

FINANCIAL STATEMENTS

PARENT COMPANY

This document is an extract from DFDS A/S' full Annual Report 2013. The page numbers are identical with the page numbers in the full Annual Report 2013. The full Annual Report 2013 can be found on www.dfdsgroup.com

INCOME STATEMENT (1 JANUARY - 31 DECEMBER)

DKK '000

	Note	2013	2012
Revenue	1	6,335,286	6,467,155
Costs			
Operating costs	2	-3,444,665	-3,530,305
Charter hire		-881,515	-1,030,614
Staff costs	3	-704,831	-627,399
Costs of sales and administration	4	-569,946	-564,029
<i>Total costs</i>		<i>-5,600,957</i>	<i>-5,752,347</i>
Operating profit before depreciation (EBITDA) and special items		734,329	714,808
Profit on disposal of non-current assets, net	5	1,294	1,139
Depreciation and impairment	9,10		
Depreciation ships		-253,455	-243,784
Depreciation other non-current assets		-48,157	-61,801
Impairment losses on ships and other non-current assets		-3,287	0
<i>Total depreciation and impairment</i>		<i>-304,899</i>	<i>-305,585</i>
Operating profit (EBIT) before special items		430,724	410,362
Special items, net	6	-77,389	-487,158
Operating profit (EBIT)		353,335	-76,796
Financial income	7	86,424	267,007
Financial costs	7	-130,986	-139,150
Profit before tax		308,773	51,061
Tax on profit	8	4,405	-12,406
Profit for the year		313,178	38,655
Proposed profit appropriation			
Proposed dividends, DKK 14.00 per share (2012: DKK 14.00 per share)		186,200 ¹	207,985
Retained earnings		126,978	-169,330
		313,178	38,655

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

COMPREHENSIVE INCOME (1 JANUARY - 31 DECEMBER)

DKK '000

	Note	2013	2012
Profit for the year		313,178	38,655
Other comprehensive income			
Items that will not be reclassified subsequently to the Income statement:			
Remeasurement of defined benefit pension obligations	19	-20	0
Items that will not be reclassified subsequently to the Income statement		-20	0
Items that are or may be reclassified subsequently to the Income statement:			
Value adjustment of hedging instruments:			
Value adjustment for the year		-144,373	-8,906
Value adjustment transferred to operating costs		14,651	-2,090
Value adjustment transferred to net financial costs		163,518	14,058
Foreign exchange adjustments, goodwill		-2,522	2,621
Unrealized value adjustment of securities		-1,276	-1,089
Realized value adjustment of securities transferred to the Income statement		0	1,491
Items that are or may be reclassified subsequently to the Income statement		29,998	6,085
Total other comprehensive income after tax		29,978	6,085
Total comprehensive income		343,156	44,740

BALANCE SHEET 31 DECEMBER (ASSETS)

DKK '000

	Note	2013	2012
Goodwill		92,118	94,640
Other non-current intangible assets		0	795
Software		72,855	48,510
Development projects in progress		50,101	55,640
Non-current intangible assets	9	215,074	199,585
Land and buildings		4,239	5,032
Terminals		18,870	20,739
Ships		2,603,138	2,732,364
Equipment, etc.		122,576	138,644
Assets under construction and prepayments		470,563	36,877
Non-current tangible assets	10	3,219,386	2,933,656
Investments in subsidiaries	11	3,936,804	4,032,725
Investments in associates	12	0	0
Receivables	13	719,575	1,034,856
Securities	14	19,756	20,668
Deferred tax	17	0	488
Other non-current assets		4,676,135	5,088,737
Non-current assets		8,110,595	8,221,978
Inventories	15	103,615	107,000
Receivables	13	2,318,772	2,000,929
Prepayments		39,096	29,200
Securities	14	15,432	15,795
Cash		680,888	820,959
Current assets		3,157,803	2,973,883
Assets		11,268,398	11,195,861

BALANCE SHEET 31 DECEMBER (EQUITY AND LIABILITIES)

DKK '000

	Note	2013	2012
Share capital	16	1,485,608	1,485,608
Reserves		-236,544	-90,791
Retained earnings		3,213,104	3,526,983
Proposed dividends		186,200	207,985
Equity		4,648,368	5,129,785
Interest bearing liabilities	21	2,089,319	2,106,088
Deferred tax	17	470	0
Pension and jubilee liabilities	19	9,158	8,076
Other provisions	20	13,555	39,335
Non-current liabilities		2,112,502	2,153,499
Interest bearing liabilities	21	3,566,971	3,361,997
Trade payables		538,614	247,610
Other provisions	20	13,050	3,441
Corporation tax	23	2,000	15,461
Other payables	22	347,994	246,301
Prepayments from customers		38,899	37,767
Current liabilities		4,507,528	3,912,577
Liabilities		6,620,030	6,066,076
Equity and liabilities		11,268,398	11,195,861

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

DKK '000

	Reserves						Total
	Share capital	Hedging reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends	
Equity at 1 January 2013	1,485,608	-56,240	720	-35,271	3,526,983	207,985	5,129,785
Comprehensive income for the year							
Profit for the year					313,178		313,178
Other comprehensive income							
Items that will not be reclassified subsequently to the Income statement:							
Remeasurement of defined benefit pension obligations					-20		-20
Items that will not be reclassified subsequently to the Income statement	0	0	0	0	-20	0	-20
Items that are or may be reclassified subsequently to the Income statement:							
Value adjustment for the year		-144,373					-144,373
Value adjustment transferred to operating costs		14,651					14,651
Value adjustment transferred to net financial costs		163,518					163,518
Foreign exchange adjustments, goodwill					-2,522		-2,522
Unrealized value adjustment of securities			-1,276				-1,276
Items that are or may be reclassified subsequently to the Income statement	0	33,796	-1,276	0	-2,522	0	29,998
Total other comprehensive income after tax	0	33,796	-1,276	0	-2,542	0	29,978
Total comprehensive income	0	33,796	-1,276	0	310,636	0	343,156
Transactions with owners							
Proposed dividends					-186,200	186,200 ¹	0
Dividends paid						-203,047	-203,047
Dividends own shares					4,938	-4,938	0
Vested regarding share-based payment					5,702		5,702
Purchase of treasury shares				-178,273	-450,139		-628,412
Other adjustments					1,184		1,184
Total transactions with owners 2013	0	0	0	-178,273	-624,515	-21,785	-824,573
Equity at 31 December 2013	1,485,608	-22,444	-556	-213,544	3,213,104	186,200	4,648,368

