxo A/S, NanoNord A/S
- Board member: Comenxa A/S, Intelligent Building System Ltd (Durisol UK), Withs Fond, Mama Mia Holding A/S, Royal Arctic Line A/S, Meabco A/S, Meabco Holding A/S

The Board of Directors is of the opinion that Bent Østergaard possesses the following special competences: International management experience, board experience from international and listed companies, and expertise in shipping and finance As a result of his executive functions for the company's principal shareholder, the Lauritzen Foundation (Vesterhavet Holding A/S), Bent Østergaard cannot be considered independent as per the recommendations on corporate governance.

Vagn Sørensen, Deputy Chairman
- Date of birth: 12 December 1959
- Joined the board: 20 April 2006
- Re-elected: 2007-2011
- Period of office ends: 29 March 2012
- Member of the Nomination Committee, Remuneration Committee and Audit Committee
- Executive offices: GFKJUS 611 ApS, VOS Invest ApS
- Chairman: British Midland Ltd., E-Force A/S, FLSmidth A/S, FLSmidth & co A/S, KMD A/S, KMD Equity Holding A/S, KMD Holding A/S, Scandic Hotels AB, Select Service Partner Ltd., TDC A/S
- Board member: Air Canada Inc., Braganza A/S, CP Dyvig & Co A/S, Koncertvirksomhedens Fond, Det Rytmiske Musikhus Fond, Lufthansa Cargo AG, Royal Caribbean Cruises Ltd.

The Board of Directors is of the opinion that Vagn Sørensen possesses the following special competences: International management experience, board experience from international and listed companies, and expertise in aviation and service industries.

Søren Skou, Deputy Chairman
- Date of birth: 20 August 1964
- Joined the Board: 12 August 2010
- Re-elected: 2011
- Period of office ends: 29 March 2012
- Member of the Nomination Committee and Remuneration Committee
- Executive offices: Shipowner AP Moller – Maersk A/S
- Deputy chairman of board: Höegh Autoliners Holdings A/S
- Board member: The International Tankers Owners Pollution Federation Limited (ITOPF), Lloyds Register, International Council of Containership Operators (ICCO)

The Board of Directors is of the opinion that Søren Skou possesses the following special competences: International management experience and expertise in shipping, logistics and procurement.

Anders Moberg, Board member
- Date of birth: 21 March 1950
- Joined the board: 11 April 2002
- Re-elected: 2003-2011
- Period of office ends: 29 March 2012
- Chairman: Biva A/S, Clas Ohlson AB, OBH Nordica AB
- Board member: Ahlstrom Corporation OY, Amor GmbH, BYGGmax AB, HEMA BV, Husqvarna AB, ITAB AB, Rezidor AB, ZetaDisplay AB

The Board of Directors is of the opinion that Anders Moberg possesses the following special competences: International management experience, board experience from international and listed companies, and expertise in the retail sector.

Ingar Skaug, Board member
- Date of birth: 28 September 1946
- Joined the board: 16 April 1998
- Re-elected: 1999-2011
- Period of office ends: 29 March 2012
- Chairman: Center for Creative Leadership, Bery Maritime AS, Ragni Invest AS
- Deputy chairman of board: J. Lauritzen A/S
- Board member: Miros AS, Berg-Hansen AS, BLG GmbH & Co. KG.

The Board of Directors is of the opinion that Ingar Skaug possesses the following special competences: International management experience, board experience from international and listed companies, and expertise in shipping, logistics, aviation and service industries. Ingar Skaug has been a Board member for more than 12 years. According to the recommendations on corporate governance, he cannot therefore be considered independent.

Jill Lauritzen Melby, Board member
- Date of Birth: 06 December 1958
- Joined the board: 18 April 2001
- Re-elected: 2002-2011
- Period of office ends: 29 March 2012
- Member of the Audit Committee
- Position: Team Leader Finance, BASF A/S

The Board of Directors is of the opinion that Jill Lauritzen Melby possesses the following special competences: Expertise in financial management.

Due to family relations to the company's principal shareholder, the Lauritzen Foundation (Vesterhavet Holding A/S), Jill Lauritzen Melby cannot be considered independent according to the recommendations on corporate governance.

