DFDS Annual Report 2010

DFDS is Northern Europe's largest integrated shipping and logistics company.

DFDS Seaways operates a network of 30 routes with 60 freight and passenger ships , while DFDS Logistics provides freight solutions in Europe with trailers, containers, and rail.

DFDS has 5,000 employees in 20 countries, and revenue reaches DKK 12 billion in 2011. The Company was founded in 1866, is headquartered in Copenhagen, and is listed on NASDAQ OMX Copenhagen.

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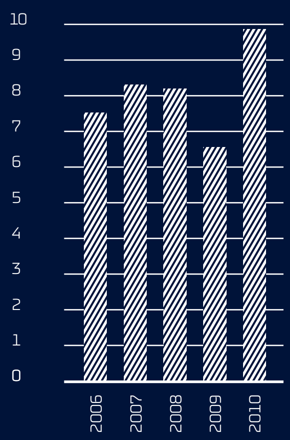
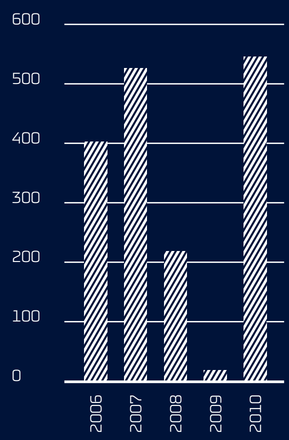
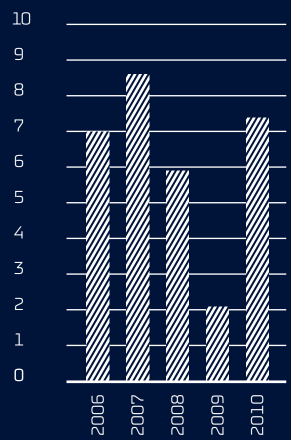
REVENUE
(DKK BILLION)



PRE-TAX PROFIT
(DKK MILLION)



RETURN ON INVESTED CAPITAL (ROIC)
(%)



KEY FIGURES DFDS GROUP

DKK MILLION	2010 EUR million [1]	2010	2009	2008	2007	2006
Income statement						
Revenue [2]	1,324	9,867	6,555	8,194	8,310	7,524
• Shipping Division	928	6,921	4,805	-	-	-
• Logistics Division	450	3,353	1,970	-	-	-
• Non-allocated items and eliminations	-54	-407	-220	-668	-720	-819
• Ro-Ro Shipping	-	-	-	3,799	3,680	3,471
• Container Shipping	-	-	-	1,636	1,623	1,293
• Passenger Shipping	-	-	-	1,779	1,932	1,838
• Terminal Services	-	-	-	647	703	706
• Trailer Services	-	-	-	963	986	918
• Tramp	-	-	-	38	106	117
Operating profit before depreciation (EBITDA) [2]	171	1,273	804	1,011	1,311	1,137
• Shipping Division	164	1,221	822	-	-	-
• Logistics Division	10	74	42	-	-	-
• Non-allocated items	-3	-22	-60	-56	-62	-50
• Ro-Ro Shipping	-	-	-	784	914	794
• Container Shipping	-	-	-	81	133	128
• Passenger Shipping	-	-	-	194	249	242
• Terminal Services	-	-	-	-31	12	12
• Trailer Services	-	-	-	31	56	15
• Tramp	-	-	-	8	9	-4
Profit on disposal of tangible assets	1	5	18	45	37	33
Operating profit (EBIT) before special items	78	580	245	467	758	587
Special items	14	102	-71	I/A	I/A	I/A
Operating profit (EBIT)	91	682	174	467	758	587
Financing, net	-18	-135	-154	-246	-232	-193
Profit before tax	73	547	20	221	526	402
Profit for the period	70	522	89	253	412	364
Profit for the period after minority interests	68	509	86	247	400	352
Profit for analytical purposes	68	507	23	227	485	348
Capital						
Total assets	1,858	13,849	9,298	8,610	9,610	9,991
DFDS A/S' share of the equity	850	6,339	3,641	3,414	3,538	3,154
Total equity	858	6,396	3,688	3,484	3,653	3,265
Net interest bearing debt	521	3,887	4,067	3,425	3,828	4,654
Invested capital, average	1,216	9,061	7,762	7,663	8,107	7,796
Average number of employees	-	4,862	3,924	4,301	4,427	4,346
Cash flow						
Cash flow from operating activities before finance and after tax	125	929	836	983	1,264	1,167
Cash flow from investments	-204	-1,521	-1,265	-345	-151	-1,698
• Acquisition of companies, activities and minority interests	-190	-1,417	-39	-40	-35	-306
• Other investments	-14	-104	-1,226	-305	-116	-1,392
Free cash flow	-79	-592	-429	638	1,113	-531
Operations and return						
Number of operating ships		57	51	60	64	68
Revenue growth, %		50.5 [3]	-20.0	-1.4	10.5	19.8
EBITDA-margin, %		12.9	12.3	12.3	15.8	15.1
Operating margin, %		6.9	2.7	5.7	9.1	7.8
Invested capital turnover rate, times		1.09	0.84	1.07	1.03	0.97
Return on invested capital (ROIC) p.a., %		7.2	2.1	5.8	8.6	7.0
Return on equity p.a., %		10.2	0.7	6.5	14.5	11.7
Capital and per share						
Equity ratio, %		46.2	39.7	40.5	38.0	32.7
Financial gearing, times		0.61	1.12	1.00	1.08	1.48
Earnings per share (EPS), DKK		47	11	32	52	46
Dividend per share, DKK		8.0	0.0	0.0	15.0	11.0
Number of shares at the end of the period, '000		14,856	8,000	8,000	8,000	8,000
Share price at the end of the period, DKK		418	358	399	790	680
Market value, DKK mill.		6,210	2,864	3,192	6,320	5,440

[1] Applied exchange rate for euro as of 31 December 2010: 7,4544

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

[3] Heraf 37% vedrørende overtagelsen af Norfolkline-koncernen.

We are moving on

DFDS continued to streamline its operations and focus on creating value for its customers throughout 2010. Our staff and partners delivered outstanding efforts under difficult conditions.

The proof that their efforts have borne fruit is reflected in our figures. In 2010, we achieved significant growth and earnings on a par with the best in the industry, just as our profits in 2009 were among the best.

Thanks to these results, DFDS' finances have been healthy during the financial crisis, which has enabled us to not only defend our market position, but also pursue an aggressive growth strategy.

Stronger network and profitable growth
With the purchase of Norfolkline in 2010, DFDS is now positioned as Northern Europe's leading company within our sector.

It is crucial for us that our future growth is profitable and creates value. Following the Norfolkline acquisition, this prioritisation has led to several difficult but necessary decisions. One of the most important of these has been to abandon the freight and passenger market in the Irish Sea, through the sale of two routes and the closure of two others.

This decision reflects our strategic priority to emphasise profitability rather than size.

Priorities for 2011
2011 will be an important year for DFDS. In the course of the year, the synergies deriving from our integration plan must be seen to be reflected in our results and live up to our own expectations and those of our partners and customers.

At the same time, the operation of our core activities must be improved and demonstrate that the coupling between sea and land transport makes strategic sense in the long term as well as economic sense in the short term. Achieving a marked improvement in earnings in our logistics operations is therefore a strategic priority in 2011.

Innovative operations
Creating value for our customers in highly competitive markets requires a business model which offers innovative services and solutions. We must improve our margins and our utilisation of capital by becoming more efficient in such areas as business processes, procurement and operations, as well in our use of fuel.

To maintain our leading position, we must recruit, develop and retain the most talented staff. Diversity at the workplace will also be a competitive factor, in parallel with the expansion of the DFDS network. We will therefore continue to demonstrate to the world that DFDS is a modern, responsible and innovative workplace.

Our expectations towards 2011 are high, as is our determination to fulfil them. We believe that the year will underscore "The DFDS Way" enabling a continued expansion of our network of sea and land transport in Europe.

BENT ØSTERGAARD
Chairman of the Board

NIELS SMEDEGAARD
President & CEO

Vision, strategy and goals

Vision
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
DFDS' strategy builds upon four principal strategic goals:

1. Build a European shipping and land transport network
2. Integrated value-creating solutions for freight customers and passengers
3. Secure volume through land transport and strategic port access
4. Maintain a constant focus on quality and efficiency in operations

Strategic priorities and focus
The purchase of Norfolkline supports several strategic goals for DFDS:

- Expands the network and adds scale and broader coverage for both passenger and freight activities
- Consolidation of routes in the North Sea
- Strengthens the product portfolio towards freight customers
- Securing freight volumes for the network through a stronger combination of sea and land transport

Most of the integration process for Norfolkline is expected to be implemented by the end of 2011 and completed by the end of 2012. In 2011, in particular, the integration task will have the highest strategic priority for DFDS.

In parallel with the integration of Norfolkline, we will be focusing on further developing the efficiency and culture of the entire organisation by pursuit of the following objectives:

- Create enhanced value for our customers: Freight customers will be offered better and more comprehensive solutions through our integrated network, as well as easy access through our sales organisation, Freight Sales Solutions. For passengers, it is important that access to information about travel options and booking are experienced as straightforward and simple. The value of the on-board experience will be continuously developed through a newly-created central competency centre for passengers.
- A scaleable operating model and standardised business procedures: In order to ensure enhanced quality and efficiency, as well as lower costs, most corporate functions have been centralised, including IT, purchasing, technical maintenance, ship staffing and finance. In several countries both freight and passenger operations are conducted and the administrative functions for both areas are merged based on a standard concept for joint operations in every country.
- A culture of improvement that reduces costs and increases efficiency on an ongoing basis: We will focus on promoting processes and a culture of knowledge-sharing across divisions and business areas, in order to achieve improvements. This is supported by a comprehensive and attractive bonus scheme, linked to the achievement of defined objectives.

Following the purchase of Norfolkline, there is a limited need for further major acquisitions relating to the UK and North Sea. Future focus areas for the expansion of the route network will be in other European regions, where DFDS will be able to obtain the advantages of operating a large network, including combined sea and land transport.

Business structure
DFDS' business structure consists of two divisions, each of which operates five business areas. The Irish Sea business area will be phased out in the course of 2011. All Group functions have been concentrated in the areas 'People & Ships' and 'Finance'.

Sales of freight solutions are co-ordinated across business areas and the network in general, via a separate Freight Sales Solutions unit.

Financial targets
DFDS' long-term target is to obtain a return on invested capital exceeding Group capital costs by 30-50%. The capital costs correspond to a minimum return requirement on returns on invested capital, and have been calculated at 6.5% in early 2011.

The calculation of capital costs (WACC) includes risk-free interest rate of 3.25%, corresponding to a ten-year Danish government bond, a market risk premium of 5.0%, and a beta value of 0.88. In addition, a pre-tax loan rate of 4.5%, a tax rate of 10.5% and a capital structure divided between 65% equity and 35% debt.

The current and long-term goals are outlined on page 14 in the management report.

Currently, the minimum return requirement of 6.5% corresponds to an operating profit (EBIT) of approximately DKK 750m.

Market and competitors

INTERNATIONAL RO-RO PASSENGER AND FREIGHT VOLUMES

	Passengers				Freight units*			
	2008	**2009**	**2010**	**Δ 10/09**	**2008**	**2009**	**2010**	**Δ 10/09**
Baltic North	17,111,738	17,320,105	17,792,280	2.7%	621,982	499,650	560,771	12.2%
Baltic South	12,409,269	11,647,917	11,702,455	0.5%	1,857,858	1,575,585	1,684,683	6.9%
Kattegat	18,905,213	17,355,246	17,173,324	-1.0%	953,023	807,446	845,669	4.7%
North Sea	2,230,505	2,102,967	2,174,026	3.4%	1,150,803	975,599	1,024,050	5.0%
The Channel	17,319,652	16,284,713	16,097,283	-1.2%	2,630,732	2,597,575	2,354,795	-9.3%
Irish Sea	5,264,525	4,916,554	4,986,243	1.4%	1,278,271	1,184,784	1,164,444	-1.7%
Total routes	**73,240,902**	**69,627,502**	**69,925,611**	**0.4%**	**8,492,669**	**7,640,639**	**7,634,412**	**-0.1%**
International bridge and tunnel volumes								
Øresund Bridge	14,977,000	15,343,000	14,781,000	-3.7%	341,106	298,071	328,295	10.1%
Eurotunnel	8,313,663	7,712,908	8,440,080	9.4%	1,254,282	769,261	1,089,051	41.6%
Total bridge and tunnel	**23,290,663**	**23,055,908**	**23,221,080**	**0.7%**	**1,595,388**	**1,067,332**	**1,417,346**	**32.8%**

Source: Shippax, own figures. Statistics are incomplete as some shipping companies are not included in the figures.
* A freight unit corresponds to approximately 13 lanemeter.

The North European market for seafreight and passengers

The passenger market in Northern Europe was stabilised in 2010, and several market areas experienced a growth in passenger numbers. The contraction on the Kattegat was mostly on the short crossing routes, while growth was positive at 2.9% in the northern part of the Kattegat, where DFDS operates a passenger route. The decline on the English Channel was mainly due to a more aggressive pricing policy by Eurotunnel. The overall market in this region increased by 2.2%.

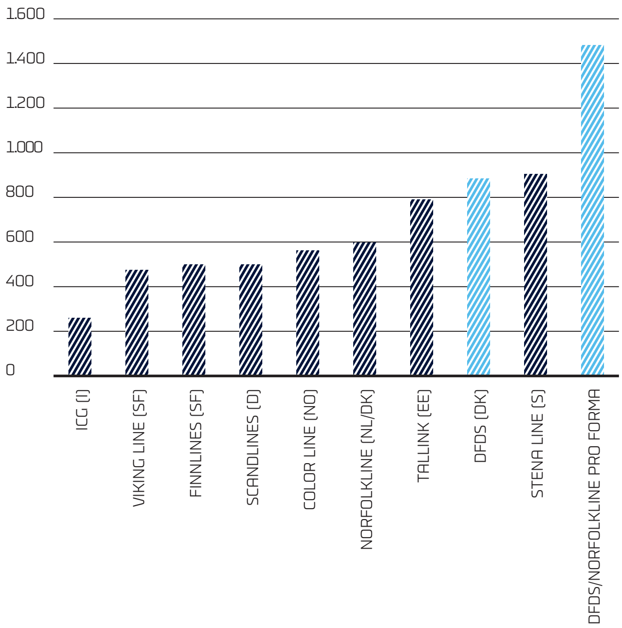
The freight market saw positive growth in most regions during 2010. The exception was the English Channel, where the volumes of the ferry companies fell by 9.3%, while Eurotunnel's volumes grew by 41.6%. This significant increase is due to an aggressive pricing policy by Eurotunnel to win back a higher market share, which decreased after the fire in the tunnel in late 2008.

Tonnage market

For DFDS, the most important tonnage segments are ro-ro (freight vessels) and ro-pax (combined passenger and freight vessels). Ro-ro-based passenger and freight vessels are built primarily for deployment on specific routes, as opposed to standardised tonnage used in the transportation of bulk products and containers. This results in a relatively stable market for ro-ro-based passenger and freight ships, for which the global order book at the end of 2010 represented about 10% of the global fleet. For standardised tonnage, the corresponding proportion has in recent years been around 40%.

In 2010, the influx of new orders for ro-ro-based passenger and freight vessels was limited, and a rising number of ships were sent for scrapping. This trend is expected to continue in 2011, and it is therefore predicted that the demand for ro-ro tonnage will begin to rise from around 2012.

REVENUE 2009: LARGEST NORTH EUROPEAN PASSENGER AND FREIGHT SHIPPING COMPANIES
(EUR MILLION)



OVER LAND AND SEA

The network encompasses both pure freight routes and combined freight & passenger routes. An important success factor for DFDS is to deploy the right ships on the individual routes, combining sound economics with satisfied customers.

The largest freight vessels can accommodate 3,000 - 5,000 metres of freight, measured by the space that the cargo takes up on the decks ("lane metres"). These ships carry just twelve passengers each, primarily drivers.

Combined freight/passenger ships have a freight capacity of around 1,500 -3,000 lane metres, and typically have room for 600 - 1,200 passengers.

The ships on the passenger routes typically carry 1,500 - 2,000 passengers, while the freight capacity is around 1,000 - 1,500 lane metres.

THE NETWORK ENCOMPASSES ...

Employees, average	4,862
Freight ships	38
Combined passenger and freight ships	13
Passenger ships	5
Routes	27
Logistics offices	21

OUR CUSTOMERS

FREIGHT
- Hauliers
- Forwarders
- Manufacturers of automobiles, paper, steel, and other industry goods
- Producers of temperature-controlled goods
- Food retailers

PASSENGERS
- Families
- Groups of friends
- Business travellers
- Companies, organisations and course organisers
- Travel agents and tour operators

DFDS COMBINES SEA AND LAND TRAFFIC

In order to make optimum use of our ships, we work actively to expand the catchment area for each route, and thereby attract more customers.

To fill the ships on the freight routes, we have local sales offices and our own transport companies in our Logistics Division specialised in traffics with an element of sea transport.

On the passenger side, the catchment area is especially expanded through the internet, where the goal is to make it as easy as possible for customers to book their journeys. A steadily increasing number of sales are now made via the internet.

The goal is satisfied customers and full vessels.

A COMPREHENSIVE TRANSPORTATION NETWORK IN NORTHERN EUROPE

- PORTS OF CALL
- LOGISTICS OFFICES


SKOGN
OSLO
BREVIK
MOSS
HALDEN
KRISTIANSSAND
GOTHENBURG
HAMINA
ST. PETERSBURG
AARHUS
HELSINGBORG
KARLSHAMN
ESBJERG
FREDERICIA
COPENHAGEN
YSTAD
KLAIPEDA
KIEL
SASSNITZ
CUXHAVEN
HAMBURG
SWINOUJSCIE
AMSTERDAM (IJMUIDEN)
RATTINGEN
VLAARDINGEN
RHOON
FAGNANO

Management report

- Earnings strengthened
- Integration of Norfolkline proceeding as planned

Financial performance
DFDS achieved a considerable growth in profits in 2010. Full-year profit before tax and special items amounted to DKK 547m, a rise of DKK 527m in relation to 2009.

The profit growth reflects a general improvement in market conditions in Northern Europe, as well as the positive effects of the streamlining and adjustment of operations, including an income of DKK 102m from Special items.

The Special items include accounting profits of DKK 273m arising from the receipt of insurance compensation for a ship written off as a total loss and DKK 200m from the sale of two routes on The Irish Sea. From this should be deducted transaction and integration costs related to Norfolkline totalling DKK 132m and the writing-down of ships and goodwill of DKK 240m.

Adjusted for Special items the profit before tax was DKK 445m, an increase of DKK 355m compared to 2009.

The full-year pre-tax profit of DKK 547m was 6% above the most recent profit forecast, in which pre-tax profit was estimated at DKK 515m.
Net revenue for the year was DKK 9.9b, a rise of 51% compared with 2009. This was primarily due to the acquisition of Norfolkline, but also to organic growth, particularly in freight activities.

Due to the acquisition of Norfolkline, the average number of employees in the Group rose in 2010 by 24%, to 4,862.

Total Group assets rose by 50% to DKK 13.8b by the end of 2010, primarily due to the addition of Norfolkline. Including the proceeds from a rights issue and a directed issue, equity increased by DKK 2.7b to DKK 6.4b, corresponding to an equity ratio of 46% by year-end.

Strategic network extension – purchase of Norfolkline
On 12 July 2010, DFDS acquired Norfolkline from A. P. Møller - Mærsk. Norfolkline's revenue amounted to DKK 4.5b in 2009, equally divided between two areas of activity: shipping and logistics. Norfolkline's shipping activities encompassed the transportation of passengers and freight in:

- The English Channel (ro-pax)
- The North Sea (ro-ro and ro-pax)
- The Irish Sea (ro-ro and ro-pax)

As part of its shipping activities, Norfolkline owned a port terminal in Vlaardingen (Rotterdam), and operated a further four port terminals. Norfolkline's logistics activities primarily included activities in the United Kingdom, including Northern Ireland, plus the Nordic countries and the Continent.

Strategic rationale: The purchase of Norfolkline has extended DFDS' network and created economies of scale via the merger of routes in the North Sea and logistics activities in the Nordic countries, the United Kingdom and Benelux. The latter has also strengthened the flow of freight volumes to the network.