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

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

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

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

DKK '000

	Reserves						Total
	Share capital	Hedging reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends	
Equity at 1 January 2012	1,485,608	-59,302	318	-35,271	3,767,104	207,985	5,366,442
Comprehensive income for the year							
Profit for the year					38,655		38,655
Other comprehensive income							
Items that will not be reclassified subsequently to the Income statement:							
Remeasurement of defined benefit pension obligations					0		0
Items that will not be reclassified subsequently to the Income statement	0	0	0	0	0	0	0
Items that are or may be reclassified subsequently to the Income statement:							
Value adjustment for the year		-8,906					-8,906
Value adjustment transferred to operating costs		-2,090					-2,090
Value adjustment transferred to net financial costs		14,058					14,058
Foreign exchange adjustments, goodwill					2,621		2,621
Unrealized value adjustment of securities			-1,089				-1,089
Realized value adjustment of securities transferred to the Income statement			1,491				1,491
Items that are or may be reclassified subsequently to the Income statement	0	3,062	402	0	2,621	0	6,085
Total other comprehensive income after tax	0	3,062	402	0	2,621	0	6,085
Total comprehensive income	0	3,062	402	0	41,276	0	44,740
Transactions with owners							
Proposed dividends					-207,985	207,985	0
Dividends paid						-203,047	-203,047
Dividends own shares					4,938	-4,938	0
Vested regarding share-based payment					4,736		4,736
Group internal acquisition of an enterprise ¹					-80,551		-80,551
Other adjustments					-2,535		-2,535
Total transactions with owners 2012	0	0	0	0	-281,397	0	-281,397
Equity at 31 December 2012	1,485,608	-56,240	720	-35,271	3,526,983	207,985	5,129,785

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

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

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

CASH FLOW STATEMENT (1 JANUARY - 31 DECEMBER)

DKK '000

	Note	2013	2012
Operating profit before depreciation (EBITDA) and special items		734,329	714,808
Cash flow effect from special items related to operating activities		-7,707	-18,213
Adjustments for non-cash operating items, etc.	26	7,048	6,578
Change in working capital	27	342,826	13,018
Payment of pension liabilities and other provisions		-2,183	-2,260
Cash flow from operating activities, gross		1,074,313	713,931
Interest received		116,003	318,304
Interest paid		-168,385	-245,443
Taxes paid		-7,501	-12,959
Cash flow from operating activities, net		1,014,430	773,833
Investments in ships including dockings, rebuildings and ships under construction		-548,864	-47,735
Cash received due to cancellation of newbuilding contracts		0	559,685
Investments in other non-current tangible assets		-13,131	-23,758
Sale of other non-current tangible assets		2,024	2,104
Investments in non-current intangible assets		-37,326	-43,883
Group internal acquisition of enterprises and activities		0	-118,000
Disposal of subsidiaries, associates and activities		0	86,976
Capital increases, etc.	11	-12,499	-3,056,536
Cash flow to/from investing activities		-609,796	-2,641,147
Proceeds from loans secured by mortgage in ships		238,656	0
Repayment and instalments of loans secured by mortgage in ships		-628,837	-991,603
Change in other non-current investments		67,794	8,526
Change in other financial loans, net		-1,989	-745
Payment of financial lease liabilities		-5,372	-5,221
Change in operating credits		0	-8,394
Change in Group internal financing		-69,533	2,838,843
Change in loans to associated companies		3,229	-49,408
Proceeds from issuance of corporate bonds		688,348	488,837
Purchase of treasury shares		-628,412	0
Dividends paid		-203,047	-203,047
Cash flow to/from financing activities		-539,163	2,077,788
Net increase (decrease) in cash and cash equivalents		-134,529	210,474
Securities, cash and cash equivalents at 1 January		836,754	625,257
Foreign exchange adjustments of securities, cash and cash equivalents		-5,905	1,023
Securities, cash and cash equivalents at 31 December		696,320	836,754

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

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

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DKK '000

Note 1 Revenue	2013	2012
Sale of goods on board ships	864,466	860,680
Sale of services	4,963,818	5,015,386
Rental income from timecharter and bareboat of ships and operating equipment	375,215	433,868
Other operating income	1,31,787	157,221
Total revenue	6,335,286	6,467,155

DKK '000

Note 2 Cost of sales	2013	2012
Cost of sales included in operating costs	1,715,172	1,907,027
Change in inventory write-downs for the year	-1,237	1,954
Total cost of sales	1,713,935	1,908,981

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

DKK '000

Note 3 Staff costs	2013	2012
Wages, salaries and remuneration	607,364	537,477
Defined contribution pension plans	43,066	37,561
Defined benefit pension plans, reference is made to note 19	0	-669
Other social security costs	27,384	25,627
Share-based payment, reference is made to note 18	5,702	4,736
Other staff costs	21,315	22,667
Total staff costs	704,831	627,399
Full time equivalents (FTE), average	1,697	1,587

Reference is made to note 4 of the consolidated financial statements for a description of the Parent Company's remuneration, etc. to the Executive Board and remuneration to the Board of Directors as these are the same for the Parent Company and the Group.