Lene Skole, Board member
- Date of birth: 28 April 1959
- Joined the Board: 20 April 2006
- Re-elected: 2007-2011
- Period of office ends: 29 March 2012
- Chairman of the Audit Committee
- Position: Group Director, Coloplast A/S
- Board member: Coloplast Danmark A/S, Coloplast Ejendomme A/S, Tryg A/S

The Board of Directors is of the opinion that Lene Skole possesses the following special competences: International management experience, including from a listed company, and expertise in economics and accounting.

Annette Bjerre Bjerregaard, staff representative
- Date of birth: 16 August 1974
- Joined the Board: 13 April 2011
- Re-elected: -
- Period of office ends: 2013
- Position: Shipping agent

Annette Bjerre Bjerregaard has no managerial or executive positions in other companies.

Jens Otto Knudsen, staff representative
- Date of birth: 08 August 1958
- Joined the board: 13 April 2011
- Re-elected: -
- Period of office ends: 2013
- Position: Captain

Jens Otto Knudsen has no managerial or executive positions in other companies.

Tony Tranekjer Smidt, staff representative
- Date of birth: 9 January 1976
- Joined the board: 13 April 2011
- Re-elected: -
- Period of office ends: 2013
- Position: Chief Officer

Tony Trankjer Smidt has no managerial or executive positions in other companies.

Kent Vildbæk, staff representative
- Date of Birth: 15 February 1964
- Joined the Board: 13 April 2011
- Re-elected: -
- Period of office ends: 2013
- Position: Commercial Head

Kent Vildbæk has no managerial or executive positions in other companies.

EXECUTIVE BOARD

Niels Smedegaard, President and CEO
- Date of birth: 22 June 1962
- Appointed: 1 January 2007
- Board member: The Denmark-America Foundation, The Danish Trace Council, the Danish Shipowners' Association, Den Danske Banks Advisory Bard, The Tietgen Foundation and The European Community Shipowners' Association

Torben Carlsen, Executive Vice President & CFO
- Date of birth: 5 March 1965
- Appointed: 1 June 2009
- Chairman: Crendo Fastighetsförvaltning AB, Envikraft A/S, Envikraft Invest A/S, SEM Invest A/S, SEM Stålindustri A/S
- Board member: Weiss A/S

BENT ØSTERGAARD

VAGN SØRENSEN

SØREN SKOU

ANDERS MOBERG

INGAR SKAUG

JILL LAURITZEN MELBY

LENE SKOLE

ANNETTE BJERRE BJERREGAARD

JENS OTTO KNUDSEN

TONY TRANEKJER SMIDT

KENT VILDBÆK

NIELS SMEDEGAARD

TORBEN CARLSEN

EXECUTIVE MANAGEMENT

TORBEN CARLSEN (1965)
- Executive Vice President & CFO
- MBA
- Employed by DFDS since 2009

HENRIK HOLCK (1961)
- Executive Vice President, People & Ships
- Msc. Psych
- Employed by DFDS since 2007

PEDER GELLERT PEDERSEN (1958)
- Executive Vice President, Shipping Division
- Ship broker, HD (O)
- Employed by DFDS since 1994

NIELS SMEDEGAARD (1962)
- President & CEO
- MBA
- Employed by DFDS since 2007

EDDIE GREEN (1958)
- Executive Vice President, Logistics Division
- BA (Hons) Economics
- Employed by DFDS since 2010

DEFINITIONS & GLOSSARY

Operating profit before depreciation (EBITDA	Profit before depreciation and impairment on long-term tangible assets
Operating profit (EBIT)	Profit after depreciation and impairment on long-term tangible and intangible assets
Operating profit margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Net operating profit after taxes (NOPAT)	Operating profit (EBIT) minus payable tax for the period, adjusted for the tax effect of net interest costs
Invested capital	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)	$\frac{\text{Net operating profit after taxes (NOPAT) x 100}}{\text{Average invested capital}}$
Weighted average cost of capital (WACC)	Average capital cost for liabilities and equity, weighted according to the capital structure
Profit for analytical purposes	Profit for the year excluding regulation of taxes from previous years and remittance of deferred taxes
Free cash flow	Cash flow from operations, net excluding interest costs, net minus cash flow from investments
Return on equity p.a.	$\frac{\text{Profit for analytical purposes x 100}}{\text{Average equity excluding minority interests}}$
Equity ratio	$\frac{\text{Equity x 100}}{\text{Total assets}}$
Earnings per share (EPS)	$\frac{\text{Profit for analytical purposes}}{\text{Weighted average number of shares}}$
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)	$\frac{\text{Share price at the end of the year}}{\text{Book value per share at year-end}}$