The expansion and merging of business areas has also improved DFDS' ability to meet the growing needs of freight customers for more comprehensive and complex solutions, which require broad market coverage, innovative customer concepts and efficient information systems.

Acquisition and approvals: On 17 December 2009, DFDS entered into an agreement with A. P. Møller -Mærsk to buy 100% of the shares of Norfolk Holdings BV. The transaction was finally completed on 12 July 2010, after a period in which a number of conditions requisite to the transaction were fulfilled, including the granting of approval by the competition regulation authorities.

The debt-free purchase price of Norfolkline was DKK 2,860m, and the purchase price after deduction of debt was DKK 1,464m. As part of the payment, A. P. Møller - Mærsk received shares in DFDS corresponding to 0.6% of DFDS' share capital from DFDS' holdings of own shares.

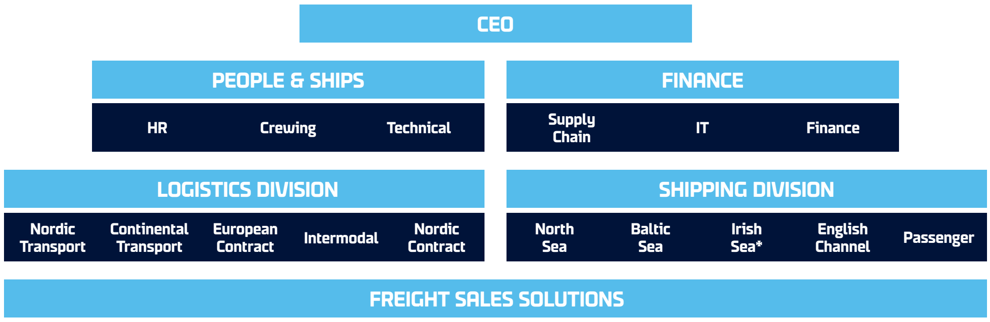
On 17 June 2010, the European Commission approved DFDS' purchase of Norfolkline. The approval was subject to the replacement of the space charter agreement with Norfolkline on the Esbjerg-Immingham/Harwich routes with an agreement with an independent party. DFDS therefore entered into a new space charter agreement with Stena Line, which the European Commission subsequently approved.

Rights issues and new shareholder structure: To finance the acquisition of Norfolkline, a rights issue was carried out on 12 July 2010 with proceeds of DKK 520m. A directed issue was also carried out to A. P. Møller - Mærsk with proceeds of DKK 1,562m, corresponding to 28.2% of the share capital after the capital increases.

In a separate transaction, A. P. Møller - Mærsk purchased an additional 333,241 shares in DFDS from a 100%-owned subsidiary of the Lauritzen Foundation, corresponding to 2.5% of DFDS' after the capital increases.

After implementing the above share issues and other transactions, the ownership share of the Lauritzen Foundation in DFDS' share capital is 36.0%, while A. P. Møller - Mærsk's ownership share is 31.3%.

As part of the acquisition, A. P. Møller – Mærsk entered into a shareholder agreement with a 100%-owned subsidiary of the Lauritzen Foundation, which



*The Irish Sea area is closed in 2011.

included a lock-up period of 18 months.

Other financing: In connection with the transaction, a refinancing of DFDS' existing debt and a general strengthening of DFDS' balance was secured by taking out a five-year bank loan of DKK 1.6b in Danske Bank, Nordea, SEB and Danish Ship Finance.

Synergies and integration: Annual cost and integration synergies of DKK 180-220m have been identified and are expected to take full effect from 2013. Revenue synergies have not been recognised, but it is predicted that broader market coverage and improved customer service will strengthen the foundations for long-term revenue growth.

The synergies and integration plan is set out in more detail on page x, together with a description of the progress of the integration process.

New business structure and culture of improvement

In connection with the integration of Norfolkline, a new business structure has been introduced with two market-oriented divisions, Shipping Division and Logistics Division.

Shipping Division operates DFDS' route network, divided into five business areas: North Sea, Baltic Sea, Irish Sea, English Channel and Passenger. See page x for a more detailed description of the five areas. The business area Irish Sea will cease during 2011, as the area's activities were discontinued at the beginning of the year.

The Logistics Division operates DFDS' logistics and land transport activities, divided into five business areas: Nordic Transport, Continental Transport, European Contract, Intermodal and Nordic Contract. See page x for a more detailed description of the five areas.

In addition, cross-cutting group functions have been concentrated in two central units. These units reflect the Group's strategic focus on improving efficiency, reducing costs and introducing uniform business processes, including IT systems.

In addition to these structural changes, efforts are being focused on promoting knowledge-sharing, in order to achieve improvements.

Commercial development and operations – important events

Adjustment of the route network: Several significant route changes were carried out in 2010 and the beginning of 2011:

- The Lübeck-Riga route was closed in January 2010, and the volumes from this route were partly transferred to other east-west routes, including to Klaipeda
- As part of the integration of Norfolkline, the following changes were made:
  - Two routes from Belfast to Birkenhead and Heysham, respectively, including four ships and port terminals, were sold to Stena Line for DKK 354m, at a profit of DKK 200m.
  - Norfolkline's freight route between Vlaardingen and Killingholme and the DFDS freight route between Maasvlakte and Immingham were combined in December 2010. The call at Killingholme was moved to Immingham, and the call at Maasvlakte was moved to Vlaardingen. The number of ships was reduced from four to two.
  - In December 2010, Rosyth-Zeebrugge was converted from a passenger and freight route to a freight-only route.
  - Two routes from Dublin to Birkenhead and Heysham, respectively, were closed in January 2011.
- In container activities, production partnerships with other container carriers have been expanded in order to reduce costs and capacity in the market.

Strategic port agreement in Gothenburg: Gothenburg is an important hub in DFDS' route network. The acquisition of port terminal operations helped to strengthen the foundation of DFDS' co-operation with Nordic industrial and transport companies.

Harbour operations were taken over in October 2010 in collaboration with C. Ports S.A., through a joint company, of which DFDS A/S owns 65% and C.Ports S.A. owns 35%. At a price of SEK 48m, the joint company acquired Älvsborg Ro/Ro AB, which has signed a 25-year concession agreement for the operation of the ro-ro port terminals Älvsborg and Arendal in Gothenburg.

Älvsborg Ro/Ro AB had 320 employees at the end of 2010, and its turnover in 2010 was SEK 450m, of which around 50% derived from DFDS. Under the concession agreement, the maintenance of ports and quays will continue to be handled by the Port of Gothenburg.

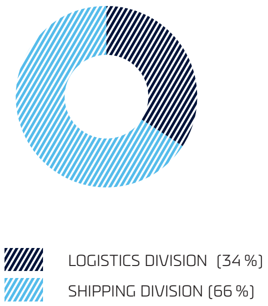
The port terminal has seven ro-ro ramps, and the terminal area covers a total of approximately 463,000 m^2. The terminal's three most important shipping customers are currently DFDS Seaways, Cobelfret S.A. and Transatlantic. The latter two companies function as subcontractors for Stora Enso Logistics.

The approval of the competition regulatory authorities for the transaction is pending. Accordingly, no consolidation is made yet.

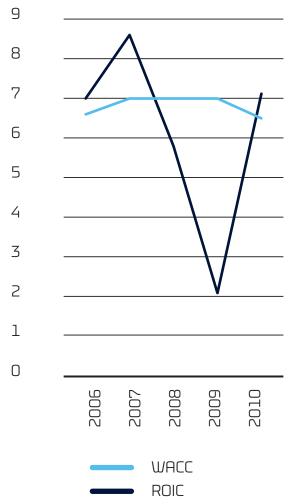
Extended tonnage co-operation with the Danish defence forces: In November 2010, DFDS extended its tonnage co-operation with the Danish and German defence forces to at least five ships, from the current two. Two of the vessels are newbuildings, and are expected to be delivered in the first half of 2012. It has also been agreed that one ship will be chartered out full-time to the Danish defence forces, while the other vessels will be available at variable periods of notice of between 10 and 60 days.

When the ships are not being used by the military, they will be employed in DFDS' route

REVENUE PER DIVISION, 2010



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



network. All of the vessels sail under the Danish flag. The new co-operation agreement covers the period 2010-2021, and will replace the previous charter agreements, which expire between 2010 and 2012.

DFDS has commissioned two ro-ro newbuildings, each with a cargo capacity of 3,000 lane metres and container capacity of 342 TEUs. The ships will be built at the German shipyard P+S Werften GmbH, Stralsund. The total contract sum is DKK 950m, and the investment will take place over three years, with DKK 200m in 2010, DKK 560m in 2011 and DKK 190m in 2012.

The investment in the two newbuildings is also part of the ongoing renewal of the DFDS fleet.

Ro-pax vessel declared total loss after fire: On 8 October 2010, fire broke out on the freight and passenger ship Lisco Gloria shortly before midnight. The ship was one of two vessels plying the DFDS route between Kiel in Germany and Klaipeda in Lithuania.

Thanks to assistance from the vessels of other companies and well-functioning co-operation with the authorities, together with the efforts of the crew, all 204 passengers and 32 crew were safely rescued.

On 3 January, DFDS' external insurance company declared Lisco Gloria to be a "Constructive Total Loss" in insurance terms. DFDS received on 3 March 2011 a compensation totalling DKK 525m, of which DKK 420m will replace the ship's insured market value. The remaining DKK 105m relates to hull insurance which is triggered by the declaration of total loss. The compensation resulted in an accounting gain after costs of DKK 273m, which has been recognised in 2010.

Lisco Gloria was replaced by chartered tonnage on 16 October, 2010 and in February 2011, Liverpool Seaways, a vessel formerly employed in the Irish Sea, was deployed as a replacement.

Passenger vessel chartered: The passenger ship Princess Maria (formerly Queen of Scandinavia) has been chartered for three years from 15 April 2010 to Inflot Cruise and Ferry Ltd, with headquarters in St. Petersburg, Russia. The agreement also includes purchase options. The ship sails between St. Petersburg and Helsinki.

Financial goals

Return on invested capital (ROIC), including special items, rose from 2.1% in 2009 to 7.2% in 2010.

Excluding special items, the return was 6.1% in 2010.

The adjusted ROIC in 2010 was thereby 0.4 ppt lower than DFDS' capital cost, which at the beginning of 2010 was calculated at 6.5%. DFDS' capital cost at the start of 2011 was likewise calculated at 6.5%.

DFDS' long-term financial goal is to achieve a return that exceeds capital costs by 30-50%, corresponding to an interval of 8.5-10.0%. This goal will be achieved by realising the planned synergies from the integration of Norfolkline, and through a general improvement in earnings in the Logistics Division. Earnings must also be improved on several of the Shipping Division's routes and other activities, and improved market conditions will also contribute to improving earnings.

Fleet developments

At the end of 2010, DFDS' fleet consisted of 57 ships, which was an increase of six ships compared to 2009. 16 ro-ro and ro-pax vessels were added in connection with the acquisition of Norfolkline in July 2010, nine of which were owned, while seven were chartered. The net increase was however 14 ships, as two of the ships had been chartered from DFDS. In December 2010, four ships (two owned and two chartered) were divested through the sale of two routes on the Irish Sea. Additionally, one chartered ro-pax ship was returned when Rosyth-Zeebrugge became a purely freight route. By the end of 2010, the net influx of ships from Norfolkline had thus been reduced to nine vessels.

Including the addition of ships from Norfolkline, the total ro-ro fleet in 2010 rose by just one ship, as one older ship was scrapped, and four chartered ships were returned due to capacity adjustments. One chartered ro-ro newbuilding was also delivered to DFDS in 2010.

As a consequence of the purchase of Norfolkline, the number of ro-pax ships rose by five ships to 14 ships by the end of 2010. There were no changes in the fleet of passenger ships in 2010. The number of chartered container ships was reduced by one ship to four ships, as production partnerships with other shipping companies were extended to reduce capacity in the market.

The ownership share per ship type varies in relation to the ship's degree of specialisation. The most specialised vessels in the fleet are passenger ships, in which the DFDS ownership share was 100% at the end of 2010. The ro-pax fleet also consists of specialised tonnage, and here the ownership share was 86%. Parts of the ro-ro fleet are specialised in relation to specific requirements towards size, speed and rapid loading/unloading. These ships are primarily deployed in the North Sea. The ownership share of the ro-ro fleet was 61% at the end of 2010, which is on par with 2009. The ownership share for standard tonnage such as container ships and tramp vessels was 0%. The charter period for chartered tonnage ranges from a few months up to nine years.

The average age of the owned portion of the ro-ro and ro-pax fleets was 8.6 years and 10.8 years, respectively, at the end of 2010, which is satisfactory. The average age of the passenger vessels was 20.8 years at the end of 2010, excluding chartered out Queen of Scandinavia.

In 2012, two ro-ro newbuildings will be delivered as part of DFDS' tonnage co-operation agreement with the Danish and German defence forces. In January 2011, the ro-pax vessel Lisco Gloria was declared a total loss after a fire in October 2010. In February 2011, a ro-pax ship which had been employed on the Irish Sea was sold.

With the exception of the abovementioned ro-ro newbuildings, there are no current plans for the purchase or construction of new tonnage in 2011 or 2012.

Corporate governance
DFDS A/S is subject to Danish law and is listed on the NASDAQ OMX exchange in Copenhagen. DFDS' corporate governance is therefore based on Danish legislation and regulations, including the Danish Companies Act, the rules of NASDAQ OMX Copenhagen, the latest Danish version of the recommendations on good corporate governance (which have formed part of the disclosure requirements towards listed companies since 2006), the company's articles of association, and other relevant rules.

The following information on DFDS' corporate governance is available at www.dfdsgroup.com under "about DFDS".

- A table with a point-by-point declaration of DFDS' fulfilment of the latest recommendations for good corporate governance, www.dfdsgroup.com/about/policies/governance/
- DFDS' articles of association, www.dfdsgroup.com/policies/articles_of_association/
- Materials from DFDS' most recent AGM, www.dfdsgroup.com/investors/agm/past_agms/
- Report on internal control and risk management systems for financial reporting, www.dfds.com/about/policies/internal_controls/2010UK

Corporate Social Responsibility (CSR)
As a shipping company, DFDS is subject to extensive regulation by Danish and international laws and rules relating to ship operations, e.g. safety, employees at sea and environmental impact. These areas are also appraised to be the most important with respect to fulfilling the demands of stakeholders and the expectations of the DFDS management towards corporate social responsibility.

To ensure regulatory compliance, DFDS compiles and revises its policies on an ongoing basis for the above and other areas, including an ethical code for all suppliers. On page 28-31 of this report is an outline of the policies, practices and outcomes relating to the environment and DFDS employees. Safety factors are described below.

In early 2011, DFDS began drawing up a code for business conduct and ethics. The work is expected to be concluded in July.

The statement on corporate social responsibility in this annual report remains under development. DFDS' activities in the areas of land transport and logistics have been expanded significantly by the acquisition of Norfolkline, and an environmental review of these activities has been launched.

Changes in the composition of the Group management
The composition of the DFDS Group management was altered In connection with the acquisition of Norfolkline on 12 July 2010. The Executive Board remains unchanged, consisting of Niels Smedegaard, CEO, and Torben Carlsen, CFO. Following the acquisition of Norfolkline Group, the rest of the DFDS Group management consists of Peder Gellert Pedersen, responsible for the Shipping Division, Eddie Green, responsible for the Logistics Division, and Henrik Holck, responsible for the central resource unit People & Ships.

Safety has the highest priority
The safety of passengers, crew and freight, together with the security of ships and port facilities, is a top priority for DFDS. The safety level is determined by national and international regulations, as well as by additional objectives and requirements imposed by DFDS. Under the International Safety Management code (ISM), all safety measures and security factors must be reported for all ships on an ongoing basis, and all ships must report any incidents on board.

The ISM code is intended to ensure that all standards for the safe operation of ships are respected, and that safety contingency plans work. This applies both to safety equipment on board, safety requirements towards ship construction, safety procedures, safety training of the crew, the holding of regular safety drills on board, documentation of safety work, and ongoing monitoring and auditing of safety on board by both the authorities and the shipping company. The ISM code also requires shipping companies to have a safety organisation with a responsible security officer both at sea and on land, as well as a special crisis committee to deal with emergencies at sea.

In the autumn of 2010, DFDS experienced two decisive events with safety implications. The combined passenger and freight vessel LISCO GLORIA caught fire en route from Kiel in Germany to Klaipeda in Lithuania. The crew could not extinguish the fire, and all 236 passengers and crew had to be evacuated to lifeboats and life rafts, and subsequently to an assisting ship. No-one was seriously injured during the evacuation. The fire remains under investigation by the German BSU (Bundesstelle für Seeunfallsuntersuchungen), which is the investigating authority.

DFDS has evaluated the handling of the fire incident on board and on shore, and will also apply the conclusions that the authorities arrive at from their investigations to improve both the prevention of fire, fire fighting methods, the evacuation of passengers and crew throughout the ship, and on land, where the investigations have identified possible areas of improvement. The changes will be incorporated into the daily routines and the safety drills conducted regularly on all ships. After the fire, all ships in the DFDS fleet were requested to inspect and test all the most important installations and routines for handling fire on board.

On 17 November, a further fire occurred on the car deck of PEARL SEAWAYS en route

PROFIT EXPECTATION 2011 PER DIVISION

Division	Revenue growth	Operating profit (EBITDA) before special items, DKK m	Comments
Shipping Division	10-12%	1,350-1,400	• The closure of the business area Irish Sea reduces the full-year impact of the addition of revenue from Norfolkline
Logistics Division	35-40%	150-200	• Revenue growth primarily due to full-year impact of addition of Norfolkline
Non-allocated items	n.a.	-50	
Total DFDS Group	**20%**	**ca. 1,500**	

from Oslo to Copenhagen. The fire was brought under control by the crew's own efforts, and no passengers were injured. The lessons learned from this incident will also be included in future work to improve on-board safety.

Security of ships and ports
The ISPS code (International Ship and Port Facility Security Code) is a set of rules designed to ensure that both ships and port terminals are protected against terrorist attacks, etc. The ISPS code also lays down a number of security routines and measures to ensure the physical security of ships and terminals. Like the ISM rules, the ISPS code states that there must be a special security organisation with responsible security officers, that security conditions must be documented, and that the relevant staff must be made familiar with the code and the measures required. Specific security measures must not be communicated to the public.

Expected result for 2011
Expectations for 2011 are based on an assumption of an increase in demand in northern Europe. On the freight market growth is expected to be highest in the Baltic Sea area and lower in the North Sea. On the passenger market growth is expected to be moderate and likewise with higher growth in the Baltic Sea area than in other market areas.

For the Group's key figures development is expected to be as follows:

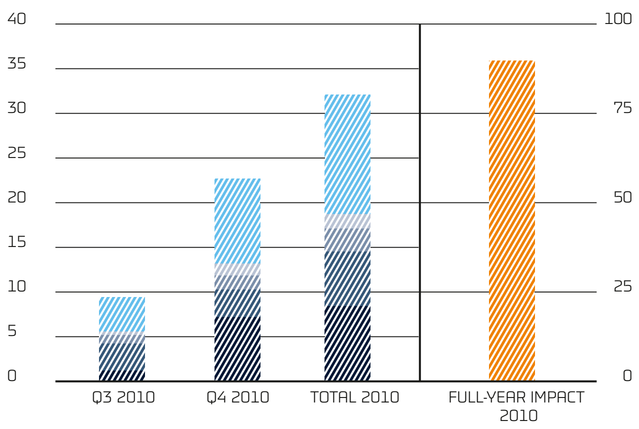
- Revenue: Expected to increase 20% to around DKK 12bn. About half of this increase is due to the full-year effect of purchasing Norfolkline, which is included f rom 12 July 2010.
- Operating profit before depreciation (EBITDA) and special items: Expected to increase to DKK 1.5bn (2010: DKK 1.3bn).
- Operating profit (EBIT) before special items: After expected depreciations of around DKK 700m a profit of DKK 800m is expected (2010: DKK 580m).
- Profit before special items and tax: On this basis a profit of around DKK 550m is expected. (2010: DKK 445 million)
- Special items: Costs arising from the integration of Norfolkline are expected to amount to around DKK 80m in 2011. The sale of DFDS Canal Tours in March 2011 provides a profit of approx. DKK 80m. Special items represented income of DKK 102m in 2010.
- Profit after special items and before tax: On this basis a profit before tax of around DKK 550m is expected. (2010: DKK 547m).
- Investments: Total investments are expected to represent about DKK 750m in 2011. The new building of two ro-ro ships represents DKK 560m of this. The remaining investments mainly involve docking of ships and re-investments in load-bearing materials.