DKK '000

Note 4 Auditor's fees	2013	2012
Audit fees	1,445	1,698
Other assurance engagements	61	80
Tax and VAT advice	2,680	1,649
Non-audit services	1,661	140
Total fees to KPMG	5,847	3,567

DKK '000

Note 5 Profit on disposal of non-current assets, net	2013	2012
<i>Profit on disposal of property, plant and equipment</i> Equipment, etc.	1,381	1,382
<i>Profit on disposal of property, plant and equipment</i>	<i>1,381</i>	<i>1,382</i>
<i>Loss on disposal of property, plant and equipment</i> Equipment, etc.	-87	-243
<i>Loss on disposal of property, plant and equipment</i>	<i>-87</i>	<i>-243</i>
Total profit on disposal of non-current assets, net	1,294	1,139

DKK '000

Note 6 Special items, net	2013	2012
Reimbursement of various financing costs that were expensed in 2012 when newbuilding contracts were terminated, which also entailed termination of the financing established. 2012: Cost (net) related to cancellation of newbuilding contracts concerning two freight ships (ro-ro) due to the shipyard's breach of a number of terms in the contracts	22,243	-28,967
Adjustment of estimated net present value of earn out to seller regarding the route Kapellskär-Paldiski acquired in 2011	16,075	-10,540
Cost related to designing and implementing one group wide finance service centre, including advisor costs, etc.	-5,443	0
Cost related to restructuring and efficiency improvements of processes in connection with project Customer Focus Initiative	-2,264	-17,897
Adjustment of gain regarding the ship LISCO GLORIA as a result of clarification of further insurance circumstances	0	15,635
Impairment of two passenger ships in the business unit Passenger, reference is made to the consolidated financial statements note 37	0	-27,000
Impairment (net) of investments in subsidiaries, reference is made to note 32	-108,000	-418,389
Special items, net	-77,389	-487,158

If special items had been included in the operating profit before special items, they would have been recognized as follows:

Staff costs	-556	0
Costs of sales and administration	-7,151	-17,897
Operating profit before depreciation (EBITDA) and special items	-7,707	-17,897
Profit on disposal of non-current assets and securities	0	-13,332
Impairment of ships and other non-current assets	-91,925	-455,929
Financial income	22,243	0
	-77,389	-487,158

DKK '000

Note 7 Financial items, net	2013	2012
Financial income		
Interest income from banks, etc.	11,967	18,054
Interest income from subsidiaries	70,505	193,361
Foreign exchange gains, net ¹	0	53,229
Dividends	3,952	2,363
<i>Total financial income</i>	<i>86,424</i>	<i>267,007</i>
Financial costs		
Interest expense to banks, credit institutions, etc.	-109,131	-120,550
Interest expense to subsidiaries	-2,933	-4,740
Foreign exchange losses, net ¹	-3,364	0
Realized loss on securities	0	-1,491
Loss related to sale of subsidiaries, associates and activities	0	-247
Loss on loan receivable ²	-6,432	0
Defined benefit pension plans, reference is made to note 19	-32	0
Other financial costs	-19,143	-20,306
Transfers to assets under construction ³	10,049	8,184
<i>Total financial costs</i>	<i>-130,986</i>	<i>-139,150</i>
Financial items, net	-44,562	127,857

¹ Foreign exchange gains 2013 amounts to DKK 190 million (2012: DKK 215 million) and foreign exchange losses amounts to DKK 193 million (2012: DKK 162 million).

² Realized loss on loan granted to purchasers of the ship Queen of Scandinavia in connection with final transfer of legal ownership of the ship.

³ Interest capitalized on two newbuildings (2012: Interest capitalized until cancellation of newbuilding contracts on two freight ships (ro-ro)). The interest for the year is calculated by using a mix of a specific interest rate and a general interest rate of approximately 1.7 - 5.4% p.a. (2012: 1.6 - 3.2% p.a.).

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

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

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

DKK '000

Note 8 Tax	2013	2012
Current joint tax contributions	-2,000	-12,894
Deferred tax for the year	-958	1,613
Adjustment to corporation tax in respect of prior years	7,363	0
Adjustment to deferred tax in respect of prior years	0	-1,125
Tax for the year	4,405	-12,406
Tax for the year is recognised as follows:		
Tax in the income statement	4,405	-12,406
Tax for the year	4,405	-12,406
Tax in the income statement can be broken down as follows:		
Profit before tax	308,773	51,061
Of this, tonnage taxed income	-450,818	-436,045
Profit before tax (corporate income tax)	-142,045	-384,984
25% tax of profit before tax	35,511	96,246
Tax effect of:		
Non-taxable items	-36,418	-105,625
Adjustments of tax in respect of prior years	7,363	-1,125
Corporate income tax	6,456	-10,504
Tonnage tax	-2,051	-1,902
Tax in the income statement	4,405	-12,406
Effective tax rate	-1.4	24.3
Effective tax rate before adjustment of prior years' tax	1.0	22.1

The shipping activities performed are included in the Danish tonnage tax scheme where the taxable income related to transportation of passengers and freight is calculated based on the tonnage deployed during the year. Taxable income related to other activities is taxed according to the normal corporate income tax rules.