Bareboat charter: Lease of a ship without crew, for an agreed period.

Bunker: Oil-based fuel used in shipping.

Door-to-door transport: Transportation of goods from origin to final destination by a single freight forwarder. The freight forwarder typically uses third-party suppliers, such as a haulage contractor, for the actual transportation.

Chartering: Lease of a ship.

Non-allocated items: Central costs which are not distributed among the divisions.

Intermodal: Transport using several different types of transport (road, rail and sea), typically for containers.

Lane metre: An area of ship deck one lane wide and one metre long. Used to measure freight volumes.

Logistics: Sea and land-based transport, storage and distribution of freight, and associated information processing.

Lo-lo: Lift on-lift off: Type of ship for which cargo is lifted on and off.

Northern Europe: The Nordic countries, Benelux, the United Kingdom, Ireland, Germany, Poland, the Baltic nations, Russia and other SNG countries.

Production partnership (Vessel Sharing Agreement): Agreement between two or more parties on the distribution and use of a ship's freight-carrying capacity.

Ro-pax: Combined ro-ro freight and passenger vessel.

Ro-ro: Roll on-roll off: Type of ship for which freight is driven on and off.

Short sea: Shipping between destinations in a defined geographic area. Its converse is deep-sea shipping, i.e. sailing between continents.

Sidedoor vessels: Type of ship in which loading/unloading takes place via the ship's side.

Space charter: Third-party lease of space on a ship deck.

Stevedoring: Loading and unloading of ships.

Time charter: Lease of a ship with crew, for an agreed period.

Tonnage tax: Taxation levied on ships according to ship displacement.

Trailer: An unpowered vehicle pulled by a powered vehicle for the transport of goods.

Chartering-out: Leasing out of a ship.

THE HISTORY OF DFDS

DFDS was founded in 1866, the result of an initiative by C.F. Tietgen to merge the three largest Danish steamship companies of the day. The company celebrated its 145th anniversary in 2011.

From its inception, DFDS was involved in domestic as well as international shipping, carrying both freight and passengers. The international services covered the North Sea and the Baltic, later expanding to the Mediterranean. Towards the end of the 19th century, routes were also established to the USA and South America. The passenger routes to the USA closed in 1935.

As land-based transport increased, haulage and logistics became integral parts of DFDS' business. From the mid-60s, considerable land activities were built up in extension to the route network.

In 1982, a passenger route was opened between New York and Miami. However, it failed to live up to expectations and was discontinued at great cost in 1983. After that, the DFDS Group was restructured, with activities in the Mediterranean and routes to the USA and South America divested.

Land-based haulage and logistics was developed via organic growth and acquisitions. By the late 1990s, DFDS Dan Transport had become one of the largest land-based transport companies in Northern Europe. In order to concentrate the Group's resources, a new strategy was adopted. The emphasis was on shipping, and Dan Transport was sold in 2000.

The route network for passengers and freight also developed via organic growth and acquisitions, including Tor Line (Sweden – passenger and freight) in the early 80s, North Sea Line (Norway – freight) in the late 90s, LISCO (Lithuania – passenger and freight) in 2001, and Lys-Line (Norway – freight) in 2003. Growth has also been generated through investment in tonnage, particularly by modernising the freight fleet (ro-ro).

In July 2010, DFDS acquired Norfolkline and became Northern Europe's largest combined shipping and logistics company.

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Addresses of DFDS' subsidiaries, locations and offices are available from DFDS websites.

This annual report has been translated into English from the Danish version. In case of discrepancies, the Danish version shall prevail.