The expectations above involve risks and uncertainty, both general and specific, which means that developments may diverge significantly from the above. Significant risk factors and uncertainties are described in the section on this in the annual report. The most significant factors are the general economic development and the oil price. For the latter it is estimated that a price change of 1% compared to the price level mid March 2011 entails a profit impact of approx. DKK 3.5m.

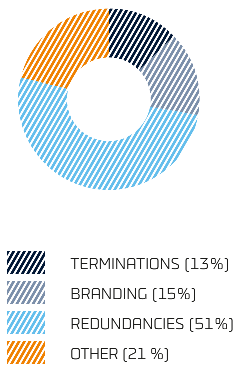
Integration of Norfolkline

- Integration lives up to expectations
- Synergies with a full-year effect of DKK 90m achieved in 2010

REALISED SYNERGIES IN 2010
(DKK M)



DISTRIBUTION OF INTEGRATION COSTS



Background
The integration of Norfolkline commenced immediately after the transaction closed on 12 July 2010, on the basis of a detailed integration plan which had been drawn up in March-July 2010 by staff from both DFDS and Norfolkline.

Planning and implementation
To identify the potential synergies from the merger, eleven working groups were established in the spring of 2010 with representatives from both companies. It was a priority to involve staff from both companies, in order to achieve optimal results by making use of the expertise of both organisations.

A steering committee was also established, consisting of the executive board and DFDS' Head of HR. The first part of the planning phase was supported by external consultants, who contributed resources and assisted in the structuring of the work and experience sharing from similar projects. Towards the end of the planning stage, the consultants were phased out and the work was continued by a dedicated internal team of seven employees who were brought together in a Program Management Office (PMO), reporting to the steering committee. The primary tasks of the PMO were, and remain, to support those undertaking the implementation, follow up on tasks and report on the financial aspects of synergies and integration costs.

Synergies – goals and plans
Total annual synergies are expected to be DKK 180-220m, with full effect from 2013, as the integration plan is expected to be fully implemented by the end of 2012. Most of the integration plan, equivalent to about two-thirds of the expected annual synergies, is however expected to be concluded by the end of 2011.

The distribution of synergies across the main areas is shown in figure 1. Within each area, a number of major projects have been identified which will enhance the utilisation of the company's assets, processes and systems. In all, 82 major and minor integration projects have been identified. For each project, a project manager has been appointed to ensure a sense of ownership of the merger within the organisation, and to anchor likewise within the organisation the knowledge and experience gathered from the projects.

Anticipated potential revenue growth, and the impact of the restructuring of activities in the Irish Sea, have not been included in the synergies.

Synergies achieved in 2010
During July-December 2010, a series of projects was implemented and around 45% of the total synergies were achieved, corresponding to DKK 90m on a full-year basis. This is in line with the integration plan goals, and is satisfactory. Around 40% of the synergies achieved related to reductions in the number of employees, including positions which were not reoccupied.

The main projects carried out in 2010 are shown in table 1.

The integration plan originally included synergies relating to activities in the Irish Sea, but as a consequence of the discontinuation of this business area, these have been replaced by increased synergies in other areas.

Synergy outlook for 2011
The main integration projects in 2011 will be as follows:

- Introduction of the expanded terminal and new route structure and tonnage for Vlaardingen-Immingham

FIGURE 1. COST SYNERGIES THROUGH THE INTEGRATION OF DFDS AND NORFOLKLINE

Activities	Integration areas	Expected annual synergies, DKKm
Shipping, North Sea	• Tonnage optimisation • Route integration • Integration of port terminals • Consolidation of offices • Optimisation of passenger activities	70-80
Logistics activities	• Optimisation of trailer usage • Optimisation of haulage contractor agreements • Consolidation of offices	30-40
IT	• Integration of terminal systems • Integration of accounting systems • Integration of IT functions	30-40
Purchasing	• Exploitation of greater purchasing power for on-board goods • Exploitation of greater purchasing power for technical parts	35-40
Other functions	• Optimisation of shipping operations • Merger of finance, HR and other cross-cutting functions	15-20
Synergies, total		**180-220**

TABLE 1. MAIN INTEGRATION PROJECTS CARRIED OUT IN 2010

Area	Integration project
Organisation	• New organisational structure implemented. A new management structure was announced in June, and in mid-September all employees were informed concerning the form of the future organisation. The merger of the DFDS and Norfolkline organisations has involved approximately 6,000 employees, five layers of management and companies right across Northern Europe.
Branding	• A simplification of the brand architecture and the re-branding of ships, signs, trailers, office buildings and uniforms was carried out in early November.
Shipping Division, North Sea	• Integration of freight routes in the North Sea (DFDS Seaways): – Calls at Killingholme moved to the DFDS terminal in Immingham at the start of August – Expansion begun of the Norfolkline terminal in Vlaardingen. Relocation from the DFDS terminal at Maasvlakte in late 2010 – Zeebrugge-Rosyth converted to freight route, late 2010 – Merger of sales functions
Logistics Division	• Consolidation of DFDS Logistics' sales offices in the UK, Denmark, Sweden and the Netherlands • Optimisation of trailer use to reduce the number of trailers, and new contracts entered into with hauliers
Purchasing	• New supply contracts entered into with bunker suppliers on the basis of increased consumption

- Consolidation of IT systems for the Shipping and Logistics divisions, and Finance
- Takeover from Maersk Ship Management of operations of former Norfolkline vessels
- Achievement of synergies in the purchasing of technical parts and consumer goods for on-board sales
- Development and standardisation of business processes and operations across the Logistics business areas

The IT projects are expected to conclude in 2012, while the other projects are expected to be completed during 2011. By the end of 2011, the synergies are anticipated to amount to around DKK 180m on an annual basis, including synergies achieved in 2010. The effects of the integration of shipping activities in the North Sea and procurement synergies are expected to be realised in Q1 2011.

Integration costs

Integration costs amounted to DKK 97m in 2010, which may be compared with the estimated cost of DKK 90m. Approximately 55% of the costs relate to staff reductions. The remaining costs are distributed between re-branding, IT-integration, contract terminations and other items.

In 2011, further integration costs of DKK 80m are expected, mainly relating to contract terminations, the re-branding of ships and the consolidation of IT systems.

Total integration costs and investments are still expected to be around DKK 175-200m up to the end of 2012, with about two-thirds incurred in the first twelve months of the integration period.

Potential lives up to expectations

The integration of DFDS and Norfolkline got off to a good start both operationally and culturally in 2010, and the potential has fully lived up to expectations.

More than half of the synergies which were planned to be achieved in 2011 can already be documented, and it therefore seems highly likely that the synergy targets for 2011 will be met. A number of IT projects will be completed in 2012 which are considered to have a higher risk profile. In 2011, DFDS will continue to focus on the monitoring and financial reporting of synergies and integration costs.

In the planning and implementation of the integration process, several efficiency improvement and development projects were identified which will be launched during 2011. These projects are mainly aimed at areas in which the integration process has been concluded, or will be concluded in the course of the year.

Shipping Division

ACTIVITY OVERVIEW

	North Sea	Baltic Sea	Irish Sea The business area is closed end of January 2011.	English Channel	Passenger
Share of Shipping Division revenue 2010	47%	16%	5%	7%	25%
Routes	• Gothenburg-Brevik/ Immingham • Gothenburg-Tilbury • Gothenburg-Brevik/ Immingham • 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	n.a.	• Dover-Dunkirk	• Copenhagen-Oslo • Amsterdam-Newcastle • Esbjerg-Harwich
Ships	• 17 ro-ro • 1 ro-pax	• 2 ro-ro • 7 ro-pax	n.a.	• 3 ro-pax	• 1 ro-pax • 4 passenger vessels
Port terminals	• Gothenburg [1] • Esbjerg • Vlaardingen • Immingham • Maasvlakte	• None	n.a.	• Dunkirk	• Copenhagen
Customer segments	• Trailer operators • Manufacturers of heavy industrial goods (motor vehicles, paper, steel, chemicals)	• Trailer operators • Manufacturers of heavy industrial goods (motor vehicles, forestry products) • Passengers, with and without cars	n.a.	• Trailer operators • Passengers with cars	• Mini Cruise • Passengers with cars • Conference guests • Trailer operators
Market areas	• Sweden • Norway • Benelux • United Kingdom	• Russia, other CIS countries • Germany • Sweden • Denmark	n.a.	• United Kingdom • Eastern and Central Europe	• Denmark • Norway • Sweden • UK • Holland • Germany
Main competitors	• Cobelfret • P&O Ferries • Stena Line • Road and rail transport	• Scandlines • Unity Line • Stena Line • TT-Line • Road and rail transport	n.a.	• Eurotunnel • LD Lines • P&O Ferries • SeaFrance	• Color Line • P&O Ferries • Stena Line • Airlines

[1] Final takeover awaits approval from authorities.

AS THE MARKETS STABILISE, THE FOCUS HAS SHIFTED FROM ADAPTATION TO CHANGING MARKET CONDITIONS TO IMPROVING THE EARNINGS ON EACH ROUTE IN THE NETWORK

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

DIVISION MANAGEMENT

- Peder Gellert Pedersen, Executive Vice President, Shipping Division

Business Area Heads:
- Kell Robdrup, North Sea
- Anders Refsgaard, Baltic Sea
- Jens Skibsted Nielsen, Irish Sea
- Peder Gellert Pedersen, English Channel
- Carsten Jensen, Passenger

Market summary

During the first half of 2010, the northern European markets for sea transport of freight and passengers were generally characterised by modest growth in the wake of the 2009 financial crisis. Demand gradually became more robust in the second half of the year, particularly in the Baltic Sea, with increasing activity among consumers and manufacturers.

In some market areas, the increase in freight volumes, partly due to exchange rates, was more marked in one route direction, leading to imbalances on several routes. These imbalances diminished towards the end of 2010.

The supply of freight capacity generally continues to exceed demand, as a result of the substantial decline in volumes in 2009. Against this background, only limited increases in freight rates have been possible in the course of the year. Developments in passenger markets were positive in most areas, with an increase in passenger numbers and greater revenues in both ticket sales and onboard turnover.

The positive trend in freight volumes seen at the end of 2010 has continued into early 2011, and it is expected that the remainder of 2011 will show moderate growth in freight volumes, passenger numbers and on-board consumption. In certain markets, rate increases have been achieved, although freight rates generally remain lower than before the onset of the financial crisis.

At the sector level, growth is particularly expected in logistics solutions targeting vehicle manufacturers, among whom the level of activity was rising throughout 2010. No major shifts are otherwise expected in the distribution between industrial contracts and agreements with trailer operators.

Network

The enlargement of the DFDS Seaways network has enhanced the possibility of creating value for customers and achieving more efficient operations.

The broader customer base makes it possible to attract new volume to existing routes, and through simplified contact procedures, customers are experiencing an improvement in communication with DFDS Seaways. This will be extended in parallel with the introduction of common IT systems for both the passenger and freight areas during the coming year.

Several projects were launched during the second half of 2010 in which the skills of individual business areas, across the two divisions, were combined in the development of customised solutions. Both trailer customers and industrial customers have been offered more comprehensive transport possibilities, both in the form of pure quay-to-quay solutions and in collaboration with DFDS Logistics, which undertakes land transport and logistics services. In the coming years, this work is expected to support higher volumes, and in particular, closer collaboration with key customers in both divisions.

Strategic priorities

As the market has stabilised, the focus has shifted from adaptation to changing market conditions to optimising and improving earnings per route in the network.

Tools to support this work are being developed via the division's cross-cutting sales organisation, Freight Sales Solutions, and are expected to be implemented during 2011. It is predicted that opportunities to obtain rate increases will remain limited, and therefore the optimisation of the customer base and product mix on individual freight routes is an important tool to improve earnings.

To strengthen the range of products and transport solutions on offer, as well as relations with both freight customers and passengers, this collaboration is being developed across the boundaries of the division's four remaining business segments and DFDS Logistics.

Competition intensified in the English Channel area in 2010, mainly due to Eurotunnel's aggressive pricing policy. In 2011, the focus will be on optimising and, if necessary, reassessing the current business structure for the route between Dover and Dunkirk.

In the passenger area, 2010 saw the creation of a joint Passenger Competence Centre which aims to identify, develop and disseminate best practices, taking into account customers' specific local needs. In extension of this, significant advantages are expected to be obtained through the creation of a new common booking system and a common distribution platform for both offline and online marketing.

In addition, the start-up of the new combined route and terminal structure between the Netherlands and the eastern UK will be a high-priority task in 2011.

ACTIVITY DEVELOPMENT BY BUSINESS AREA

North Sea

Important events 2010/2011:
- Significant improvement in profits
- Strategic port agreement in Gothenburg (pending approval)
- Moderate growth in 2011

Market conditions improved during 2010 for manufacturers of paper, steel and cars, which

SHIPPING DIVISION			2010					2009		
DKK MILLION	Q1	Q2	Q3	Q4	FULL YEAR	Q1	Q2	Q3	Q4	FULL YEAR
Revenue	1,162	1,465	2,332	1,962	6,921	997	1,220	1,391	1,195	4,803
Operating profit before depreciation (EBITDA) and special items	110	331	526	254	1,221	61	232	326	203	822
Depreciation and impairment	-120	-120	-175	-145	-560	-110	-117	-128	-133	-488
Operating profit (EBIT) before special items	-10	212	350	111	663	-48	115	198	72	337
Special items	0	0	-16	390	374	0	-18	0	-15	-33
Operating profit after special items (EBIT)	-10	212	334	501	1,037	-48	97	198	57	304
Operating profit margin (EBIT), %	-0.9	14.5	15.0	5.7	9.6	-4.8	8.0	14.2	4.8	6.3
Invested capital, average	7,178	7,122	8,395	9,605	8,133	6,584	6,932	7,238	7,266	6,971
Return on invested capital (ROIC) p.a., %	-0.5	11.4	14.3	20.3	11.8	-2.6	5.4	10.4	2.9	4.1
Lanemetres, '000	2,442	2,674	6,635	6,578	18,329	2,139	2,274	2,327	2,458	9,198
Passengers, '000	327	483	1,631	938	3,379	313	460	552	360	1,685

increased freight volumes in this business area. Especially routes out of Gothenburg are used by these industries. Moreover, the overall rise in demand in northern Europe resulted in more trailers in the route network, with the exception of routes between Denmark and the UK, where the market was flat. In the second half of the year, volume growth from Sweden was dampened by the rise in SEK. Rate levels increased in most market areas, especially on the Swedish routes due to the rise in SEK.

A significant profit improvement was achieved in 2010 compared to the crisis year of 2009 following a combination of higher volumes, rate increases and more efficient operations. Changes in exchange rates also brought about a better balance in volumes between Scandinavia and the UK. However, the level of earnings on several routes remains unsatisfactory.

The business area's largest port terminal, Immingham, achieved a significant improvement in profits in 2010 on the basis of increased activity and more efficient operations. In 2011, the port terminal at Maasvlakte, Rotterdam, will be put up for sale as the route from Immingham was switched to Vlaardingen in 2010 following the integration of Norfolkline.

At the end of 2010, the Rosyth-Zeebrugge route was converted to freight only, and a chartered ro-pax ship on the route was redelivered and replaced by two freight ships.

Lower growth in volumes is expected in 2011 than in 2010, due to slowing growth in the markets between Scandinavia and the UK. The trend in volumes is however expected to be underpinned by continued growth in the market for manufacturers of heavy industrial goods.

In the southern North Sea, competition is expected to remain intense in the transport market between the Continent and UK. However, the optimisation of operations, together with the broader market coverage and route merger achieved through the integration of Norfolkline, is predicted to result in higher earnings in 2011.

Baltic Sea

Important events 2010/2011:

- Considerably improved earnings
- Ro-pax vessel declared total loss after fire
- Positive market trends expected to continue in 2011

Market trends in both passengers and freight were positive in 2010. Freight volumes grew by 26% due to the active expansion of catchment areas and general market growth, driven particularly by Germany. The growth in freight volumes was boosted at the end of the year by a reduction in the number of Polish transport permits issued to Russian haulage contractors. The rate level stabilised in the course of the year, with a rising trend at year-end. A loss-making route, Riga-Lübeck, was closed at the start of the year. On this basis, a considerable improvement was achieved in 2010 in capacity utilisation, with enhanced earnings on all routes.

For the past few years, an ongoing relocation has been taking place of industry and manufacturing from Scandinavia to Eastern Europe, which is affecting the balance of traffic flows and rate structures between East and West. The positive market trends are expected to continue in 2011, including some rate increase in the freight market.

Irish Sea

Important events 2010/2011:

- Business area acquired 12 July 2010
- Two routes sold 2 December 2010
- Business area closed, end of January 2011

The business area Irish Sea was acquired as part of Norfolkline. The operation consisted of two routes between Belfast and Heysham and Birkenhead, respectively, and two routes between Dublin and likewise Heysham and Birkenhead. Four ro-pax and three ro-ro vessels were deployed on the routes in addition to terminal and agency operations.

The Irish Sea activities have in recent years made substantial losses due to considerable overcapacity on the market. This was a result of a sharp decline in demand since 2008 and lack of a general adjustment of capacity in the market.

Since the takeover of Norfolkline in July 2010 a comprehensive analysis of the market and evaluation of turnaround scenarios were conducted and, in addition, structural solutions were pursued. Given the continuing very difficult market conditions on the Irish Sea it was not possible to develop viable solutions for the routes and consequently the two Northern routes were sold to Stena Line in December 2010 and the two Southern routes were closed at the end of January 2011.

English Channel

Important events 2010/2011:

- Business area acquired 12 July 2010
- Increased competition in freight rates from Eurotunnel in H2
- Competitive situation is expected to stabilise in 2011

The Channel market for passengers and freight both increased by 2% in 2010, including Eurotunnel. The distribution of market share on the freight market between ferry operators and Eurotunnel was, however, impacted by the latter's significantly lower pricing of freight services in order to regain market share. Due to this exceptional competitive situation DFDS Seaways' freight volumes were reduced by 12% in 2010. The profit from freight operations was thus considerably reduced in 2010.

By comparison, car volumes increased by 6% which improved utilisation and contribution from the passenger segment. The volume increase includes an expansion of the customer base to coaches from April 2010. This yielded a positive contribution in line with expectations. As a result of a

SHIPPING DIVISION	REVENUE		EBIT BEFORE SPECIAL ITEMS		INVESTED CAPITAL		ROIC	
'000	2009	2010	2009	2010	2009	2010	2009	2010
North Sea	2,468	3,131	273	380	4,145	5,007	6.2	7.1
Baltic Sea	810	1,024	49	147	1,343	1,148	3.4	12.0
Irish Sea	n.a.	376	n.a.	-78	n.a.	651	n.a.	-11.3
English Channel	n.a.	494	n.a.	58	n.a.	1,263	n.a.	4.3
Passenger	1,650	1,718	137	146	1,693	1,246	7.7	11.0
Total business areas	4,928	6,742	459	652	7,181	9,316	6.0	6.6
Non-allocated items	336	237	-123	11	29	206	n.a.	n.a.
Eliminations	-459	-58	0	0	0	0	n.a.	n.a.
Total Shipping Division	**4,805**	**6,921**	**336**	**663**	**7,210**	**9,522**	**4.4**	**6.5**

SHIPPING DIVISION	LANEMETRES (FREIGHT)			PASSENGERS		
'000	2009	2010	Δ %	2009	2010	Δ %
North Sea	6,288	8,944	42	n.a.	33	n.a.
Baltic Sea	2,312	2,921	26	362	425	17
Irish Sea	n.a.	2,467	n.a.	n.a.	105	n.a.
English Channel	n.a.	3,409	n.a.	n.a.	1,451	n.a.
Passenger	598	588	-2	1,323	1,365	3
Total Shipping Division	**9,198**	**18,329**	**99**	**1,685**	**3,379**	**101**

more favourable product mix and higher passenger volumes, onboard earnings recorded a satisfactory increase.

The average bunker consumption per crossing was reduced by 6% in 2010 through a number of efficiency measures. Nevertheless, the total fuel cost grew by 30% compared to 2009 due to the rising oil price and appreciation of USD. An organisational and operational restructuring process implemented better practices on board in 2010 to improve productivity and revenues. Benefits from this ongoing process are envisaged to be recorded in 2011.