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

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

DKK '000

Note 9 Non-current intangible assets

	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Cost at 1 January 2013	94,640	56,440	195,253	55,640	401,973
Foreign exchange adjustments	-2,522	0	0	0	-2,522
Additions	0	0	14,095	23,231	37,326
Disposals	0	-54,056	-1,273	0	-55,329
Transfers	0	0	25,483	-25,483	0
Cost at 31 December 2013	92,118	2,384	233,558	53,388	381,488
Amortisation and impairment losses at 1 January 2013	0	55,645	146,743	0	202,388
Amortisation charge	0	795	15,233	0	16,028
Impairment charge	0	0	0	3,287 ¹	3,287
Disposals	0	-54,056	-1,273	0	-55,329
Amortisation and impairment losses at 31 December 2013	0	2,384	160,703	3,287	166,374
Carrying amount at 31 December 2013	92,118	0	72,855	50,101	215,074

¹ In 2013 DKK 3.3 million regarding the development of a procurement system was written down as it was decided to stop the project, (2012: no write-downs).

Cost at 1 January 2012	92,019	56,440	185,698	21,997	356,154
Foreign exchange adjustments	2,621	0	0	0	2,621
Additions	0	0	0	43,888	43,888
Transfers	0	0	9,555	-10,245	-690 ²
Cost at 31 December 2012	94,640	56,440	195,253	55,640	401,973
Amortisation and impairment losses at 1 January 2012	0	54,849	121,699	0	176,548
Amortisation charge	0	796	25,044	0	25,840
Amortisation and impairment losses at 31 December 2012	0	55,645	146,743	0	202,388
Carrying amount at 31 December 2012	94,640	795	48,510	55,640	199,585

² Transferred to non-current tangible assets.

The Parent Company's carrying amount of Goodwill DKK 92.1 million (2012: DKK 94.6 million) relates to the acquisition of one freight- and passenger route in 2011 and the acquisition of one freight route in 2005.

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

DKK '000

Note 10 Non-current tangible assets

	Land and buildings	Terminals	Ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2013	10,949	73,847	5,202,988	342,362	36,877	5,667,023
Additions	0	178	0	12,924	558,942 ¹	572,044
Disposals	0	0	-26,918	-4,369	-125	-31,412
Transfers	0	0	124,229	902	-125,131	0
Cost at 31 December 2013	10,949	74,025	5,300,299	351,819	470,563	6,207,655
Depreciation and impairment losses at 1 January 2013	5,917	53,108	2,470,624	203,718	0	2,733,367
Depreciation charge	793	2,047	253,455	29,289	0	285,584
Disposals	0	0	-26,918	-3,764	0	-30,682
Depreciation and impairment losses at 31 December 2013	6,710	55,155	2,697,161	229,243	0	2,988,269
Carrying amount at 31 December 2013	4,239	18,870	2,603,138	122,576	470,563	3,219,386
Hereof assets held under finance leases	0	0	0	18,799	0	18,799

¹ Primarily relates to construction of two newbuildings (ro-ro ships).

On the basis of the impairment tests performed in 2013 there has been no impairment loss on ships (2012: DKK 27 million on two passenger ships). For further information regarding the impairment tests, reference is made to the consolidated financial statements note 37.

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

¹ Transferred from non-current intangible assets.

² Disposals relates to cancellation of newbuilding contracts for two freight ships (ro-ro).

DKK '000

Note 11 Investments in subsidiaries	2013	2012
Cost at 1 January	4,841,101	1,732,599
Additions	12,499	3,200,015
Disposals	-21,274	-91,513
Cost at 31 December	4,832,326	4,841,101
Accumulated impairment losses at 1 January	-808,376	-391,560
Impairment losses	-108,000	-510,111
Reversal of prior years impairment charge	0	91,722
Disposals	20,854	1,573
Accumulated impairment loss at 31 December	-895,522	-808,376
Carrying amount at 31 December	3,936,804	4,032,725

Reference is made to the Company overview in the consolidated financial statements note 41.

In 2013 the additions primarily relates to establishment of a company and disposals relates to liquidation of two companies.

In 2012 debt conversion and unconditional shareholders contribution by remission of debt on balances between the Parent Company and subsidiaries has been made. Debt conversion amounts to DKK 159.4 million and unconditional shareholders contribution by remission of debt amounts to DKK 2,505.3 million, a total of DKK 2,664.7 million, which primary covers the additions during the year. Furthermore, in 2012 a capital contribution of DKK 497.1 million has been made to subsidiaries.

The carrying amount of investment in subsidiaries is tested for impairment if there are any indicators of impairment. The impairment test has led to an impairment loss of DKK 108.0 million (2012 DKK 510.1 million). In 2013 no prior year impairment losses have been reversed (2012: DKK 91.7 million). For further information regarding the impairment tests, reference is made to note 34.

DKK '000

Note 12 Investments in associates	2013	2012
Cost at 1 January	0	223
Disposals	0	-223
Cost at 31 December	0	0
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
Carrying amount at 31 December	0	0

For specification of investments in associates reference is made to the consolidated financial statements note 13.

DKK '000

Note 13 Receivables	2013	2012
Receivables from subsidiaries	719,575	985,020
Other non-current receivables	0	49,836
Total non-current receivables	719,575	1,034,856
Trade receivables	539,380	543,433
Interest bearing receivables from subsidiaries ¹	1,667,900	1,319,504
Receivables from associates	51,110	54,339
Fair value of derivative financial instruments, forward transactions and bunker hedges	2,703	32,987
Other receivables and current assets	57,679	50,666
Total current receivables	2,318,772	2,000,929
Total current and non-current receivables	3,038,347	3,035,785

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

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

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

Receivables that are past due, but not impaired:	2013	2012
Days past due:		
Up to 30 days	115,797	119,980
31-60 days	23,284	23,409
61-90 days	4,671	5,550
91-120 days	1,222	621
More than 120 days	7,292	15,006
Past due, but not impaired	152,266	164,566

DKK '000

Note 13 Receivables (continued)	2013	2012
Movements in write-downs, which are included in the above trade receivables:		
Write-downs at 1 January	4,854	4,741
Write-downs	4,144	3,510
Realized losses	-2,835	-2,855
Reversed write-downs	-38	-542
Write-downs at 31 December	6,125	4,854

Age distribution of write-downs:	2013	2012
Days past due:		
Up to 30 days	1,718	871
31-60 days	0	0
61-90 days	54	282
91-120 days	37	0
More than 120 days	4,316	3,701
Write-downs at 31 December	6,125	4,854

Write-downs and realized losses are recognised in operational cost in the income statement.

Write-downs on trade receivables are caused by customers bankruptcy or uncertainty about the customers ability and willingness to pay.

Financial leasing receivables (lessor)

The financial leasing receivable for the Parent Company is equal to the Group. Reference is made to the consolidated financial statements note 14.

Note 14 Securities

Securities for the Parent Company is equal to the Group. Reference is made to the consolidated financial statements note 15.

DKK '000

Note 15 Inventories	2013	2012
Bunkers	59,369	65,009
Goods for sale and raw materials for restaurants	46,403	45,919
Write-down of inventories	-2,157	-3,928
Total inventories	103,615	107,000

Note 16 Treasury shares (number of shares)

Information regarding the Parent Company's and the Group's holding of treasury shares is equal. Reference is made to the consolidated financial statements note 17.

DKK '000

Note 17 Deferred tax	Land and buildings, terminals and other equipment	Provisions	Total
2013			
Deferred tax at 1 January	668	-1,156	-488
Recognised in the Income statement	468	490	958
Deferred tax at 31 December	1,136	-666	470

2012

Deferred tax at 1 January	0	0	0
Recognised in the Income statement	-457	-1,156	-1,613
Adjustment regarding prior years recognised in the income statement	1,125	0	1,125
Deferred tax at 31 December	668	-1,156	-488

	2013	2012
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Deferred tax is recognised in the balance sheet as follows:

Deferred tax (assets)	0	488
Deferred tax (liabilities)	470	0

Deferred tax at 31 December, net

	470	-488
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By joining the tonnage taxation scheme, DFDS A/S is subject to the requirements of the scheme until 2021. DFDS A/S is not expected to withdraw from the scheme and consequently no deferred tax relating to assets and liabilities subject to tonnage taxation has been recognised. If DFDS A/S withdraws from the tonnage taxation scheme, deferred tax in the amount of maximum DKK 263 million (2012: 252 million) may be recognised.

Note 18 Share options

Information regarding share options for the Parent Company and the Group is equal. Reference is made to the consolidated financial statements note 19.

Note 19 Pension and jubilee liabilities

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

The Parent Company has minor defined benefit plans. The defined benefit plans are pension plans that yearly pay out a certain percentage of the final salary the employee has when the employee retires. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employees. The defined benefit plans typically include a spouse pension.

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

DKK '000

	2013	2012
Present value of unfunded defined benefit obligations	3,186	3,794
Recognised liabilities for defined benefit obligations	3,186	3,794
Provision for jubilee liabilities	5,972	4,282
Total actuarial liabilities	9,158	8,076
Movements in the net present value for unfunded defined benefit obligations		
Unfunded defined benefit obligations at 1 January	3,794	6,181
Current service costs	0	-669
Interest costs	32	0
Actuarial gain(-)/loss(+) arising from changes in demographic assumptions	20	0
Benefits paid	-660	-1,718
Unfunded defined benefit obligations at 31 December	3,186	3,794
Expenses recognised as staff costs in the Income statement:		
Current service costs	0	-669
Total included in staff costs regarding defined benefit plans	0	-669
Expenses recognised as financial costs in the Income statement:		
Interest cost	32	0
Total included in financial costs regarding defined benefit plans	32	0
Total expenses for defined benefit plans recognised in the Income statement	32	-669
Expenses recognised in Other comprehensive income:		
Remeasurements of plan obligations	20	0
Total included in other comprehensive income regarding defined benefit plans	20	0

Note 19 Pension and jubilee liabilities (continued)

There are no plan assets in the Parent Company's plans.

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

	2013	2012
Average weighted assumptions: ¹		
Discount rate	1.0%	1.6%

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

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

DKK '000

Sensitivity analysis	2013
Reported obligation 31 December 2013	3,186
Discount rate -0.5% point compared to assumptions	3,210
Discount rate +0.5% point compared to assumptions	3,162
Mortality -1 year compared with used mortality tables	3,115
Mortality +1 year compared with used mortality tables	3,268

Weighted average duration on the liabilities end of 2013 is 3.6 years.

The Parent Company expects to make a contribution of DKK 1.5 million to the defined benefit plans in 2014 (expected for 2013: DKK 0.2 million).

DKK '000

Maturity analysis of the obligations	2013	2012
0-1 year	1,500	820
1-5 years	1,677	2,965
After 5 years	9	9
	3,186	3,794

DKK '000

Note 20 Other provisions	2013	2012
Other provisions at 1 January	42,776	25,803
Provisions made during the year	2,614	16,973
Used during the year	-1,025	0
Reversal of unused provisions	-17,760	0
Other provisions at 31 December	26,605	42,776
Other provisions are expected to be payable in:		
0-1 year	13,050	3,441
1-5 years	13,555	39,335
Other provisions at 31 December	26,605	42,776

Of the Parent Company's provision of DKK 26.6 million (2012: DKK 42.8 million), DKK 2.7 million (2012: DKK 4.6 million) is redelivery provision regarding leased operating equipment and DKK 23.9 million (2012: DKK 38.2 million) is calculated net present value of earn out agreement regarding the acquisition of the route Kapellskär-Paldiski.