In the first months of 2011 competition in the freight sector remained strong. Eurotunnel has currently regained the targeted market share in the freight market and it is expected that pricing will stabilise during 2011. This should support achievement of improved earnings for the business area.

Passenger

Important events 2010/2011:

- 6% profit improvement adjusted for Special items
- Two passenger vessels on the Amsterdam-Newcastle route written down by DKK 60m
- Moderate market growth expected in 2011

Demand in the markets between Denmark, Norway and the UK remained stable in 2010, underpinned by a resurgence in overseas passengers and increased demand from the business and conference segment. The market on routes between the Netherlands and north-east Britain improved in 2010, mainly due to increased demand from the Continent, helped by the weaker British pound.

Profits improved considerably on the Copenhagen-Oslo route, due to a 3% increase in passenger numbers and an increase in average ticket prices and on-board consumption per passenger. Around two-thirds of the increase in bunker costs on the route were covered by bunker surcharges. The Amsterdam-Newcastle route achieved a satisfactory 4% growth in passenger numbers and an increased gross margin, which was however offset by an increase in bunker costs on the route. The Esbjerg-Harwich route made a small profit improvement in 2010, as a more differentiated price structure increased average earnings per passenger.

Passenger traffic ceased on the Rosyth-Zeebrugge route in December 2010, which is expected to increase the number of passengers on the Amsterdam-Newcastle route in 2011. Moderate growth is also expected in passenger numbers on the other markets. Due to the recent rise in oil prices, bunker costs in this business area are expected to rise despite the bunker surcharges and the continuation of bunker-saving optimisation measures. The targeting of on-board concepts to match the needs and expectations of different customer segments will continue in 2011, including the introduction of a new casino concept on the Copenhagen-Oslo route.

As part of the integration process, a new joint booking system will be introduced in 2011. The system will be integrated with Internet-based sales channels to support a continued increase in the proportion of online booking.

Financial performance

Revenue rose by 44% to DKK 6,921m in 2010, mainly as a result of the acquisition of activities from Norfolkline and growth in volumes for activities in the Baltic Sea and the North Sea.

Operating profit before depreciation (EBITDA) and special items rose by 49% to DKK 1,220m in 2010. The EBITDA margin improved to 17.6% from 17.1% in 2009 due to better capacity utilisation and improved financial performance for the business areas North Sea and Baltic Sea. Activities in the Irish Sea had a negative impact on the EBITDA margin in 2010.

Operating profit (EBIT) before special items was DKK 662m, an improvement of 97%. Special items amounted to an income of DKK 375 million. This includes an accounting gain from a ship declared a total loss, the sale of two routes in the Irish Sea business area, integration costs, and a write-down on two passenger ships.

Average invested capital in 2010 was DKK 8,134m, an increase of DKK 924m, primarily due to the acquisition of Norfolkline. The return on invested capital, including special items, was 15.4% in 2010.

Logistics Division

ACTIVITY OVERVIEW

	Nordic Transport	Continental Transport	European Contract	Intermodal	Nordic Contract
Share of Logistics Division's revenue, 2010	16%	31%	19%	25%	9%
Main traffics	• Sweden – UK • Denmark – UK • Warehousing – UK	• Holland – UK • Belgium – UK • Belgium – Sweden	• UK/Ireland domestic • UK – Continent • Belfast retail distribution • Temperature controlled specialists • Seafood distribution • Warehousing	Container • Norway – Continent • Ireland – Continent Rail • Nordic – Italy • UK – Italy • Warehousing Italy	Paper logistics vessels • Norway – Ireland • Norway – UK/Continent • Norway – UK/Continent/ Spain Chartering • Norway - Mediterranean
Equipment	• 800 Trailers	• 1,880 Trailers • 100 Tractor Units	• 750 trailers • 70 Tractor Units	• 4,000 Containers • 1,000 Swaps	• 5 sideport vessels • 6 Charter ships
Warehouses	• 15,000 m² • Immingham	• 2,750 m² • Vlaardingen • Immingham	• 18,600 m² • Peterborough • Larkhall • Belfast	• 8,000 m² • Rotterdam • Immingham • Belfast	• 26,000 m² • Moss • Rotterdam • Immingham • Belfast
Sales offices	• Oslo • Gothenburg • Copenhagen • Immingham • Fredericia	• Hamburg • Gent • Brugge • Ipswich • Vlaardingen • Hamina	• Peterborough • Larkhall • Belfast • Boulogne Sur Mer	• Oslo • Moss • Brevik • Kristiansand • Fredericia • Copenhagen • Dublin • Immingham • Rhoon • Fagnano • Helsingborg • Rattingen • Waterford	• Oslo • Moss • Kristiansand • Gent • Zeebrugge • Immingham • Ipswich • Waterford • Bilbao
Customer segments	• Industrial production • Automotive • Consumer goods	• 3rd and 4th party logistics • High value sector • Groupage consignments • Temperature controlled	• Temperature controlled and ambient cargo for retailers • Aquaculture	• Contract management • Paper industry	• Paper industry
Primary competitors	• NTEX • Blue Water • Tschudi Lines • Lo Lo Operators	• Cobelfret • P&O Ferrymasters • Estron • A2B Online • LKW Walters	• McBurney Transport • Montgomery Transport • STEF-TFE Tradimar	• BG Freight • Cobelfret Containers • Eucon (Irish Continental Group) • MacAndrews • Samskip	• Lo-lo operators • Container operators

THE DIVISION IS SET TO DELIVER AN IMPROVED RESULT IN 2011 BASED ON A HIGH LEVEL OF MOTIVATION AND CLEAR TARGETS.

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

- Eddie Green, Executive Vice President, Logistics Division

Business area responsible:

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

Market overview

Volume growth resumed in the transport and logistics market with a modest recovery in 2010. DFDS Logistics operates in a number of different markets, some commoditized and some highly specialized. Overall, market conditions remained tough as there was surplus capacity to take up additional volumes. However, towards the end of 2010 we saw hardening of haulage rates and equipment lease prices as suppliers endeavored to recover margins. Fuel cost also increased by up to 25% in 2010.

The UK is a pivotal market for DFDS Logistics and although growth was low, confidence improved during the year. Government austerity measures and increased taxation effective in 2011 create some uncertainty for the coming year.

Sweden is an important market for DFDS Logistics and strong growth in both the economy and the value of the Swedish Kroner posed some challenges for our business by changing trading patterns in the early part of 2010. Forecasts from our major Swedish customers are positive for 2011.

Trade to Ireland and Northern Ireland is characterized by overcapacity and therefore pressure on rates. The Irish economy is not expected to recover quickly so major changes to our operating model in Ireland have been initiated.

A large part of our business is now in the food and retail sector. Refrigerated transport has historically performed better than 'dry cargo' and in 2010 this trend continued.

Demand in 2011 is generally expected to increase with growth of around 5%. Following the integration of Norfolkline, DFDS Logistics now offers a wider portfolio of service which will allow the division to compete for more of the key customer trade lanes and should support revenue growth and profitability

Network

The network has grown due to the acquisition of Norfolkline and the geographic spread and range of services now offered provides a number of competitive advantages. On the one hand, local customers will benefit from dealing with staff who are knowledgeable about their specific transport requirements. And on the other hand, the division's Freight Sales Solutions team combines business units to coordinate key customers and markets in order to leverage and strengthen customer relationships.

Supporting this, the combined division now has the scale to be able to procure haulage, equipment, rail services and shipping at more attractive rates than before. Furthermore the Headlight Project will assist the goal of improving performance in 2011 by bringing the business units together to identify best practice, potential business improvements and ensuring full advantage is taken of the new size and structure.

Strategic priorities

Following the acquisition of Norfolkline, the Logistics Division was restructured to ensure the right organization and management team were in place for 2011. The Division is set to deliver an improved result in 2011 based on a high level of motivation and clear targets.

The strategic priorities for 2011 are:

- To deliver all synergies identified in the integration phase after the acquisition of Norfolkline
- To improve all round profitability with particular attention being given to the trade between Belgium and Sweden and the Container trade between Ireland and Continental Europe. Turnaround plans were initiated in 2010 and will be completed during 2011.
- Focus on high-margin refrigerated transport and high value sectors which require greater attention and higher standards and service. This follows a number of positive developments in 2010
- The design and production phase of a new Transport Management System "Velocity" is expected to be completed by the end of the year. Velocity will provide one system to manage all Logistics operations in 2012
- Continued collaboration and cooperation with DFDS Seaways to develop strategic opportunities for freight growth on own ships and terminals.

Nordic Transport

Nordic Transport was impacted in the early part of 2010 with the changing market conditions that saw a decrease in traffic from Scandinavia to the United Kingdom, and a slight increase from the UK to Scandinavia. This resulted in lower revenues predominantly on the west bound traffic, and consequently a lower level of earnings.

Post acquisition, the biggest overlap between DFDS and Norfolkline was in the Nordic area and thus, merging the operations in Denmark, Sweden and related parts of the UK was prioritised.

The detailed planning phase was concluded in late summer 2010, the integration of the companies was started in October and all changes were concluded by November. By integrating operations, synergies were identified and realised which allowed

LOGISTICS DIVISION			2010					2009		
DKK MILLION	Q1	Q2	Q3	Q4	FULL YEAR	Q1	Q2	Q3	Q4	FULL YEAR
Revenue	518	549	1,156	1,130	3,353	487	493	484	509	1,973
Operating profit before depreciation (EBITDA) and special items	5	13	19	37	74	22	24	10	-15	41
Depreciation and impairment	-17	-18	-27	-21	-83	-23	-24	-17	-18	-82
Operating profit (EBIT) before special items	-11	-4	-1	14	-2	0	1	-9	-16	-24
Special items	0	0	-20	-194	-214	0	0	0	0	0
Operating profit after special items (EBIT)	-11	-4	-21	-180	-216	0	1	-9	-16	-24
Operating profit margin (EBIT), %	-2.1	-0.1	-0.1	1.2	-0.1	0.0	0.2	-1.9	-3.1	-1.2
Invested capital, average	875	895	1,079	1,106	974	852	862	887	898	870
Return on invested capital (ROIC) p.a., %	-5.9	-2.1	-10.4	80.2	-27.1	-0.4	1.6	-4.2	-7.3	-2.6
Tons, '000	389	420	422	391	1,622	450	425	449	406	1,730
Containers, '000	41	44	95	92	272	38	39	37	39	153

Nordic Transport to reduce the combined management, overheads, and the number of trailers. No customers were lost which is a testament to the hard work and commitment of staff during this period.

The final part of the year saw gradual improvements in the balance between Scandinavia and the UK and the financial performance also improved in the final quarter of 2010. A satisfactory return is expected to be achieved in 2011 from the integrated operations, and more balanced traffic flows between Sweden and UK.

Continental Transport

Continental Transport had a challenging year and did not achieve an acceptable result, however, in the final quarter some major changes and improvements were made, which will yield benefits in 2011.

In April 2010 the implementation of a new operational IT system in Ghent caused disruption to the business and when coupled with macroeconomic changes, especially the strong Swedish Kroner, the environment became very challenging. In order to rectify the problems the Managing Director was replaced and a top to bottom review of the business was initiated. The IT system is now used effectively and a number of other process changes have been made. The business is under control but faces a challenging 2011 and further improvements must be made. Goodwill related to this company was written down by DKK 30m in 2010.

The Dutch businesses involved in the Holland to UK trade were merged in the second half-year. Historically this trade lane has been characterised by lower than average returns, which was apparent in both companies. The merger has resulted in savings in staff, but more importantly, a change of the business model which substantially improved the result towards the end of 2010 and beginning of 2011 through reduced direct costs in haulage and trailers.

Continental Transport activities in Brugge and Hamburg have had limited impact from the acquisition and as such have focused on improving results. It is expected that this will continue in 2011.

The outlook for 2011 is positive due to the many steps already taken to improve operations and the improvements achieved in the final quarter of 2010 and the first months of 2011. There are also further synergies to be harnessed once the IT integration is complete.

European Contract

In Scotland the aquaculture volumes, primarily salmon, were in line with expectations with strong demand from Continental Europe driving increased export volume. Vehicle utilization improved with the increased volume increasing margins. Volume growth driven by continued strong demand is envisaged to continue in 2011.

In Northern Ireland operations continued in a competitive landscape characterized by overcapacity of haulage and strong price pressure from customers. Volumes were slightly below expectations while unit margins have remained in line. Customer retention has been strong in the core segment of food manufacturing and retail and the outlook for 2011 is for organic growth to continue based on a loyal customer base.

In 2010 the Peterborough business enjoyed considerable volume growth based on major blue chip customers. Overall gross margin improved as vehicle utilization continued to improve. Customer relations remain stable and the outlook for 2011 is positive.

Intermodal

Intermodal's container activities had a difficult year with the market still impacted by overcapacity which is substantially impacting freight rates and profitability. It is particularly the activities linked to the weak Irish economy which are impacting the prospects of a turnaround of this business unit negatively.

A turnaround plan for the Irish-Continental activities was implemented early in 2010 to improve performance. In July 2010, the management was streamlined to give a more clear strategic direction. In order to address the overcapacity in the market, DFDS entered into two Vessel Sharing Agreements (VSA) with MacAndrews, between UK and Spain, and Samskip, between Holland and Ireland. The VSA's will reduce some of the market's excess capacity and also reduce the cost base. Goodwill related to the business area was written down by DKK 60m in 2010.

The container service between Oslofjord and Rotterdam which is based on a VSA agreement with Unifeeder and Samskip continued to improve in both volume and profitability compared to 2009.

LOGISTICS DIVISION	REVENUE		EBIT BEFORE SPECIAL ITEMS		INVESTED CAPITAL		ROIC	
'000	2009	2010	2009	2010	2009	2010	2009	2010
Nordic Transport	345	521	10	1	46	12	20.8	5.2
Continental Transport	475	1.076	10	-10	211	359	4.7	-2.7
European Contract	n.a.	441	n.a.	23	n.a.	151	n.a.	14.6
Intermodal	733	969	-26	-12	222	204	-10.9	-5.4
Nordic Contract	457	449	-1	4	395	262	-0.2	1.4
Total business areas	2,010	3,457	-6	6	874	987	-0.6	0.6
Non-allocated items	0	18	-17	-8	-4	-20	n.a.	n.a.
Eliminations	-40	-122	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Logistics Division	**1,970**	**3,353**	**-23**	**-2**	**870**	**967**	**-2.5**	**-0.2**

The acquisition of Norfolkline added rail services between UK, Italy and Scandinavia to the Intermodal business unit. There are several overlaps with current operational sites, and this provided an opportunity to close offices in Finland, Norway and Italy reducing the overall cost base. The rail activities were characterized by lower than acceptable freight rates in 2010 and this is expected to continue to put pressure on achieving the required return in 2011.

There are still opportunities to consolidate operational sites in 2011 to further reduce the cost base. Overall the outlook for the business unit remains challenging.

Nordic Contract

Sideport Vessels: changes were made at the end of 2009 to improve profitability but the loss of one key paper industry customer resulted in a revenue decline in 2010 and reduced profitability. The paper industry continues to operate in an uncertain manner although some stabilization and volume growth is expected in 2011. A write-down of goodwill by DKK 30m and sideport vessels by DKK 60m was recognized in 2010.

Chartering vessels: volume and revenue recovered somewhat in 2010 after a substantial reduction in 2009. The financial performance in 2010 was still impacted by long term commitments to vessels at rates above current market levels. By the end of the year vessel costs were brought in line with the market and the aim for 2011 is to continue the improvement necessary to show a satisfactory return.

LOGISTICS DIVISION – VOLUME	LANEMETRES (FREIGHT)		
'000	2009	2010	Δ %
Nordic Transport	21	35	67
Continental Transport	46	93	102
European Contract	n.a.	40	n.a.
Intermodal	86	104	21
Total units	153	272	78
Nordic Contract, tons	1,730	1,622	-6

Financial performance

Revenue rose by 70% to DKK 3,353m in 2010, mainly as a result of the acquisition of activities from Norfolkline. The full-year effect of the acquisition in December 2009 of trailer activities between North Germany and the UK also had a positive impact on revenue.

Operating profit before depreciation (EBITDA) and special items rose by 78% to DKK 74m in 2010.The EBITDA margin was 2.2%, which was on a par with 2009. The acquisition of the European Contracts business area had a positive impact on the margin, while the lower earnings in Continental Transport reduced the margin in 2010.

Operating profit (EBIT) before special items was DKK -2m, an improvement of DKK 22m. Special items amounted to a cost of DKK 214m. This includes write-down of goodwill and ships, as well as integration costs.

Average invested capital in 2010 was DKK 974m, an increase of DKK 104m, primarily due to the acquisition of Norfolkline. The return on invested capital was -27.1% in 2010, including special items.

Human Resources – CSR

The takeover by DFDS of Norfolkline and the integration of the two organisations provided the biggest HR challenge of 2010.

Management tools
HR has played an important role in planning the integration process and helping to design the new organisation. Tools were developed for management to provide them with the necessary support and techniques to ensure a fair and realistic assessment of the potential candidates for posts in the new organisation. The tools were also intended to ensure that DFDS would be able to retain key employees, and to prepare the company's management team for change management.

Support for employees made redundant
As an inevitable result of the synergies generated by integrating the two companies, the size of DFDS' workforce was reduced in 2010. In this context, an important HR responsibility has been to secure the principles, conditions and terms of the redundancy schemes, and to support departing employees in their job-seeking endeavours and prepare them for their future careers. With these goals in mind, DFDS offered these employees appointments with a so-called outplacement company, providing support and tools for job seekers. A prerequisite was obviously that the employee in question was willing to accept this help.

Joint personnel policies
The integration process is ongoing and is expected to run until the end of 2012. HR's role in this will be to continue to support staff and managers in the process by aligning HR processes and policies across the organisation. The direct results of this work include joint evaluation processes carried out for land-based staff across the Group, and the introduction of common personnel policies.

HR system
As part of the integration process, a project has been initiated to develop a common IT-based HR system. Initially, the work will involve an analysis of the features that a future IT system should possess.

Management training and cultural integration
One of the main tasks associated with the HR integration of DFDS and Norfolkline is to integrate the two corporate cultures. An important tool in this cultural integration is the DFDS Group's management training programme 'ZOOM', in which DFDS managers with roots in either the former Norfolkline or the former DFDS organisation can jointly develop as managers and acquire tools to motivate and inspire their staff.

79 managers participated in ZOOM in 2010, and 120 will participate in 2011. To emphasise the great importance that DFDS places on developing management skills and the task of cultural integration, members of the Group executive management participate in the programme in which they talk about strategies and objectives, as well as expectations towards DFDS managers.

The management training programme is evaluated on an ongoing basis, and an improvement was achieved in the course of the year. 2010 saw a growing understanding among the participants of the need for cultural integration between Norfolkline and DFDS, as well as between sea and land, in order to create a new corporate culture focusing on adaptability and performance.

"Management means taking responsibility. And taking responsibility also means taking responsibility for your employees - not just in their results, but also in their behaviour and the culture they create. The most important management tool is the manager." Henrik Holck, Executive Vice President, People & Ships

Staff development
An important goal for both overall HR efforts and the management training programmes is to provide personal development and skills enhancement for DFDS staff. That is why each employee is required to have a personal development plan. Every year, all DFDS employees are offered a so-called Staff Development Interview, which focuses on the individual employee's situation, the relationship between job requirements and skills and the actual tasks, and the way in which the employee functions in his or her job.

DFDS is a service organisation, and in the course of the year, various service courses, professional courses and statutory courses were held, including safety training for employees.

A special initiative in 2010 was a development project for employees working in the galleys of the passenger ships CROWN OF SCANDINAVIA and PEARL OF SCANDINAVIA, in which they were given an opportunity to develop their skills and motivation through training courses held in co-operation with the Hotel and Catering School. Here the galley staff learned about the latest developments in the arts of cookery and baking, including molecular cooking and sushi. The project was popular among the employees and will continue in 2011.

Students and trainees
Training young people is an important investment in the future. Each year, DFDS provides trainee courses in finances, shipping, office work and travel. These two-year programmes are popular, and all participants receive a thorough training, including practical experience with international co-operation. Shipping trainees, in particular, acquire international experience through a year's stay at one of the offices of the DFDS Group abroad, where, within a secure environment, they can gain personal experience of the labour markets and business environments of other countries.

In addition to this, DFDS helps to train young people by providing valuable and exciting internships, particularly on our ships, where they can train as ship's officers, cooks, waiters, etc.

Recruitment
New DFDS staff members are often recruited locally in the various countries, with the assistance of both recruitment agencies and the company website. In addition, there is an increasing focus on recruiting through popular electronic media such as Facebook, and by contact with and special information campaigns in the educational institutions.

As well as this targeted recruitment of employees, DFDS also participates in Blue Denmark, a joint maritime industry project under the auspices of the Danish Shipowners' Association, which aims to highlight the many good jobs, managerial positions and development opportunities offered by the maritime industry. The main target group is young people.

Diversity
In future, staff composition must better reflect the society of which we are a part, as we thrive and develop through our differences - for example with regard to nationality, gender, age or sexual minority. There will be a particular focus on attracting more female managers to DFDS. In 2011, we expect to implement several targeted initiatives in this area.

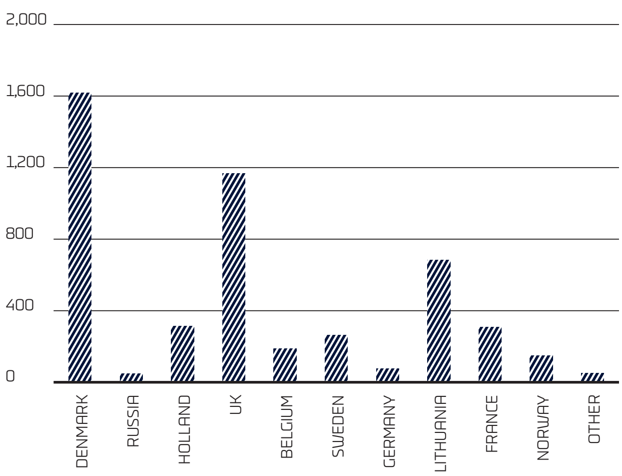
Social initiatives
In 2010, DFDS continued its co-operation with project "High Five", which aims to provide employment for young people who have been convicted of crimes, in order to give them an opportunity to return to normal life. DFDS currently employs five young people on its ships who have previously been sentenced by Danish courts. DFDS is also participating with a representative in a special task force to get more businesses involved in the project.

The Lauritzen Foundation
In addition to these activities, DFDS' majority shareholder, the Lauritzen Foundation, makes significant donations each year to social initiatives. DFDS employees and their children can also apply for help from the Foundation, which provides support for education, retraining and social purposes. Grants can be provided to both Danish and non-Danish staff members.

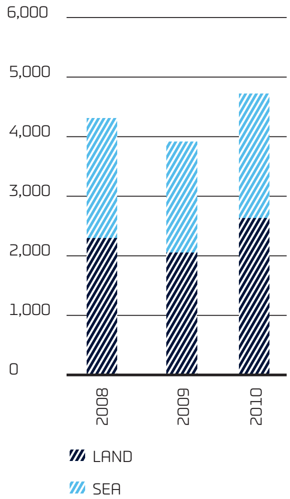
Information
Through rapid, open and credible communication, DFDS aims to ensure that its employees and managers are informed about the company's development and strategy, and in particular about any changes that may affect the individual employee, and the reasons for the changes. The goal is therefore to communicate information about changes and new initiatives directly to employees via internal media or meetings, taking due account of stock exchange rules, before the news is announced by external media or spread by rumour.

DENMARK'S SECOND-BEST WORKPLACE
IN 2010, THE DFDS PASSENGER VESSEL PEARL OF SCANDINAVIA WAS HAILED AS DENMARK'S SECOND-BEST WORKPLACE BY THE TRADE UNION 3F. THE WORKPLACE WAS NOMINATED FOR THE PRIZE BY THE EMPLOYEES' OWN REPRESENTATIVES ON BOARD.

EMPLOYEES PER COUNTRY



DISTRIBUTION OF EMPLOYEES ON LAND AND SEA
NO. OF EMPLOYEES



DFDS' environmental policy – CSR

DFDS is committed to reducing its energy consumption and impact on the environment by improving its operations and activities on an ongoing basis.

We will regularly record and analyse our energy consumption and environmental impact, and disseminate information about DFDS' environmental policy among our staff in order to ensure a high degree of awareness about environmental issues.

We will continuously develop and extend our technical expertise in order to secure constant progress in the direction of more sustainable operations.

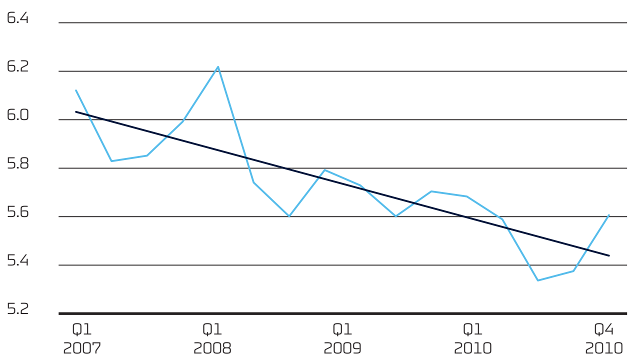
Environmental report
Much of DFDS' impact on the surrounding environment is associated with the operation of marine vessels and the Group's environmental work is therefore focused on reducing emissions from ships, as well as on developing and implementing new environmental technology for use at sea.

Environmental work at sea
The marine environment is protected by national and international laws and regulations, and DFDS respects and supports the continued development of rules designed to make shipping more sustainable.

Reducing emissions
DFDS is focused on reducing the emission of harmful substances in connection with the use of fuel by marine engines. In particular, the work is directed at cutting emissions of CO_2, NOx, SOx and particles into the atmosphere.

CO_2: Fuel oil consumption is measured daily on all ships, and is reported and analysed continuously with a view to drawing up reports on consumption trends for each ship, each route area and the fleet as a whole. In 2007, DFDS set the goal of reducing Co2 emissions by 10% over a five-year period, based on consumption per capacity unit (measured in GT: Gross Tons) per nautical mile.

BUNKER CONSUMPTION PER NAUTICAL MILE FOR THE DFDS FLEET, 2007-2010
(AVERAGE FUEL CONSUMPTION G/GT/NM)



In 2010, the consumption of bunkers per GT per nautical mile was 3.6% lower than in 2009 (excluding Norfolkline). Since 2007, consumption has fallen by 7.9%, and DFDS is thus well under way to achieving the goal of a 10% reduction in energy consumption over five years.

In this context it is important to emphasise that the measurements are calculated per capacity unit, as the total consumption changes every time ships are added to the fleet or laid up, or routes are acquired or sold. Total consumption thus fell markedly from 2008 to 2009 as a result of lower activity during the financial crisis, while consumption rose overall in 2010 due to the acquisition of Norfolkline and the consequent expansion of the fleet and increased activity in the market.

The reductions in fuel consumption and thereby emissions can be attributed to DFDS' bunker-saving programme, one element of which is reducing ship speed, which is a key factor in reducing consumption and emissions, while taking into account the need to maintain an efficient sailing schedule. In addition, projects have been initiated to ensure faster transhipment in ports, thereby reducing time spent in port and allowing sailing time to be increased. Further initiatives include optimising machinery and engine power, and better voyage planning using new technology that calculates the most energy-optimal route with the help of information on wind, ocean currents, water depth, wave height and direction.

Efforts are also being made to reduce the amount of ballast water kept on board and to optimise the ship's trim, taking account of draught and speed. On two passenger vessels, new propellers are being installed with a modern design that is optimised for the speed of the route. Other initiatives include utilisation of waste heat and frequent hull cleanings to reduce water resistance, together with a range of measures to cut electricity consumption in lighting, heating and ventilation on board.

Information and motivation
Another major element in these efforts involves motivating staff to save energy through more appropriate behaviour and the use of new technology. Motivation is encouraged by distributing more information on environmental policies and goals, and by involving on-board managers in the drafting of objectives, resources and plans. Structured sharing of knowledge and best practices is also utilised with the aim of reducing energy consumption.

Consolidation in larger ships
The most effective way to reduce energy consumption, and thereby CO_2 emissions, is to replace older vessels with new ships equipped with modern, more energy-efficient engines, and to carry freight on fewer, but larger ships. In 2009 the ro-ro vessels TOR FICARIA, TOR BEGONIA and TOR FREESIA were extended by 30 metres, which increased their cargo capacity from approximately 3,800 lane metres to approximately 4,600 lane metres. Despite a capacity increase of more than 20%, the ships' energy consumption increased only marginally, while CO2 emissions per lane metre have been significantly reduced.

Sulphur (SOx): The amount of sulphur emitted from ships is dependent on the amount of fuel oil burned and the sulphur content of the oil. In 2010, two directives entered into force, issued by the IMO and the EU respectively, concerning the use of low-sulphur fuel in the Baltic Sea and North Sea, both of which have been designated ECAs (Emission Control Areas).

From 1 January 2010, the maximum permissible sulphur content of fuel oil used during port calls has been 0.1%. As a result, sulphur emissions to the environment during port calls have been reduced to very low levels. From 1 July 2010, the maximum permissible sulphur content in fuel oil was reduced from 1.5% to 1.0% for shipping in the Baltic Sea and North Sea generally.

Remarks on future sulphur regulations
It has also been decided to introduce a new set of regulations from 1 January 2015 which will further reduce to 0.1% the maximum permissible sulphur content in fuel bunker for ships throughout the Baltic Sea and North Sea. DFDS supports general initiatives which aim to reduce emissions of harmful substances into the surrounding environment, but it is the view of DFDS, in common with other operators in the Baltic Sea and North Sea, that the planned regulations to come into force in 2015 would in their present form bring about several undesirable consequences which were not taken into account when these regulations were adopted. The considerable price difference between fuel oil with 1.0% and 0.1% sulphur content, respectively, will impose extra costs on shipping of such a magnitude that a number of routes operating in competition with land-based transport corridors are likely to close. Consequently, a substantial proportion of the volume currently being transported by sea will thereafter be transported over land.

An environmental analysis conducted on behalf of the Danish Shipowners' Association shows that by far the greatest impact on sulphur emissions is achieved by reducing the sulphur content in fuel from 1.0% to 0.5%, while the extra benefit of further lowering the sulphur content from 0.5% to 0.1% is extremely limited. At the same time, the cost of fuel oil rises exponentially for oil with 0.1% sulphur. DFDS therefore wishes the forthcoming regulations to be revised so that they will not have the undesirable side effect of shifting large volumes of freight transport from sea to land. DFDS, together with the Danish Shipowners' Association and other operators in the Baltic Sea and North Sea, is conducting dialogue with the relevant authorities on this issue.

New environmental technology
Technology to reduce the sulphur content of bunker fuels on board ships is also under development. DFDS is collaborating with Aalborg Industries and MAN Diesel to develop a so-called 'scrubber', which so far has been produced in a single test model. This test model is an approximately 30-ton installation built into the exhaust system of TOR FICARIA, where, in preliminary tests, it successfully removed almost 100% of the sulphur and 70% of the particles from emissions. The technique may provide an alternative to the use of bunkers with low sulphur content, as the scrubber is expected to be able to reduce sulphur emissions to at least the same level. The test period has not yet been concluded, and the scrubber is still under development. Scrubbers cannot, however, be used on all ships, and the device is not expected to be ready for use before 2015.

NOx: Marine engines expel varying amounts of NOx (nitrogen oxides) during combustion. The amount emitted is dependent on the combustion temperature, and newer engines are designed to operate at temperatures which reduce NOx. Emissions are therefore lower on modern vessels, such as TOR FIONIA, TOR JUTLANDIA, TOR CORONA and TOR HAFNIA . NOx is a particular problem for local areas near port terminals, for which reason ships calling at terminals close to urban and residential centres in Oslo and Copenhagen use catalytic converters to clean the exhaust gases from their auxiliary engines, which generate electrical power on board. Six vessels built in Flensburg in 2003 and 2004 also have auxiliary engines equipped with catalytic converters.

Another way to reduce emissions of harmful substances while in port is to make use of land-based electrical power, which can only be done where special power couplings are available on the quay. This possibility is currently being assessed, e.g. in Gothenburg, in collaboration with the port company. Concurrently with this, several options for environmentally-friendly on-board power production are currently being evaluated.

Certification
DFDS has subsidiaries in several Northern European countries, and does not currently have common environmental certification for the entire Group, but various forms of certification in the various companies. DFDS therefore aims to establish a joint environmental certification.

Responsible scrapping
It is DFDS' policy to sell ships for scrap only when it can be guaranteed that the scrapping will take place in accordance with national and international legislation, and in harmony with the intentions of the Hong Kong Convention agreed in October 2009 under the auspices of the IMO. The latter is an as yet unratified set of international regulations aimed at ensuring responsible ship scrapping in future, and is expected to enter into force in 2013. DFDS supports this convention and other initiatives which, in the meantime, are designed to ensure that ships are scrapped in a responsible manner with regard to both the natural environment and the working environment. This policy was the basis of the sale in early 2010 of a ro-ro ship, TOR ANGLIA, for scrapping at the environmentally-certified Jiangmen Yinhu Shipyard in China.

Shareholder information

Share capital

The share capital of DFDS A/S was increased by DKK 686m to DKK 1,486m as of 12 July 2010. The share capital was increased by a nominal value of DKK 267m through a rights issue, and by a nominal value of DKK 419m through a directed issue to A. P. Møller - Mærsk. Both issues were carried out in connection with the purchase of Norfolkline by DFDS. At year-end 2010, the share capital consisted of one share class divided into 14,856,081 shares with a nominal value of DKK 100 per share. DFDS is listed on the NASDAQ OMX Copenhagen exchange.

Share price, market value and revenue

The DFDS share price rose by 33% to 418 by the end of 2010. By comparison, an index consisting of six comparable companies (Peer Group Index) rose by 9% in 2010. The NASDAQ OMX Copenhagen total index (OMXC) rose by 31% in 2010.

The DFDS Peer Group Index consists of the following companies: Attica Group (GR), Finnlines (SF), Irish Continental Group (IE), Tallink (ES), Transatlantic (S) and Viking Line (SF).

The market value of DFDS' total share capital at year-end 2010 was DKK 6,210m. The market value of the turnover in DFDS shares was DKK 422m in 2010, a rise of 93% compared to the previous year.

Shareholders

At year-end 2010, DFDS had 16,099 registered shareholders, who owned 93.2% of the share capital. The principal shareholder at the end of 2010 was the Lauritzen Foundation, with an ownership share of 36.0% of the total share capital.

Foreign shareholders owned 2.1% of the share capital at the end of 2010, compared to 2.0% at the end of 2009.

Dividend

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

The Board of Directors of DFDS proposes to pay a dividend for 2010 amounting to DKK 8 per share.

Investor relations

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FINANCIAL CALENDAR

Annual General Meeting

13 April 2011 at 14:00
Radisson SAS Falconer Center
Falkoner Allé 9
DK-2000 Frederiksberg, Denmark

Interim reports in 2011

- Q1 report: 13 May
- H1 report: 18 August
- Q3 report: 16 November

ANALYSTS COVERING THE DFDS SHARE

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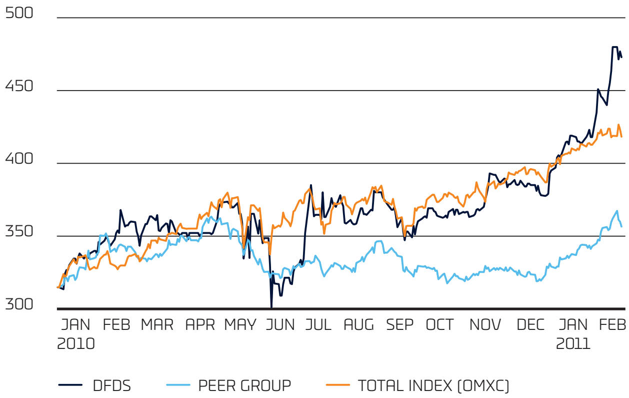
INDEXED SHARE PRICE, 2010-2011
(DKK)



SHARE RELATED KEY FIGURES

	2010	2009	2008	2007	2006
Earnings per share, DKK	47	11	32	52	46
Dividend per share, DKK	8	0	0	15	11
Dividend payout ratio, %	17	0	0	29	24
Dividend yield, %	1,9	0,0	0,0	1,9	1,6
P/E ratio, times	9	33	12	15	15
Equity per share, DKK	427	455	427	442	394
Price/book value, times	0.98	0.79	0.93	1.79	1.73
Share price, DKK:					
Price at year-end	418	358	399	790	680
Price high	423	416	785	950	698
Price low	309	250	290	692	360
Market value, DKK mill.	6,210	2,864	3,192	6,320	5,440
No. of shares at year-end, mill.	14.9	8.0	8.0	8.0	8.0

OWNERSHIP DISTRIBUTION, END 2010	% OF SHARE CAPITAL
Lauritzen Foundation [1]	36.0
A.P. Møller – Mærsk [1]	31.3
Clipper Group [1]	9.2
Other institutional and financial investors	9.0
Other registered shareholders	6.2
Own shares	1.5
Non-registered shareholders	6.8
Total	**100.0**

[1] All with residence in Copenhagen.

COMPANY ANNOUNCEMENTS 2010*

Dato	Announcement
28/12/2010	Announcement of close relation under section 28a of the Securities Trading Act
28/12/2010	Major shareholder announcement pursuant to section 29 of the Securities Trading Act
09/12/2010	Financial calendar 2011
02/12/2010	Sales of Irish Sea routes
17/11/2010	Q3: Progress in profits and integration
16/11/2010	DFDS expands tonnage agreement with the defence forces
21/10/2010	DFDS enters into strategic port agreement in Gothenburg
14/10/2010	Financial calendar 2010 - Revision
11/10/2010	All safe after fire on board ship
20/08/2010	Rosyth-Zeebrugge becomes freight-only route
18/08/2010	Q2: Strong performance
12/08/2010	Schedule For Extraordinary AGM
12/08/2010	Expiry of stabilisation period
30/07/2010	Share capital and votes as of 30 July 2010
14/07/2010	Financial calendar 2010 - Correction
14/07/2010	Financial calendar 2010 - Update
14/07/2010	Extraordinary AGM
12/07/2010	Major shareholder announcement
12/07/2010	Major shareholder announcement pursuant to section 29 of the Securities Trading Act and section 55 of the Companies Act
12/07/2010	Major shareholder announcement pursuant to section 29 of the Securities Trading Act and section 55 of the Companies Act
12/07/2010	DFDS A/S carries out targeted rights issue
12/07/2010	DFDS A/S carries out rights issue
08/07/2010	Notification of trading by close relations in shares in DFDS A/S
18/06/2010	Prospectus announcement
17/06/2010	Purchase of Norfolkline approved and synergies revised upwards
12/05/2010	Q1: Upgrade of profit forecast for 2010
26/03/2010	Articles of Association of DFDS A/S
26/03/2010	Schedule For Ordinary AGM on 26 March 2010
09/03/2010	Notice of AGM DFDS A/S
09/03/2010	Annual Report 2009: DFDS will grow in 2010
15/02/2010	Revised financial calendar 2010
08/02/2010	Chartering-out of passenger vessel
25/01/2010	Award of share options to the executive board
14/01/2010	Adjustment of route network in the Baltic Sea
11/01/2010	Articles of Association of DFDS A/S
11/01/2010	Schedule for extraordinary AGM

* Statements about trading subject to compulsory reporting are not included in this list

Risk factors

GENERAL AND SPECIAL OPERATIONAL RISKS

Risk management is an integral part of managing DFDS through an ongoing evaluation of risks and opportunities. A summary of major risks is compiled on a quarterly basis for the board of directors.

Macro-economic and market risks

The market for sea transport of freight and passengers is affected by the general state of the economy. The extraordinary downturn in demand in 2009, for example, resulted in overcapacity and increased pressure on prices. To counter such macro-economic risks around 40% of the ro-ro freight fleet is chartered in. The aim is for a certain proportion of the chartered tonnage to be chartered for periods of less than one year with the possibility of renewal, which allows flexibility for the return of the tonnage at short notice. All of DFDS' passenger ships are owned, which limits the possibilities of adjusting passenger capacity in the short term. In the sideport and container business, the bulk of the fleet is chartered. DFDS' logistics activities make extensive use of subcontractors in land transport and leased equipment, which results in a high proportion of variable costs and thereby significantly reduced exposure to economic trends.

DFDS' geographical diversification across northern Europe reduces dependence on trends in any one region. Moreover, the number of routes and other activities helps to balance the overall commercial risks. Both of these factors helped to mitigate the impact of the 2009 and 2010 financial crisis on DFDS as a whole.