DKK '000

Note 21 Interest-bearing liabilities	2013	2012
Mortgage on ships	1,017,672	1,561,241
Issued corporate bonds	1,059,039	506,613
Financial lease liabilities	12,608	18,166
Payables to subsidiaries	0	18,912
Other non-current liabilities	0	1,156
Total interest bearing non-current liabilities	2,089,319	2,106,088
Mortgage on ships	776,554	628,382
Financial lease liabilities	5,558	5,386
Payables to subsidiaries ¹	2,784,859	2,727,397
Other current liabilities	0	832
Total interest bearing current liabilities	3,566,971	3,361,997
Total interest bearing liabilities	5,656,290	5,468,085

¹ The carrying amount of Interest bearing payables to subsidiaries relates to deposit facilities that are made available to subsidiaries.

Regarding the Parent Company's issue of corporate bonds in 2012 and 2013 reference is made to the consolidated financial statements note 22.

The fair value of the interest-bearing liabilities amounts to DKK 5,707 million (2012: DKK 5,504 million). This fair value measurement is categorised within level 3 in the fair value hierarchy except for the part that relates to the corporate bonds for which the fair value measurement is categorised within level 1.

The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The actual borrowing rate for equivalent terms is used as the discount rate. The fair value of the issued corporate bonds has been calculated based on the quoted bond price at year end 2013.

Note 21 Interest-bearing liabilities (continued)

DKK 139 million of the interest bearing liabilities in the Parent Company fall due after five years (2012: DKK 0 million). No exceptional conditions in connection with borrowing are made. The loan agreements can be settled at fair value plus a small surcharge.

Reference is made to note 25 for financial risks, etc.

DKK '000

Allocation of currency, principal nominal amount	2013	2012
DKK	1,559,645	1,991,247
EUR	2,435,478	2,273,883
SEK	171,969	229,676
NOK	1,365,323	598,238
GBP	123,836	374,931
LTL	39	110
Total interest bearing liabilities	5,656,290	5,468,085

DKK '000

Note 22 Other payables	2013	2012
Payables to subsidiaries	10,667	2,735
Accrued interests	14,595	18,450
Public authorities (VAT, duty, etc.)	1,616	6,635
Holiday pay obligations, etc.	134,013	100,104
Fair value of Interest swaps, forward transactions and bunker hedges	162,848	83,438
Other payables	24,255	34,939
Total other payables	347,994	246,301

DKK '000

Note 23 Corporation tax liabilities	2013	2012
Corporation tax liabilities at 1 January, net	15,461	15,526
Tax for the year recognised in the income statement	2,000	12,894
Adjustment, prior years recognised in the income statement	-7,363	0
Adjustment, prior years recognised in the equity	-597	0
Corporation taxes paid during the year	-7,501	-12,959
Corporation tax liabilities at 31 December, net	2,000	15,461
Corporation tax is recognised in the balance sheet as follows:		
Corporation tax receivable (assets)	0	0
Corporation tax debt (liabilities)	2,000	15,461
Corporation tax liabilities at 31 December, net	2,000	15,461

DKK '000

Note 24 Information on financial instruments	2013	2012
Carrying amount per category of financial instruments		
Derivatives (hedge accounting), financial assets	2,631	14,912
Derivatives (economical hedge), financial assets	72	18,075
Loans and receivables (assets)	3,716,532	3,823,757
Financial assets available for sale	35,188	36,463
Derivatives (hedge accounting), financial liabilities	-162,804	-56,271
Derivatives (economical hedge), financial liabilities	-44	-27,167
Financial liabilities measured at amortised cost	-6,244,421	-5,771,819
Total	-2,652,846	-1,962,050

Hierarchy of financial instruments measured at fair value

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

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

DKK '000

2013	Level 1	Level 2	Level 3
Derivatives (hedge accounting), financial assets	0	2,631	0
Derivatives (economical hedge), financial assets	0	72	0
Financial assets available for sale	16,675	0	0
Derivatives (hedge accounting), financial liabilities	0	-162,804	0
Derivatives (economical hedge), financial liabilities	0	-44	0
Total	16,675	-160,145	0
2012	Level 1	Level 2	Level 3
Derivatives (hedge accounting), financial assets	0	14,912	0
Derivatives (economical hedge), financial assets	0	18,075	0
Financial assets available for sale	17,950	0	0
Derivatives (hedge accounting), financial liabilities	0	-56,271	0
Derivatives (economical hedge), financial liabilities	0	-27,167	0
Total	17,950	-50,451	0

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 25 for description of the valuation method. Financial assets available for sale measured at level 1 comprise listed shares and bonds and is measured at the quoted prices.

Financial assets available for sale also comprise other shares and equity investments as well as other investments. These are some minor unlisted enterprises and holdings. They are measured at cost reduced by write-downs, if any, and consequently, they are not included in the fair value hierarchy.

Note 25 Financial and operational risks

DFDS' risk management policy

The description of DFDS's risk management policy, financial risks and capital management is equal for the Group and the Parent Company. Reference is made to the consolidated financial statements note 27.

The following specifications and sensitivity analyses for the Parent Company are specific for the Parent Company:

Financial risks

Interest rate risks

An increase in the interest rate of 1%-point compared to the actual interest rate in 2013 would, other things being equal, have increased net interest payments by DKK 13 million for the Parent Company in 2013 (2012: DKK 7 million). A decrease in the interest rate would have had a similar positive effect.