The market for maritime transport of freight and passengers is also affected by industry-specific factors, including market changes for alternative forms of transport such as road, rail and air, the latter of which is mainly of significance for the passenger market. The market is also influenced by changes in local and regional competition, including the opening of competing routes and the deployment of additional capacity on existing routes.

Within the freight area, a significant proportion of volumes on some routes is dependent on a limited number of customers. The risk exposure associated with such customer relations is partly limited by entering into long-term partnership agreements.

Risks associated with business development and investments

These risks derive from DFDS' growth strategy, which includes organic growth, such as the purchase of tonnage, and growth through acquisitions of companies and activities. The main risks associated with organic growth relate to the expansion of capacity on the existing route network through deployment of more or larger vessels. Acquisitions of companies and activities involve significant risks, depending on the size of the investment and the complexity of the subsequent integration.

The risks associated with all forms of business development are managed through careful planning and decision-making processes, on the basis of internal policies and investment guidelines. A description of the integration plan for Norfolkline is provided on page 18–19.

The tonnage market

DFDS mainly charters freight tonnage, which involves risks relating to price trends and the availability of sufficient tonnage to meet the company's needs. Similar risks apply in the chartering-out of excess tonnage. In addition, certain risks are associated with price trends and lead times for newbuildings.

Sales of tonnage or contract annulments in connection with the replacement and renewal of the fleet may result in gains, losses or costs that are not included in the profit forecasts for the year.

Environmental and safety risks

DFDS makes use of freight and passenger vessels, cargo carrying equipment, terminals and other operating equipment, all of which involve operational risks. These risks are managed and minimised through preventive measures and the observance of safety standards and routines, as well as through risk insurance.

The environmental and safety measures are based on DFDS' environmental and safety policy, together with official requirements and customer demand. The ongoing tightening-up of these requirements may lead to increased costs. The Group is insured against environmental risks as far as possible, and participates in preparatory legislative procedures through industry organisations.

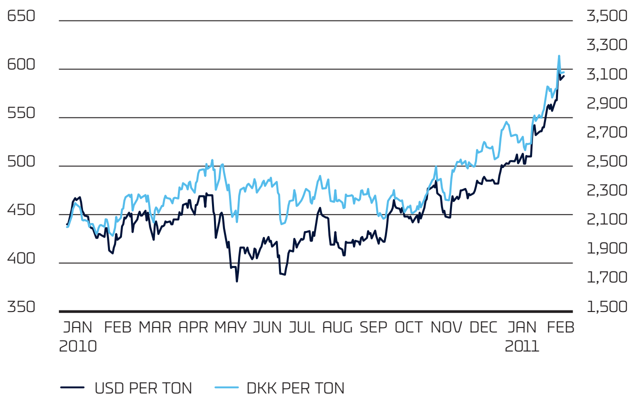
Political and legal risks

DFDS' activities are affected by changes in legislation and regulations governing the shipping and transport sector, as well as the framework conditions for infrastructure in Northern Europe. In addition to political institutions, DFDS is subject to maritime conventions adopted by the IMO (International Maritime Organisation), which is the UN body responsible for maritime issues relating to safety and the environment.

Changes in legislation and regulations which affect DFDS' framework conditions may bring about negative consequences, including higher costs. One such risk is associated with the requirement to lower the sulphur content of bunker fuels to 0.1% in 2015 in the Baltic Sea and North Sea. Further details on page x-x in the Environmental Report.

Other significant political risks relate to changes in taxation schemes for staff at sea, the discontinuation of duty-free sales in the event of Norway joining the EU, the withdrawal of VAT exemption on tickets and onboard sales, and changes in tonnage taxation. DFDS is actively monitoring developments in these areas, including through industry organisations.

BUNKER PRICE (HFSO 3.5%)
(USD) (DKK)



INTEREST-BEARING DEBT PER CURRENCY, 2010
(DKK MILLION)

Oil price risks
Bunker costs comprise a distinct and significant operational risk, due to historically significant fluctuations in oil prices and total annual bunker costs in 2010 of approximately DKK 1,331m, excluding items relating to hedging transactions. The latter amounted to an income of DKK 12m in 2010. Bunker consumption was 483,000 tons.

The bunker costs of the freight activities are largely hedged by bunker surcharge clauses in freight contracts, while for the passenger activities, fluctuations in bunker costs are reflected in surcharges and ticket prices to the extent that market conditions permit. Hedging transactions, primarily oil swaps, are also used to manage the risk.

In 2011, bunker consumption is expected to be approximately 513,000 tons, a rise of 6% over 2010 due to the full-year effect of the acquisition of Norfolkline. Around 138,000 tons of the consumption relates to passenger shipping, of which about 6% is hedged. It is estimated that around 85% of the remaining consumption by freight ships is hedged by commercial bunker surcharge agreements.

Against this background, it is estimated that a price change of 1% compared to the price level mid March 2011 would imply a profit impact of approximately DKK 3.5m.

FINANCIAL RISKS

The main financial risks for DFDS relate to currency and interest rate fluctuations, which are managed by the central finance department in accordance with policies approved by the board of directors.

Currency risks
Fluctuations in exchange rates can negatively impact DFDS' earnings when revenues and expenses are incurred in different currencies (transaction risk). DFDS seeks to limit this risk by adjusting pricing of services and cost structures on an ongoing basis. Exchange rate exposure is also reduced through financial hedging transactions, as necessary.

Around 85% of Group revenue is invoiced in foreign currency. The most important net income currencies are SEK, GBP, EUR, and NOK, while USD is the principal net expense currency relating to bunker purchases.

Earnings can also be negatively impacted when the earnings of foreign affiliates are converted into DKK, and the value of Group equity can be adversely affected by the conversion of the value of subsidiaries into DKK (translation risk). Translation risk exposure is reduced by, for example, matching the currencies of assets and liabilities, and by financial hedging.

No hedging has presently been undertaken for 2011 apart from matching to hedge translation risk.

Interest rate risks
DFDS net interest expenses are affected by changes in the interest rate market. At year-end 2010, DFDS' net loan portfolio amounted to DKK 4,192m, with an average maturity of around 3.4 years. Around DKK 1,360m of the loan portfolio is denominated in foreign currencies, mainly EUR, SEK and NOK.

At the end of 2010, the proportion of fixed-interest loans amounted to approximately 27%, including rate swaps. In 2011, the proportion of fixed-interest loans is expected to remain at the same level.

A 1% rise in interest rates compared to the level at the start of February 2011 would raise interest-rate costs by around DKK 31m in 2011.

Liquidity risks
DFDS' liquidity improved in 2010 through the implementation of a rights issue and a directed rights issue. At the end of 2010, cash at bank and in hand amounted to DKK 475m. DFDS also has access to financial reserves with SDR corresponding to DKK 744m and in addition a holding of securities of DKK 388m.

For further information on the management of financial risks, including credit and liquidity risks, please refer to Note 28.

Financial Review

Introduction
The accounts for 2010 are particulary impacted by the acquisition of Norfolkline, which is included with effect from 12 July 2010.

DFDS' activities are organised in two divisions, each with five business areas. The Shipping Division is responsible for operating the route network and the Logistics Division is responsible for land transport and logistics activities.

Following the acquisition of Norfolkline, the reporting structure for the segments was changed to reflect the above-mentioned two divisions, as well as non-allocated items related to Group functions. Comparative figures for 2009 and 2010 has been adapted to reflect the new structure, apart from activities acquired from Norfolkline, which were not included until 12 July 2010.

Revenue
Revenue rose by 50.5% to DKK 9,867m in 2010. Approximately 75% of the increase is due to the acquisition of Norfolkline.

The remaining revenue increase is primarily attributable to DFDS' shipping activities. In the Baltic Sea business area, revenue increased by 32% and in the North Sea by 22%, adjusted for the acquisition of routes from Norfolkline. In both business areas, 5–6%-point of the increase is due to higher bunker surcharges resulting from rising prices in 2010. Revenue in the North Sea was also positively affected by the increase in the value of the Swedish krona in 2010, and organic market growth was thus substantially higher in the Baltic Sea than in the North Sea. In the Passenger business area, revenue rose by 8%, of which approx. 2%-point was due to higher bunker surcharges.

As far as land transport and logistics activities are concerned, growth was generally lower in 2010. Exclusive of the acquisition of Norfolkline, revenue growth was around 11%, of which 8%-point was attributable to the full-year effect of the acquisition of trailer activities between North Germany and the UK in December 2010. Revenue growth for the other activities was limited due to adjustments to market conditions and traffic imbalances, moreover, reduced market rates.

EBITDA before special items
Operating profit before depreciation (EBITDA) and special items rose by 58% to DKK 1,273m in 2010, in particular because of an improvement in the result for DFDS' shipping activities and the acquisition of Norfolkline.

The Shipping Division saw significantly improved financial performance for the freight business areas North Sea and Baltic Sea, due to volume growth, generally more stable markets and more efficient operations. The North Sea business area was also positively affected by the acquisition of activities from Norfolkline in the second half of 2010. Passenger markets were less affected by the financial crisis in 2009 than the freight markets. Earnings in 2010 in the Passenger business area were on a par with 2009, despite a significant increase in bunker costs.

The result for the English Channel business area was adversely affected in the second half of 2010 by intense price competition as a result of Eurotunnel's attempts to regain market share via an aggressive pricing policy. The result for the Irish Sea business area was negative in 2010 – and two routes were sold in December 2010 and the remaining two closed at the end of January 2011. This business area will be phased out during 2011.

In the Logistics Division, the results for Nordic Transport and Continental Transport deteriorated in 2010. The Nordic Transport result in particular was adversely affected by imbalances in traffic between Scandinavia and the UK, which increased the cost level. The downturn in financial perfor-

REVENUE

DKK MILLION	2010	2009	Δ %	Δ
Shipping Division	6,921	4,805	44.0	2,116
Logistics Division	3,353	1,970	70.2	1,383
Eliminations etc.	-407	-220	n.a.	-187
DFDS Group	9,867	6,555	50.5	3,312

OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA) AND SPECIAL ITEMS

DKK MILLION	2010	2009	Δ %	Δ
Shipping Division	1,221	822	48.6	399
Logistics Division	74	41	80.5	33
Non-allocated items	-22	-59	n.a.	38
DFDS Group	1,273	804	58.3	469
EBITDA-margin, %	12.9	12.3	n.a.	0.6

SPECIAL ITEMS

DKK MILLION	2010	2009
Accounting profit on ship declared total loss after fire	273	-
Accounting profit from sale of routes on Irish Sea	200	-
Transaction costs re acquisition of Norfolkline	-35	-18
Integration costs re Norfolkline	-96	-
Write-down of goodwill and ships	-240	-53
DFDS Group	102	-71

mance in Continental Transport is primarily due to the Belgian trailer company – a new management team was installed in mid-2010 to restore profitability.

The market conditions for Intermodal's Irish activities and Nordic Contracts' paper activities remained difficult in 2010. In addition, there were one-off costs for restructuring and for sideport repair activities in spring due to technical problems.

Financial performance in the new European Contracts business area was stable in the second half of the year.

Profit/loss on sale of assets
Profit from the sale of vessels, properties and terminals was DKK 5m, which was mainly attributable to the sale of cargo-carrying equipment.

Depreciation, write-downs (ordinary) and EBIT
Total depreciation rose by 21% to DKK 702m, primarily due to the acquisition of Norfolkline.

Operating profit (EBIT) before special items was thereafter DKK 580m, an increase of 137% or DKK 336m compared to 2009.

Special items
To improve the comparability of the operating profit, both in retrospect and going forward, significant one-off items have been placed in a separate line (special items) in the profit and loss account. Special items totalled DKK 102m, as shown in the table on page 36.

The background to the special items is as follows:

- Accounting gain from ship declared a total loss after a fire: Fire broke out on the ro-pax ship Lisco Gloria on 8 October 2010. In January 2011, DFDS' underwriters declared the vessel a total loss. DFDS has received insurance compensation totalling DKK 525m, which led to an accounting gain of DKK 273m after the deduction of costs associated with the incident.
- Accounting gain on sale of routes on the Irish Sea: Two routes on the Irish Sea acquired along with Norfolkline were sold in December 2010, resulting in a profit of DKK 200m.
- Transaction costs relating to the purchase of Norfolkline amounted to DKK 35m.
- Integration costs relating to Norfolkline amounted to DKK 96m. Severance pay accounted for 51% while the remainder covered branding, IT systems and termination of contracts
- Write-downs: Based on impairment tests, the following write-downs (totalling DKK 240m) were made:
  - Two passenger ships deployed on the Amsterdam–Newcastle route by the Passenger business area were written down by DKK 20m and DKK 40m.
  - Goodwill regarding the sideport activities in the business area Nordic Contract was written down by DKK 30m. In addition, three side-port ships were written down by a total of DKK 60m.
  - Goodwill relating to the Continental Transport business area was written down by DKK 30m primarily due to the development in the Belgian trailer company.
  - Goodwill relating to the Irish container activities in the Intermodal business area was written down by DKK 60m.

Operating profit (EBIT) after special items was DKK 682m.

Financing
Net financing amounted to costs of DKK 135m, a reduction of DKK 19m compared to 2009. Net interest costs amounted to DKK 164m. This was on a par with 2009, as a lower net-borrowing rate offset an increase in average net interest-bearing debt.

In 2010, net exchange-rate adjustments amounted to an income of DKK 61m, an increase of DKK 42m compared to 2009. The adjustments were primarily related to SEK, NOK and USD.

In addition, the cost of finance in 2010 included a DKK 32m item primarily related to the restructuring of loans in conjunction with the acquisition of Norfolkline. In 2009, the corresponding cost was DKK 10m.

Tax and annual profit
Pre-tax profit was DKK 547m, an improvement of DKK 527m.

The DFDS Group's shipping activities are subject to the tonnage tax scheme in Denmark, Norway, the Netherlands and Lithuania. Tax on annual profit amounted to DKK 25m, of which DKK 39m consisted of tax for the year, while DKK 12m consisted of deferred tax. Adjustment for previous years' taxes represented an income of DKK 2m.

Net profit was DKK 522m compared to DKK 89m in 2009.

Investments
Investments in 2010 amounted to DKK 1,521m, of which DKK 1,417m was due to the acquisition of Norfolkline.

Investment in ships amounted to DKK 316m, of which DKK 188m refers to ro-ro newbuildings for delivery in 2012

The cash flow from special items of DKK 298m is mainly related to the sale of two routes on the Irish Sea.

Assets, invested capital and return
Total assets increased by 49% to DKK 13,849m, corresponding to an increase of DKK 4,551m. The acquisition of Norfolkline increased total assets by DKK 3,547m. In addition, the portfolio of securities and cash funds increased by DKK 929m in 2010. This improvement in DFDS' capital funds was achieved as proceeds totalling DKK 2,081m from a directed issue and a rights issue exceeded the purchasing price for Norfolkline. The sale of two routes on the Irish Sea also improved liquidity in late 2010.

At the end of 2010, invested capital was DKK 10,717m, and average capital was DKK 9,063m. The average return on invested capital was 7.2% in 2010. Adjusted for special items, the return was 6.1%.

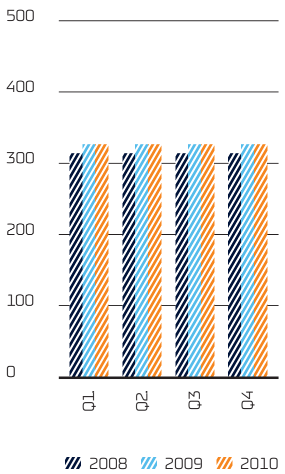
Financing and capital structure
Interest-bearing debt rose by 18% to DKK 4,963m at the end of 2010, corresponding to a rise of DKK 762m. Conversely, the net interest-bearing debt was reduced by 4% to DKK 3,887m as a result of the rise in the portfolio of securities and cash funds (as above).

At the end of 2010, the ratio of net interest-bearing debt to EBITDA before special items was 3.0.

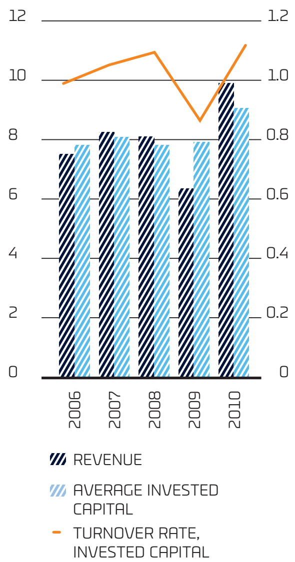
Cash flow
The cash flow from operating activities, excluding interest, increased by 11% to DKK 929m due to higher earnings from operations. The cash flow from investments was negative by DKK 1,521m, after which the free cash flow from operations was negative with DKK 592m.

DFDS GROUP	2010					2009				
DKK MILLION	Q1	Q2	Q3	Q4	FULL YEAR	Q1	Q2	Q3	Q4	FULL YEAR
Revenue	1,611	1,951	3,359	2,946	9,867	1,431	1,648	1,819	1,657	6,555
Operating profit before depreciation (EBITDA) and special items	105	345	539	284	1,273	78	233	317	176	804
Share of profit of associates	0	1	4	0	5	0	1	0	0	1
Profit/loss on disposal of tangible assets	1	1	2	1	5	3	7	2	6	18
Depreciation and impairment	-146	-150	-211	-196	-703	-135	-141	-145	-157	-578
Operating profit (EBIT) before special items	-40	197	334	89	580	-54	100	174	25	245
Special items	-5	-16	-63	186	102	0	-18	0	-53	-71
Operating profit (EBIT)	-45	181	271	275	682	-54	82	174	-28	174
Operating profit margin (EBIT), %	-2,5	10,1	9,9	3,0	5,9	-3,8	5,0	9,6	-0,6	2,9
Profit before tax	-62	140	226	243	547	-103	36	144	-57	20
Invested capital, average	7,965	7,931	9,329	10,722	9,061	7,326	7,705	8,055	8,087	7,752
Return on invested capital (ROIC) p.a., %	-2.3	8.7	11.7	9.0	7.1	-2.7	4.0	8.4	-1.5	2.1

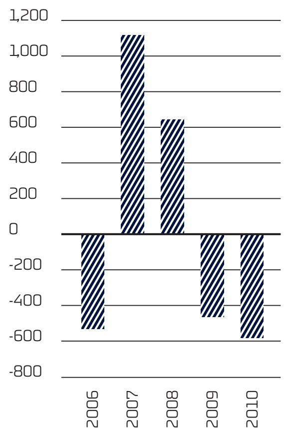
DFDS GROUP – EBITDA BEFORE SPECIAL ITEMS PER QUARTER
(DKK MILLION)



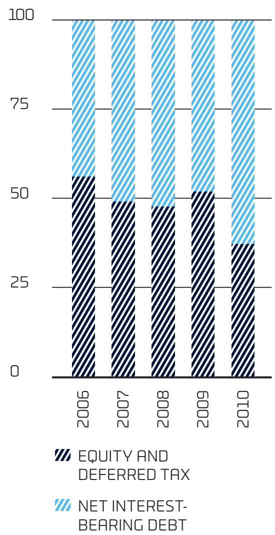
REVENUE AND INVESTED CAPITAL
(DKK BILLION) (TIMES)



FREE CASH FLOW
(DKK MILLION)



CAPITAL STRUCTURE
(%-SHARE OF CAPITAL)



The cash flow from financing activity reflects the restructuring of loan financing in 2010, with a new loans of DKK 1,724m and repayment of DKK 2,202m of loans. This refinancing was conducted in connection with the acquisition of Norfolkline. A rights issue and a directed issue to A.P. Møller - Maersk totalled proceeds of DKK 2,081m. The cash flow from financing activities was therefore positive by DKK 1,667m in 2010.

Impairment test
When impairment is indicated impairment tests are conducted on the Group's ships, based on the expected net cash flow and external brokers' evaluations. The 2010 tests led to a write-down on ships of DKK 120m, as per the section on special items above. The impairment tests are described in greater detail in note 39.

Demand for ro-ro and ro-pax vessels stabilised in 2010. Charter rates, particularly for medium-sized ships, rose towards the end of the year and in early 2011.

Equity
DFDS' equity increased by 74% or DKK 2,698m to DKK 6,339m at the end of 2010. The increase was largely attributable to the transfer of DFDS' share of the annual profit of DKK 522m and the capital increase of DKK 2,081m. Including minority interests of DKK 58m, equity at the end of 2010 amounted to DKK 6,396m.

The equity ratio at the end of the year was 46%, an increase of six ppt compared to 2009.

Parent Company
The annual profit for the parent company, DFDS A/S, was DKK 69m. Total assets at the end of the year amounted to DKK 11,410m and the equity was DKK 5,678m.

Financial Statements 2010

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Income statement
1 January – 31 December

Parent Company DKK '000				Consolidated DKK '000	
2009	**2010**	**Note**		**2010**	**2009**
4,469,183	5,214,936	1,2	Revenue	9,867,045	6,555,483
			Costs		
-2,123,027	-2,553,228	3	Operating costs	-5,666,213	-3,391,541
-940,604	-953,760		Charter hire	-741,814	-661,514
-578,254	-596,287	4	Staff costs	-1,712,704	-1,325,628
-424,744	-456,110	5	Costs of sales and administration	-473,166	-372,767
-4,066,629	*-4,559,385*		*Total costs*	*-8,593,897*	*-5,751,450*
402,554	**655,551**		**Operating profit before depreciation (EBITDA) and special items**	**1,273,148**	**804,033**
-	-	14	Share of profit/loss of associates	4,763	1,412
-14,838	243	6	Profit on disposal of tangible assets	4,714	17,617
		11,12	Depreciation and impairment		
-262,894	-255,722		Depreciation ships	-540,964	-448,131
-50,979	-54,380		Depreciation other non-current assets	-155,800	-124,087
-6,161	-5,500	12	Impairment losses for ships and other non-current assets	-5,500	-7,650
-	-		Value adjustment of goodwill/negative goodwill	-	1,460
-320,034	*-315,602*		*Total depreciation and impairment*	*-702,264*	*-578,408*
67,682	**340,192**		**Operating profit (EBIT) before special items**	**580,361**	**244,654**
-30,657	-405,859	7	Special items, net	101,527	-70,657
37,025	**-65,667**		**Operating profit (EBIT)**	**681,888**	**173,997**
160,099	291,798	8	Financial income	83,126	34,220
-161,948	-173,867	8	Financial expenses	-218,049	-188,512
35,176	**52,264**		**Profit before tax**	**546,965**	**19,705**
-2,824	17.061	9	Tax on profit	-24,754	69,123
32,352	**69,325**		**Profit for the year**	**522,211**	**88,828**
			Profit for the yea is attributable to:		
32,352	69,325		Equity holders of DFDS A/S	508,680	85,728
-	-		Non-controlling interests	13,531	3,100
32,352	**69,325**		**Profit for the year**	**522,211**	**88,828**
		10	Earnings per share		
			Basic earnings per share (EPS) of DKK 100 in DKK	46.50	11.19
			Diluted earnings per share (DEPS) of DKK 100 in DKK	46.35	11.19
			Proposed profit appropriation		
0	118,849		Proposed dividends, DKK 8 per share (2009: DKK 0.00 per share)		
32,352	-49,524		Retained earnings		
32,352	**69,325**				

Comprehensive income
1 January – 31 December

Parent Company DKK '000				Consolidated DKK '000	
2009	**2010**	**Note**		**2010**	**2009**
32,352	**69,325**		**Profit for the year**	**522,211**	**88,828**
			Other comprehensive income		
			Value adjustment of hedging instruments:		
59,481	-46,581		Value adjustments for the year	-47,452	73,373
-2,077	0		Value adjustment transferred to revenue	-1,346	5,690
-63,773	12,429		Value adjustment transferred to operating expenses	13,658	-63,773
19,872	37,080		Value adjustment transferred to financial expenses	39,719	25,129
0	0		Income tax on other comprehensive income [1]	97	15
3,425	7,519		Foreign exchange adjustments related to foreign enterprises	49,554	94,259
5,554	-8,002		Revaluation of securities	-8,942	5,554
22,482	**2,445**		**Other comprehensive income after tax**	**45,288**	**140,247**
54,834	**71,770**		**Total comprehensive income**	**567,499**	**229,075**
			Total comprehensive income for the year is attributable to:		
54,834	71,770		Equity holders of DFDS A/S	553,794	225,657
-	-		Non-controlling interests	13,705	3,418
54,834	**71,770**		**Total comprehensive income**	**567,499**	**229,075**

[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 2009	2010	Note		Consolidated DKK '000 2010	2009
268,008	275,349		Goodwill	343,340	343,897
3,719	2,384		Other non-current intangible assets	165	15,223
59,435	52,825		Software	52,825	59,435
5,954	4,336		Development projects in progress	4,336	5,954
337,116	**334,894**	11	**Non-current intangible assets**	**400,667**	**424,509**
11,582	9,564		Land and buildings	146,166	75,321
25,213	23,578		Terminals	584,115	278,468
3,268,993	3,012,048		Ships	8,142,404	6,863,951
78,824	99,278		Equipment, etc.	319,470	298,821
7,071	203,385		Work in progress and prepayments	210,902	9,268
3,391,683	**3,347,853**	12	**Property, plant and equipment**	**9,403,057**	**7,525,829**
1,752,281	1,486,014	13	Investments in subsidiaries	-	-
223	223	14	Investments in associates	32,031	4,783
1,282,553	1,558,262	15	Receivables	19,048	24,826
28,835	25,407	16	Securities	26,674	30,094
0	0	19	Deferred tax assets	126,321	102,642
3,063,892	**3,069,906**		**Other non-current assets**	**204,074**	**162,345**
6,792,691	**6,752,653**		**Non-current assets**	**10,007,798**	**8,112,683**
64,253	79,163	17	Inventories	126,393	76,780
1,083,795	3,856,090	15	Receivables	2,318,588	820,565
79,908	91,702		Prepayments	152,079	122,348
0	388,018	16	Securities	388,018	0
8,529	242,045		Cash	696,007	154,592
1,236,485	**4,657,018**		**Current assets**	**3,681,085**	**1,174,285**
0	0	12, 35	Assets held for sale	159,970	10,984
1,236,485	**4,657,018**		**Total current assets**	**3,841,055**	**1,185,269**
8,029,176	**11,409,671**		**Assets**	**13,848,853**	**9,297,952**

Equity and liabilities

Parent Company DKK '000				Consolidated DKK '000	
2009	**2010**	**Note**		**2010**	**2009**
800,000	1,485,608	18	Share capital	1,485,608	800,000
-84,751	-77,911		Reserves	-112,202	-169,156
2,749,357	4,151,375		Retained earnings	4,846,640	3,009,850
0	118,849		Proposed dividends	118,849	0
3,464,606	**5,677,921**		**Equity attributable to equity holders of DFDS A/S**	**6,338,895**	**3,640,694**
-	-		Non-controlling interests	57,525	47,088
3,464,606	**5,677,921**		**Equity**	**6,396,420**	**3,687,782**
2,618,156	3,617,766	23	Interest bearing liabilities	3,950,177	3,073,721
0	0	19	Deferred tax	180,999	162,040
13,433	12,703	21	Pension and jubilee liabilities	253,608	178,895
0	0	22	Other provisions	50,695	0
2,631,589	**3,630,469**		**Non-current liabilities**	**4,435,479**	**3,414,656**
1,436,332	1,423,902	23	Interest bearing liabilities	1,012,426	1,126,438
85,311	75,285		Trade payables	518,414	315,013
0	0	22	Other provisions	86,284	6,213
0	0	26	Corporation tax	37,675	26,384
382,786	561,310	24	Other payables	1,254,158	647,982
28,552	40,784	25	Deferred income	107,997	73,484
1,932,981	**2,101,281**		**Current liabilities**	**3,016,954**	**2,195,514**
4,564,570	**5,731,750**		**Liabilities**	**7,452,433**	**5,610,170**
8,029,176	**11,409,671**		**Equity and liabilities**	**13,848,853**	**9,297,952**

Consolidated statement of changes in equity

For the year ended 31 December

		Reserves								
DKK '000	**Share capital**	**Translation reseve**	**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 2010	800,000	-81,969	-62,452	8,940	-33,675	3,009,850	0	**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 adjustments tranferred to revenue			-1,346					**-1,346**		**-1,346**
Value adjustments tranferred to operating costs			13,658					**13,658**		**13,658**
Value adjustments tranferred to financial items			39,666					**39,666**	53	**39,719**
Tax on other comprehensive income			97					**97**		**97**
Foreign exchange adjustments relating to foreign enterprises		49,359						**49,359**	195	**49,554**
Revaluation of securities				-8,942		0		**-8,942**		**-8,942**
Total comprehensive income	**0**	**49,359**	**4,623**	**-8,942**	**0**	**508,680**	**0**	**553,968**	**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 interests						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 acquisition of enterprises [2]					8,914	24,327		**33,241**		**33,241**
Other adjustments						1,794		**1,794**	2	**1,796**
Total changes in equity in 2010	**685,608**	**49,359**	**4,623**	**-8,942**	**11,914**	**1,836,790**	**118,849**	**2,698,201**	**10,437**	**2,708,638**
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 the Capital increase of DKK 35.8 mill. has reduced this amount. The costs are primarily emissionbanks, legal advisors and auditors.

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

Consolidated statement of changes in equity

For the year ended 31 December

		Reserves							
DKK '000	**Share capital**	**Translation reseve**	**Hedging**	**Revaluation of securi-ties**	**Treasury shares**	**Retained earnings**	**Equity at-tributable to equity holders of DFDS A/S**	**Non-controlling interests**	**Total**
Equity at 1 January 2009	800,000	-175,916	-102,880	3,330	-33,975	2,923,383	**3,413,942**	70,550	**3,484,492**
Comprehensive income for the year									
Profit for the year						85,728	**85,728**	3,100	**88,828**
Other comprehensive income									
Value adjustments for the year			73,373				**73,373**		**73,373**
Value adjustments tranferred to revenue			5,690				**5,690**		**5,690**
Value adjustments tranferred to operating costs			-63,773				**-63,773**		**-63,773**
Value adjustments tranferred to financial items			25,123				**25,123**	6	**25,129**
Tax on other comprehensive income			15				**15**		**15**
Foreign exchange adjustments relating to foreign enterprises		93,947					**93,947**	312	**94,259**
Revaluation of securities				5,554			**5,554**		**5,554**
Total comprehensive income	**0**	**93,947**	**40,428**	**5,554**	**0**	**85,728**	**225,657**	**3,418**	**229,075**
Transactions with owners									
Disposal of non-controlling interests							**0**	-25,726	**-25,726**
Dividents paid							**0**	-1,155	**-1,155**
Vested re. share-based payment						807	**807**		**807**
Sale of treasury shares related to exercise of share options					300	492	**792**		**792**
Other adjustments				56		-560	**-504**	1	**-503**
Total changes in equity in 2010	**0**	**93,947**	**40,428**	**5,610**	**300**	**86,467**	**226,752**	**-23,462**	**203,290**
Equity at 31 December 2009	**800,000**	**-81,969**	**-62,452**	**8,940**	**-33,675**	**3,009,850**	**3,640,694**	**47,088**	**3,687,782**

Parent Company Statement of changes in equity

For the year ended 31 December

DKK '000	Share capital	Reserves: Hedging	Reserves: Revaluation of securities	Reserves: 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**
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 adjustments tranferred to operating costs		12,429					**12,429**
Value adjustments tranferred to financial items		37,080					**37,080**
Foreign exchange adjustments, Goodwill					7,519		**7,519**
Revaluation of securities			-8,002				**-8,002**
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 acquisition of enterprises [2]				8,914	24,327		**33,241**
Other adjustments					-11		**-11**
Total changes in equity in 2010	**685,608**	**2,928**	**-8,002**	**11,914**	**1,325,174**	**118,849**	**2,213,326**
Equity at 31 December 2010	**1,485,608**	**-57,088**	**938**	**-21,761**	**4,151,375**	**118,849**	**5,677,921**

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

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

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 (2009: 8,000,000 shares of DKK 100 each).

DKK '000	Share capital	Reserves: Hedging	Reserves: Revaluation of securities	Reserves: Treasury shares	Retained earnings	Proposed dividends	Total
Equity at 1 January 2009	800,000	-73,519	3,386	-33,975	2,712,280	0	**3,408,172**
Comprehensive income for the year							
Profit for the year					32,352	0	**32,352**
Other comprehensive income							
Value adjustments for the year		59,481					**59,481**
Value adjustments tranferred to revenue		-2,077					**-2,077**
Value adjustments tranferred to operating costs		-63,773					**-63,773**
Value adjustments tranferred to financial items		19,872					**19,872**
Foreign exchange adjustments, Goodwill					3,425		**3,425**
Revaluation of securities			5,554				**5,554**
Total comprehensive income	**0**	**13,503**	**5,554**	**0**	**35,777**	**0**	**54,834**
Transactions with owners							
Vested re. share-based payment					807		**807**
Sale of treasury shares related to exercise of share options				300	492		**792**
Other adjustments					1		**1**
Total changes in equity in 2009	**0**	**13,503**	**5,554**	**300**	**37,077**	**0**	**56,434**
Equity at 31 December 2009	**800,000**	**-60,016**	**8,940**	**-33,675**	**2,749,357**	**0**	**3,464,606**

Cash flow statement

1 january – 31 December

Parent Company DKK '000				Consolidated DKK '000	
2009	**2010**	**Note**		**2010**	**2009**
402,554	**655,551**		**Operating profit before depreciation (EBITDA) and special items**	**1,273,148**	**804,033**
-17,657	-58,266	7	Cashflow effect from special items related to operating activities	-165,778	-17,657
76	1,086	29	Adjustments for non-liquid operating items, etc.	2,090	8,255
255,757	228,982	30	Change in working capital	-68,456	86,749
-1,289	-806		Payment of pension liabilities and other provisions	-58,381	-20,487
639,441	**826,547**		**Cash flow from operating activities, gross**	**982,623**	**860,893**
125,003	192,910		Interest received	90,137	70,077
-208,269	-198,322		Interest paid	-234,523	-262,138
0	-353		Taxes paid	-53,791	-25,056
556,175	**820,782**		**Cash flow from operating activities, net**	**784,446**	**643,776**
-144,671	-255,424		Purchase of ships	-315,752	-1,190,728
239,411	0		Disposal of ships	14,978	0
-1,521	-165	31	Land and buildings and terminals, net	-47,806	-1,411
-10,380	-42,235	31	Equipment, etc., net	-42,154	-51,851
-22,252	-24,089		Purchase of non-current intangible assets	-26,141	-22,253
0	0	8, 33	Cashflow effect from special items related to investing activities	298,116	0
0	-20,720	33	Acquisition of enterprises and activities	-1,416,855	0
0	0		Disposal of subsidiaries, associates and activities	8,710	0
10,441	4,172	8	Dividends received from subsidiaries	-	-
0	0	8, 14	Dividends received from associates	6,211	1,350
71,028	**-338,461**		**Cash flow from investing activities**	**-1,520,693**	**-1,264,893**
1,063,801	1,723,518		Proceeds from loans secured by mortgages in ships	1,723,518	1,063,801
-592,016	-669,645		Payment and instalments of loans secured by mortgages in ships	-775,807	-835,285
-778,493	-381,292		Change in other non-current investments	-12,559	5,220
-17,053	-51,433	32	Change in other financial loans, net	-1,288,818	-38,404
-11,662	-4,182		Payment of financial lease liabilities	-13,970	-30,530
-63,282	-55,190		Change in operating credits	-71,889	332,733
-195,562	-2,524,855		Change in Group internal financing	0	0
-112,608	-606	34	Acquisition of non-controlling interests	-606	-39,429
792	10,032		Exercise of share options	10,032	792
0	2,081,203		Net proceeds from increase of sharecapital	2,081,203	0
0	16,243		Sale of treasury shares related to exercise of share options	16,243	0
0	0		Dividends paid	0	-1,155
-706,083	**143,793**		**Cash flow from financing activities**	**1,667,347**	**457,743**
-78,880	**626,114**		**Net increase (decrease) in cash and cash equivalents**	**931,100**	**-163,374**
87,409	8,529		Securities, cash and cash equivalents and securities at 1 January	154,592	301,569
0	-4,580		Foreign exchange adjustments of securities, cash and cash equivalents	-1,667	16,397
8,529	**630,063**		**Securities, cash anc cash equivalents at 31 December**	**1,084,025**	**154,592**

As of 31 December 2010 the cash and cash equivalents includes bonds registred at the Copenhage Stock Exchange DKK 388 million (2009: DKK 0 million).

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

Notes

Note 1 Segment information

In connection with the organizational changes of the Group in continuation of the acquisition of the Norfolkline-Group the 12 July 2010, the reporting structure is now reflecting two divisions, Shipping Division and Logistics Division. On the basis of this the segment information is presented as two segments. The comparative figures have been amended.

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 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, Irish Sea, English Channel and Passenger.

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-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**
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
Operating expenses, external	-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
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 35	131,823	0	28,147	159,970
Liabilities	6,226,685	954,118	271,630	7,452,433

Note 1 Segment information

DKK '000

	Shipping Division	Logistics Division	Non-allo-cated	Total
2009				
External revenue	4,606,283	1,943,058	6,142	6,555,483
Intra-group revenue	198,973	27,237	182,992	409,202
Total revenue	4,805,256	1,970,295	189,134	6,964,685
External operating expenses	-3,827,926	-1,683,586	-239,938	-5,751,450
Intra-group operating expenses	-155,825	-245,041	-8,336	-409,202
Operating profit before depreciation (EBITDA) and special items	**821,505**	**41,668**	**-59,140**	**804,033**
Share of profit/loss of associates	24	1,388	0	1,412
Profit on disposal of tangible assets	2,019	15,598	0	17,617
Depreciation of ships and other non-current fixed assets	-483,099	-80,327	-8,792	-572,218
Impairment losses of ships and other non-current fixed assets	-6,161	-1,489	0	-7,650
Negative goodwill	1,460	0	0	1,460
Operating profit (EBIT) before special items	**335,748**	**-23,162**	**-67,932**	**244,654**
Special items, net	-33,000	0	-37,657	-70,657
Operating profit (EBIT)	**302,748**	**-23,162**	**-105,589**	**173,997**
Financial items, net				-154,292
Profit before tax				**19,705**
Tax on profit				69,123
Profit for the year				**88,828**
Total assets exclusive assets held for sale	7,709,886	1,308,253	268,829	9,286,968
Non-liquid operating items	-403	4,965	3,693	8,255
Capital expenditures of the year	1,222,597	83,123	8,751	1,314,471
Assets held for sale, reference is made to note 35	10,984	0	0	10,984
Liabilities	4,187,025	480,256	942,889	5,610,170

Geographical breakdown

The DFDS 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, Nordern, 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 Conti-nent	Norden	UK/Irland	Total
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
2009							
Total revenue	3,725,560	886,865	0	917,884	914,866	110,308	6,555,483
Non-current assets	5,792,143	1,503,544	0	419,215	388,626	9,155	8,112,683

[1] The Irish sea i represented in the total revenue with DKK 359 mio. (2009: DKK 0 mio.) and DKK 397 mio. within non-current assets (2009: DKK 0 mio.).

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 2 Revenue**	**2010**	**2009**
798,848	848,813	Sale of goods on board	966,458	819,088
3,281,596	4,038,432	Sale of service	8,621,439	5,428,173
388,739	327,691	Rental income from timecharter and bareboat of ships as well operating equipment	279,148	308,222
4,469,183	**5,214,936**	**Total revenue**	**9,867,045**	**6,555,483**

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 3 Cost of sales**	**2010**	**2009**
970,457	1,276,918	Cost of sales in operating costs	1,792,004	1,114,648
1,945	2,117	Write-down of inventories for the year	2,453	1,945
972,402	**1,279,035**	**Total cost of sales**	**1,794,457**	**1,116,593**

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	
2009	**2010**	**Note 4 Staff costs**	**2010**	**2009**
494,935	491,657	Wages and salaries	1,320,888	1,041,538
36,338	35,660	Defined contributions plans	76,509	59,115
-162	336	Defined benefit plans, see Note 21	358	9,995
28,487	34,895	Social security costs, etc.	152,405	123,077
807	838	Share based payment, see Note 20	838	807
17,849	32,901	Other staff costs	161,706	91,096
578,254	**596,287**	**Total staff costs**	**1,712,704**	**1,325,628**
		Of this, remuneration for the Executive Board		
9,276	15,265	Wages and salaries	15,265	9,276
1,347	1,840	Defined contributions plans	1,840	1,347
807	838	Share based payment	838	807
297	250	Other staff costs	250	297
11,727	**18,193**		**18,193**	**11,727**
		Remuneration for the Parent Company's Board of Directors and Audit Committee		
625	750	Chairman	750	625
400	674	Deputy chairmen	674	400
1,825	2,250	Other members of the Board of Directors	2,250	1,825
2,850	**3,674**		**3,674**	**2,850**
1,532	1,467	Average number of employees	4,862	3,924

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	
2009	**2010**	**Note 5 Costs of sales and administration**	**2010**	**2009**
138,079	141,731	External selling costs	190,146	165,527
171,063	189,856	Intra-group selling costs	-	-
115,602	124,523	Other costs	283,020	207,240
424,744	**456,110**	**Total Costs of sales and administration**	**473,166**	**372,767**
		Of this, the fee for auditor appointed at the Annual General Meeting:		
1,215	1,450	Audit fees	7,363	3,716
100	4,587	Other assurance engagements [1]	4,912	532
933	1,222	Tax and VAT services	2,442	1,723
671	359	Non-audit fees	667	885
2,919	**7,618**	**Total fees to KPMG**	**15,384**	**6,856**

[1] From this DKK 4,6 million relates to the prospectus (2009: DKK 0).