Liquidity risks

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

DKK '000

2013	0-1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial assets				
Cash	680,888	0	0	0
Bonds	15,432	0	0	0
Trade receivables	539,380	0	0	0
Non-derivative financial liabilities				
Mortgages on ships	-826,519	-866,807	-51,232	-161,777
Issued corporate bonds	-51,386	-544,431	-667,119	0
Financial lease liabilities	-6,071	-12,670	0	0
Trade payables	-538,614	0	0	0
Financial guarantees	-182,837	0	0	0
Derivative financial assets				
Forward exchange contracts and currency swaps	75	0	0	0
Bunker contracts	2,628	0	0	0
Derivative financial liabilities				
Interest swaps	-17,631	-5,899	0	0
Forward exchange contracts	-145,132	0	0	0
	-529,787	-1,429,807	-718,351	-161,777

DKK '000

Note 25 Financial and operational risks (continued)				
2012	0-1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial assets				
Cash	820,959	0	0	0
Bonds	0	15,795	0	0
Trade receivables	543,433	0	0	0
Non-derivative financial liabilities				
Mortgages on ships	-686,209	-1,512,143	-118,636	0
Issued corporate bonds	-26,387	-57,290	-523,794	0
Other interest-bearing debt	-946	-1,223	0	0
Financial lease liabilities	-6,056	-18,748	0	0
Trade payables	-247,610	0	0	0
Financial guarantees	-232,757	0	0	0
Derivative financial assets				
Forward exchange contracts and currency swaps	18,105	0	14,882	0
Derivative financial liabilities				
Interest swaps	-29,506	-17,202	553	0
Forward exchange contracts	-27,167	0	0	0
Bunker contracts	-9,406	0	0	0
	116,453	-1,590,811	-626,995	0

Receivables from subsidiaries are disclosed in note 13 and Payables to subsidiaries are disclosed in note 22.

Assumptions for the maturity table:

The maturity analysis is based on undiscounted cash flows including estimated interest payments. Interest payments are estimated based on existing market conditions.

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

DKK '000

Note 26 Non-cash operating items	2013	2012
Change in provisions	929	557
Change in write-down of inventories for the year	-1,771	1,954
Change in provision for defined benefit plans and jubilee liabilities	2,188	-669
Vesting of share option plans expensed in the income statement	5,702	4,736
Non-cash operating items	7,048	6,578

DKK '000

Note 27 Change in working capital	2013	2012
Change in inventories	5,156	-2,431
Change in receivables	17,861	138,826
Change in current liabilities	319,809	-123,377
Change in working capital	342,826	13,018

Note 28 Acquisition and sale of enterprises and activities

Acquisition

DFDS A/S has neither acquired nor sold enterprises and activities during 2012 and 2013.

Note 29 Guarantees, collateral and contingent liabilities

Guarantees amounts to DKK 537.4 million (2012: DKK 609.9 million) for DFDS A/S. In addition, DFDS A/S has provided an unlimited guarantee for a subsidiary to cover any obligations under a Payment Service Agreement for credit card payments.

The Parent Company is in 2013 as well as in 2012 part in various legal disputes. The outcome of these disputes is not considered likely to influence the Parent Company significantly, besides what is already recognised in the balance sheet.

Certain ships and ships under construction with a total carrying amount of DKK 2,923.4 million have been pledged as security for mortgage on ships with a total carrying amount of DKK 973.0 million.

DKK '000

Note 30 Contractual commitments	2013	2012
Contracting of ships and rebuildings, term 0-1 year	393,580	0
Total contracting obligations	393,580	0
Contractual commitments in 2013 relates to the purchase of two new ro-ro ships for delivery in 2014, installation of scrubbers and contracted refurbishment of a passenger ship.		
Operating lease commitments (lessee)	2013	2012
Minimum lease payments		
0-1 year	18,226	17,975
1-5 years	73,940	72,784
After 5 years	18,985	37,592
Total buildings	111,151	128,351
0-1 year	13,673	12,405
1-5 years	57,359	51,334
After 5 years	77,009	82,839
Total terminals	148,041	146,578
0-1 year	759,520	745,497
1-5 years	787,486	972,181
After 5 years	72,271	164,681
Total ships	1,619,277	1,882,359
0-1 year	25,907	27,081
1-5 years	27,047	18,940
After 5 years	0	0
Total equipment, etc.	52,954	46,021
<i>Total minimum lease payments are expected to fall due as follows:</i>		
0-1 year	817,325	802,958
1-5 years	945,832	1,115,239
After 5 years	168,265	285,112
Total minimum lease payments	1,931,423	2,203,309

DKK '000

Note 30 Contractual commitments (continued)	2013	2012
The specified payments are not discounted.		
Operating lease- and rent costs recognised in the income statement amounts to DKK 909.7 million for 2013 (2012: DKK 1,094.5 million) of which DKK 2.2 million (2012: DKK 2.8 million) is contingent lease payments. The contingent part of the lease costs relates to terminals and is based on the throughput of volumes in the terminals.		
Operating lease contracts on ships are typically concluded with lease terms of up to 12 months, but where most of the lease contracts contain an option to extend the lease term. However, 4 leases were initially entered with a 10 year lease period, of which 6 years are left at 31 December 2013. Lease contracts on other assets are normal lease contracts including a minimum lease term after which the lease term can be terminated by giving 1 to 12 months notice.		
The Parent Company has not entered any substantial agreements, which will be effected, changed nor expired, if the control over the company is changed as a consequence of takeover of the Company.		
Operating lease commitments (lessor)	2013	2012
Minimum lease payments (income)		
<i>Ships and equipment</i>		
0-1 year	284,654	235,824
1-5 years	349,980	246,634
After 5 years	181,518	0
Total ships and equipment	816,152	482,458
The specified minimum payments are not discounted.		
The increase primarily relates to newbuilding contracts for two ro-ro ships for delivery in 2014. According to contracts both ships will earn rental income as from delivery.		
Operational lease- and rental income recognised in the income statement amounts to DKK 375.2 million in 2013 (2012: DKK 434.9 million).		
The contracts are entered on usual conditions.		

DKK '000

Note 30 Contractual commitments (continued)**Financial lease commitments (lessee)**

2013	Minimum lease payments	Hereof financing element	Carrying amount
0-1 year	6,071	-513	5,558
1-5 years	12,670	-62	12,608
Total	18,741	-575	18,166

DKK '000

2012	Minimum lease payments	Hereof financing element	Carrying amount
0-1 year	6,056	-670	5,386
1-5 years	18,748	-582	18,166
Total	24,804	-1,252	23,552

The finance lease contracts included in the balance sheet are all related to cargo carrying equipment. The lease contracts are entered during 2009 and 2010 and expires in 2014 and 2015, respectively.

DKK '000

Note 31 Related party transactions

Description of the Parent Company's related parties comprise is equal to the description for the Group. Reference is made to the consolidated financial statements note 36.

2013	Sale of services	Purchase of services	Purchase of assets	Receivables	Liabilities
Associates	18,385	200,888	0	51,110	0
Subsidiaries	714,833	1,297,997	0	2,387,475	2,795,526
2012					
Associates	12,291	126,201	0	54,339	0
Subsidiaries	795,170	1,282,366	118,000	2,304,524	2,749,044

In 2012 debt conversion and unconditional shareholders contribution by remission of debt cancellation of receivables from subsidiaries has been made, which account for DKK 159.4 million and DKK 2,505.3 million, as well as a capital contribution of DKK 497.1 million in subsidiaries.

Note 32 Impairment tests**Introduction**

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

For a description of the definition of cash-generating units, basis for impairment testing and calculation of recoverable amount reference is made to the consolidated financial statements note 37.

Impairment tests of investments in subsidiaries and associated companies

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

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

The Parent Company uses a discount rate determined for each subsidiary or associate, according to the business area to which it belongs. The applied discount rates for 2013 and 2012 are shown in the table in the consolidated financial statements note 37.

In 2013 investments in subsidiaries have been written down by DKK 108.0 million in total. DFDS Seaways Plc. has been written down by DKK 100.0 million and DFDS Polska Sp. z o.o. has been written down by DKK 8.0 million, as the calculated value in use of the individual investment were lower than the book value. The total write-down of DKK 108.0 million in 2013 is recognised under 'Special items'.

2012

In 2012 investments in subsidiaries have been written down by DKK 510.1 million in total. DFDS Seaways Plc. has been written down by DKK 100.0 million, New Channel Holding A/S by DKK 408.1 million and DFDS Russia ApS by DKK 2.0 million, as the calculated value in use of the individual investment were lower than the book value. Furthermore, in 2012 previous write downs have been reversed by DKK 91.7 million regarding DFDS Logistics N.V., as their calculated value in use exceeded the book value. In total, investments in subsidiaries have been written down by (net) DKK 418.4 million in 2012, which is recognised under 'Special items'.

Note 33 Events after the balance sheet date**2013:**

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

2012:

With effect from 1 January 2013 there is implemented a new business unit structure in the Logistics Division to a more country based structure with three business units: Nordic; Continental; and UK & Ireland from this point in time.

On 15 February 2013 DFDS entered into a new contract on delivery of two newbuildings freight ships (ro-ro), related to the cooperation with both the Danish and German defence, reference to separate stock announcement. It is a new agreement of the two newbuildings of which DFDS terminated in September 2012 as a result of the German shipyard breach of a number of condition in the contract.

Besides the above there have been no significant events after 31 December 2012.

Note 34 Accounting Policies

The Parent Company financial statements are prepared pursuant to the requirements of the Danish Financial Statements Act concerning preparation of separate parent company financial statements for companies reporting under IFRS.

The 2013 financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Change in accounting policies

Reference is made to the consolidated financial statements note 40.

Significant accounting estimates and assessments

In the process of preparing the Parent Company financial statements, a number of accounting estimates and judgements have been made that affect assets and liabilities at the balance sheet date and income and expenses for the reporting period. Management regularly reassesses these estimates and judgements, partly on the basis of historical experience and a number of other factors in the given circumstances.

Impairment testing of investments in subsidiaries

Impairment testing of investments in subsidiaries is carried out if there is indication of impairment. The impairment tests are based on the expected future cash flows for the tested subsidiaries. For further details of estimates and assessments relating to investments in subsidiaries reference is made to note 37, which mention impairment testing.

Management is of the opinion that, except for impairment testing of investments in subsidiaries, no accounting estimates or judgements are made in connection with the presentation of the Parent Company financial statements applying the Parent Company accounting policies that are material to the financial reporting, other than those disclosed in note 39 to the consolidated financial statements.

DESCRIPTION OF ACCOUNTING POLICIES

The Parent Company accounting policies are consistent with the accounting policies described in the consolidated financial statements note 40, with the following exceptions:

Business combinations

In the Parent Company common control acquisitions (and disposals) of enterprises and activities are measured and recognised in accordance with the 'book value method' by

which differences, if any, between purchase price and book value of the acquired enterprise/activity are recognised directly in equity.

Translation of foreign currencies

Foreign exchange adjustments of balances accounted for as part of the total net investment in enterprises that have a functional currency other than DKK are recognised in profit for the year as finance income and costs in the parent company financial statements. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises are recognised directly in the profit for the year as finance income and costs.

Dividends from investments in subsidiaries and associates

Dividends from investments in subsidiaries and associates are recognised in the Parent Company's income statement for the year in which the dividends are declared. If distributions exceed the subsidiary's or the associate's comprehensive income for the period, an impairment test is carried out.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the Parent Company's balance sheet. Impairment testing is carried out if there is any indication of impairment. The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognised as finance cost in profit for the year unless it qualifies as a special item. If the Parent Company has a legal or constructive obligation to cover a deficit in subsidiaries and associates, a provision for this is recognised.