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 6 Profit on sale of property, plant and equipment**	**2010**	**2009**
		Gain on sale of property, plant and equipment		
0	0	Ships	8,875	9,495
0	0	Land and buildings	552	0
0	0	Terminals	0	670
326	243	Equipment, etc.	5,265	7,707
326	*243*	*Gain on sale of property, plant and equipment*	*14,692*	*17,872*
		Loss on sale of property, plant and equipment		
-14,918	0	Ships	-6,896	-244
-246	0	Equipment, etc.	-3,082	-11
-15,164	*0*	*Loss on sale of property, plant and equipment*	*-9,978*	*-255*
-14,838	**243**	**Total profit on sale of property, plant and equipment**	**4,714**	**17,617**

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 7 Special items, net**	**2010**	**2009**
-	-25,863	Gain regarding the fire on the vessel Lisco Gloria, where the insurance compensation exceeds the bookvalue and costs derived from the fire etc.	272,668	-
-	-	Gain regarding disinvestment of the nordern routes in the Irish sea after deducting of redundancy etc.	200,289	-
-17,657	-12,919	Consultancy- and transaction costs regarding the acquisition of the Norfolkline-Group.	-35,554	-17,657
-	-19,484	Integration costs regarding the acquisition of the Norfokline-Group, including redundancy, premature termination of port contract, branding, consultancy fee etc.	-96,671	-
-53,000	-60,000	Value adjustment of goodwill and ships, note 39	-240,205	-53,000
40,000	-287,593	Value adjustment on investments in group enterprises, note 39	-	-
-30,657	**-405,859**	**Special items, net**	**101,527**	**-70,657**
		If special items had been recognized in the operating profit before depreciation (EBITDA) and special items, then they would have been recognized as the following:		
0	0	Operating costs	-29,274	0
0	-1,442	Staff costs	-49,320	0
-17,657	-30,961	Other costs of operation, sales and administration	-52,631	-17,657
-17,657	**-32,403**	**Operating profit before depreciation (EBITDA) and special items**	**-131,225**	**-17,657**
0	-25,863	Profit on disposal of tangible assets	472,957	0
-53,000	-60,000	Impairments of ships and other non-current assets	-240,205	-53,000
40,000	-287,593	Value adjustment on investments in group enterprises	-	-
-30,657	**-405,859**		**101,527**	**-70,657**

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 8 Financial items, net**	**2010**	**2009**
8,228	9,647	Interest income, cash and cash equivalent	16,852	12,002
71,350	122,226	Interest income from subsidiaries	-	-
-150,164	-150,684	Interest expenses, credit institutions, etc.	-180,537	-175,625
-4,959	-4,304	Interest expenses for subsidiaries	-	-
-75,545	**-23,115**	**Interest, net**	**-163,685**	**-163,623**
133,382	300,176	Foreign exchange gains	234,002	124,564
-66,106	-144,822	Foreign exchange losses	-173,023	-105,150
67,276	**155,354**	**Foreign exchange gains and losses, net**	**60,979**	**19,414**
0	0	Realised capital gains/losses on securities	-906	-621
0	0	Gain on disposal of subsidiaries and activities	1,845	0
0	0	Gain on disposal of subsidiaries where control is lost	3,051	0
0	0	Impairment losses on non-current financial assets	-5,000	0
10,441	4,172	Dividends from subsidiaries	-	-
2,804	399	Other dividends	399	2,804
0	0	Defined benefit plans, see Note 21	-7,892	-4,223
-6,825	-18,879	Other financial income and expenses, net	-23,714	-8,043
6,420	**-14,308**	**Other financial income and expenses, net**	**-32,217**	**-10,083**
-1,849	**117,931**	**Financial items, net**	**-134,923**	**-154,292**
		Financial items, net is divided into:		
160,099	291,798	Financial income	83,126	34,220
-161,948	-173,867	Financial expense	-218,049	-188,512
-1,849	**117,931**	**Financial items, net**	**-134,923**	**-154,292**

DFDS A/S makes forward exchange transactions, etc., on behalf of all subsidiaries, and therefore foreign exchange gains and losses in DFDS A/S also include 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.

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 9 Tax**	**2010**	**2009**
0	0	Current tax	-26,043	-21,117
-2,824	-12,873	Current joint tax contributions	-12,873	-2,678
0	0	Deferred tax	12,184	29,985
0	29,934	Adjustment to corporation tax in respect of prior years	8,640	68,670
0	0	Adjustment to deferred tax in respect of prior years	-6,565	-5,722
-2,824	**17,061**	**Tax for the year**	**-24,657**	**69,138**
		Tax for the year can be broken down as follows:		
-2,824	17,061	Tax in the income statement (effective tax)	-24,754	69,123
0	0	Tax on other comprehensive income	97	15
-2,824	**17,061**	**Tax for the year**	**-24,657**	**69,138**
		Tax in the income statement can be broken down as follows:		
35,176	52,264	Profit before tax	546,965	19,705
3,120	-221,571	Of this, tonnage income	-391,569	-56,120
38,296	-169,307	Result before tax (company taxation)	155,396	-36,415
-9,574	42,327	25% tax of profit before tax	-38,849	9,104
-	-	Adjustment of calculated tax in foreign subsidiaries in relation to 25%	-1,985	3,458
		Tax effect of:		
8,282	-71,897	Non-taxable items	9,210	2,476
0	0	Tax asset, not recognised	-15,585	-7,083
0	18,493	Utilisation of non-capitalised tax asset	22,830	341
0	29,934	Adjustments of tax in respect of prior years	2,075	62,948
-1,292	18,857	Corporation tax of ordinary income	-22,305	71,244
-1,532	-1,796	Tonnage tax	-2,449	-2,121
-2,824	**17,061**	**Tax in the income statement**	**-24,754**	**69,123**
8.0	-32.6	Effective tax rate	4,5	-350.8
8.0	24.6	Effective tax rate before adjustment of prior years' tax	4,9	-31.3
		Tax on changes in other comprehensive income can be broken down as follows:		
0	0	Deferred tax	97	15
0	**0**	**Tax on changes in other comprehensive income**	**97**	**15**

The Parent Company has not paid Danish corporation tax in 2010 and the company has no tax liability for that year.

The Parent Company and its Danish subsidiaries are within the Danish Act of compulsory joint taxation with 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 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.

Adjustments of prior years tax in 2009 is primarily related to reversal of deferred tax in connection with transition to new tonnage tax scheme in Norway.

Reference is made to note 26 for further information.

Note 10 Earnings per share	2010	2009
	Koncern DKK '000	
Profit for the year	522,211	88,828
Attributable to non-controlling interests	-13,531	-3,100
Equity holders of DFDS A/S	**508,680**	**85,728**
Weighted average number of issued ordinary shares	11,230,811	8,000,000
Weighted average number of treasury shares	-291,527	-337,335
Weighted average number of ordinary shares	10,939,284	7,662,665
Weighted average number of share options issued	34,339	237
Weighted average number of ordinary shares (diluted)	10,973,623	7,662,902
Basic earnings per share (EPS) of DKK 100 in DKK	46.50	11.19
Diluted earnings per share (DEPS) of DKK 100 in DKK	46.35	11.19

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 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 [1]	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**

[1] Addition of goodwill in 2010 relates to the acquisition of the Norfolkline Group (2009: acquisition of non-controlling interest in Halléns N.V.).

DKK '000	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Balance at 1 January 2009	327,062	176,307	123,588	3,975	630,932
Foreign exchange adjustments	10,523	2,300	0	0	12,823
Transfers	0	0	3,185	-3,185	0
Additions	14,905	1,488	17,089	5,164	38,646
Cost at 31 December 2009	**352,490**	**180,095**	**143,862**	**5,954**	**682,401**
Amortisation and impairment losses at 1 January 2009	8,207	141,775	65,729	0	215,711
Foreign exchange adjustments	386	1,855	0	0	2,241
Amortisation charge	0	19,753	18,698	0	38,451
Impairment charge	0	1,489	0	0	1,489
Amortisation and impairment losses at 31 December 2009	**8,593**	**164,872**	**84,427**	**0**	**257,892**
Carrying amount at 31 December 2009	**343,897**	**15,223**	**59,435**	**5,954**	**424,509**

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

DKK million	2010	2009
North Sea, Baltic Sea og Irish Sea	166.9	50.9
Nordic transport og Continental transport	39.8	68.8
Intermodal	122.5	181.3
Sideportactivity in the business unit Noric contract	0.0	28.8
Canal Tours A/S	14.1	14.1
Total	**343.3**	**343.9**

Regarding impairment tests and impairment losses of goodwill, references is made to note 39.

In 2009 negative goodwill related to the acquisition of non-controlling interests in AB DFDS LISCO was recognised in the incomestatement with the amount of DKK 1,5 mio.

The carrying amount of the inclusion of software and development projects in progress primary relates to software to Passenger Shippings on-line booking and economics and logistics systems at Passenger Shippings Ships.

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 2010	268,008	50,707	143,861	5,954	468,530
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	**275,349**	**56,440**	**167,060**	**4,336**	**503,185**
Amortisation and impairment losses 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	**275,349**	**2,384**	**52,825**	**4,336**	**334,894**
Balance at 1 January 2009	265,022	48,308	123,588	3,975	440,893
Foreign exchange adjustments	2,986	2,399	0	0	5,385
Transfers	0	0	3,184	-3,184	0
Additions	0	0	17,089	5,163	22,252
Cost at 31 December 2009	**268,008**	**50,707**	**143,861**	**5,954**	**468,530**
Amortisation and impairment losses at 1 January 2009	0	37,130	65,729	0	102,859
Foreign exchange adjustments	0	1,960	0	0	1,960
Amortisation charge	0	7,898	18,697	0	26,595
Amortisation and impairment losses at 31 December 2009	**0**	**46,988**	**84,426**	**0**	**131,414**
Carrying amount at 31 December 2009	**268,008**	**3,719**	**59,435**	**5,954**	**337,116**

The Parent Companys carrying amount of goodwill DKK 275.3 mio. (2009: DKK 268.0 mio.) relate primarily to the acquisition of RO-RO Shipping routes from the Swedish subsidiary in 2001 and the acquistion of one route in 2005.

The carrying amount of completed software and development projects in progress relate primary to software for Passenger Shipping's on-line booking and finance and logistic systems on the ships of Passenger Shipping.

On the basic of the impairment tests performed in 2010 no impairment losses were recognised on other non-current intangible assets (2009: no impairment loss).

For further information regarding impairment tests performed in 2010, reference is made to note 39.

Note 12 Property, plant and equipment

Consolidated

DKK '000	Land and buildings	Terminals	Ships	Equipment etc.	Work in progress 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
Addtion 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 to 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**
Depreciation and impairment losses 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 speciel 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**
Included assets held under finance leases	0	0	0	87,031	0	87,031
Interest recognised in cost at 1 January 2010	0	0	60,614	0	0	60,614
Foreign exchange adjustments	0	0	3,311	0	0	3,311
Disposals	0	0	-7,337	0	0	-7,337
Interest recognised in cost at 31 December 2010	**0**	**0**	**56,588**	**0**	**0**	**56,588**

Note 12 Property, plant and equipment (continued)

Consolidated

DKK '000	Land and buildings	Terminals	Ships	Equipment, etc.	Work in progress and prepayments	Total
Balance at 1 January 2009	101,896	418,134	8,256,550	673,365	236,945	9,686,890
Foreign exchange adjustments	2,435	15,986	192,390	17,515	-4	228,322
Transfers	197	171	315,879	2,166	-318,413	0
Additions	757	1,699	1,112,771	69,858	90,740	1,275,825
Disposals	0	-488	-175,246	-59,137	0	-234,871
Transfer to assets classified as held for sale	0	0	-99,426	0	0	-99,426
Transfer from assets classified as held for sale	0	0	576,577	0	0	576,577
Cost at 31 December 2009	**105,285**	**435,502**	**10,179,495**	**703,767**	**9,268**	**11,433,317**
Depreciation and impairment losses at 1 January 2009	25,108	135,178	2,593,035	379,747	0	3,133,068
Foreign exchange adjustments	751	4,856	58,559	12,974	0	77,140
Depreciation charge	4,105	17,086	452,657	64,445	0	538,293
Impairment charge	0	0	6,161	0	0	6,161
Disposals	0	-86	-151,032	-52,220	0	-203,338
Transfer to assets classified as held for sale	0	0	-88,442	0	0	-88,442
Transfer from assets classified as held for sale	0	0	444,606	0	0	444,606
Depreciation and impairment losses at 31 December 2009	**29,964**	**157,034**	**3,315,544**	**404,946**	**0**	**3,907,488**
Carrying amount at 31 December 2009	**75,321**	**278,468**	**6,863,951**	**298,821**	**9,268**	**7,525,829**
Including assets held under finance leases	0	0	0	58,111	0	58,111
Interest recognised in cost at 1 January 2009	0	0	43,214	0	7,599	50,813
Foreign exchange adjustments	0	0	1,195	0	0	1,195
Recognised interest for the year	0	0	8,606	0	0	8,606
Transfers	0	0	7,599	0	-7,599	0
Interest recognised in cost at 31 December 2009	**0**	**0**	**60,614**	**0**	**0**	**60,614**

The carrying amount of ships includes passenger ships, DKK 1.454 mio. (2009: DKK 1.650 mio.), of which components with high decrease in value amounts to DKK 369 mio. (2009: DKK 442 mio.) and components with minor decrease in value amounts to DKK 1.085 million (2009: DKK 1.208 million).

Interest included in costs for the Group are calculated by using an interest rate based on the general borrwing of the Group. The applied interest rate is approximately 2.0 - 5.5% p.a. There has been no capatilised interest in 2010 (2009: rate of interest 5.5% p.a.).

Work in progress and prepayments includes prepayments DKK 182 mio. for two RO-RO newbuildings for delivery in 2012, which is part of the extended contract entered into in November 2010 with the Danish and German defense.

The income statement includes depreciation on ships of DKK -542 mio. (2009: DKK -448 mio.). Of this, amortisation of profit/loss on sale and lease back transactions amounts to DKK 2.4 mio. (2009: DKK 4.5 mio.).

On the basis of the impairment tests performed in 2010 a DKK 120 mio. impairment loss on two passenger ships and three sideports ships was recognised. (A DKK 53 mio. impairment loss of one passengership and a DKK 6.1 mio. impairment loss of one ship classified as assets held for sale was recognied in 2009).

For further information regarding impairment test performed in 2010, reference is made to note 39.

As per 31 december 2009 one ship was classified as assets held for sale.
The ship is in 2010 layup for scrapping, which has lead to an accounting gain of DKK 0.0 mio. in relation to the carrying amount of the ship at 31 December 2009.

Note 12 Property, plant and equipment (continued)

Parent Company

DKK '000	Land and buildings	Terminals	Ships	Equipment etc.	Work in progress 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**
Depreciation and impairment losses at 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
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
Interest recognised in cost at 1 January 2010	0	0	28,983	0	0	28,983
Interest recognised in cost at 31 December 2010	**0**	**0**	**28,983**	**0**	**0**	**28,983**

Note 12 Property, plant and equipment (continued)

Parent Company

DKK '000	Land and buildings	Terminals	Ships	Equipment etc.	Work in progress and prepayments	Total
Balance at 1 January 2009	20,151	71,930	5,133,810	197,455	232,538	5,655,884
Transfers	130	0	152,183	298	-152,611	0
Additions	646	875	35,508	10,907	110,045	157,981
Disposals	0	0	-399,204	-804	-182,901	-582,909
Transferred to assets classified as held for sale	0	0	-23,988	0	0	-23,988
Transferred from assets classified as held for sale	0	0	576,577	0	0	576,577
Cost at 31 December 2009	**20,927**	**72,805**	**5,474,886**	**207,856**	**7,071**	**5,783,545**
Depreciation and impairment losses at 1 January 2009	7,530	45,732	1,661,105	108,626	0	1,822,993
Depreciation charge	1,815	1,860	262,894	20,709	0	287,278
Impairment charge	0	0	6,161	0	0	6,161
Disposals	0	0	-144,885	-303	0	-145,188
Transfer to assets classified as held for sale	0	0	-23,988	0	0	-23,988
Transfer from assets classified as held for sale	0	0	444,606	0	0	444,606
Depreciation and impairment losses at 31 December 2009	**9,345**	**47,592**	**2,205,893**	**129,032**	**0**	**2,391,862**
Carrying amount at 31 December 2009	**11,582**	**25,213**	**3,268,993**	**78,824**	**7,071**	**3,391,683**
Interest recognised in cost at 1 January 2009	0	0	26,631	0	7,599	34,230
Recognised interest for the year	0	0	1,910	0	0	1,910
Transfers	0	0	442	0	-442	0
Disposals	0	0	0	0	-7,157	-7,157
Interest recognised in cost at 31 December 2009	**0**	**0**	**28,983**	**0**	**0**	**28,983**

The carrying amount of ships includes passenger ships, DKK 1.430 mio. (2009: DKK 1.624 mio.), of which components with high decrease in value amounts to DKK 369 mio. (2009: DKK 442 mio.) , and components with minor decrease in value amounts to DKK 1.061 mio. (2009: DKK 1.182 mio.

Interest included in costs for the parent company are calculated by using an interest rate based on the general borrwing. The applied interest rate is approximately 2.0 - 5.5% p.a. There has been no capatilised interest in 2010 (2009: rate of interest 5.5% p.a.).

Work in progress and prepayments includes prepayments DKK 182 mio. for two RO-RO newbuildings for delivery in 2012, which is part of the expanded contract entered into in November 2010 with the Danish and German defense.

On the basis of the impairment tests performed in 2010 a DKK 60 mio. impairment loss on two passenger ships and three sideports ships was recognised. (A DKK 53 mio. impairment loss of one passengership and a DKK 6.1 mio. impairment loss of one ship classified as assets held for sale was recognied in 2009).

For further information regarding impairment test performed in 2010, reference is made to note 39.

Note 13 Investments in subsidiaries	Parent Company DKK '000 2010	2009
Cost at 1 January	1,847,976	1,735,368
Additions	21,326	112,608
Cost at 31 December	**1,869,302**	**1,847,976**
Accumulated impairment losses at 1 January	-95,695	-135,695
Impairment losses	-302,741	0
Reversal of impairment losses from previous years	15,148	40,000
Accumulated impairment loss at 31 December	**-383,288**	**-95,695**
Carrying amount at 31 December	**1,486,014**	**1,752,281**

For an overview of the Group's ownership interests in subsidiaries, reference is made to note 43.

Besides the above investments in subsidiaries, DFDS A/S considers receivables, DKK 1.654 million (2009: DKK 433.7 million) as a part of the net investment in subsidiaries. The foreign exchange adjustment of this is DKK 118.9 million (2009: DKK 25.4 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 under 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 indications that their value may be impaired. The impairment tests has led to a DKK 302.7 mio. impairment loss (2009: DKK 0 mio.).

For further information regarding impairment test performed in 2010, reference is made to note 39. In 2010 impairment losses of investments in group enterprises recognised previsous years at DKK 35.4 mio. is reversed (2009: DKK 40.0 mio.).

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 14 Investments in associates**	**2010**	**2009**
7.333	223	Cost at 1 January	1,329	8,429
-	-	Foreign exchange adjustment	73	169
-	-	Disposals	-320	-159
-	-	Addition on adquisition of enterprises	28,364	0
-7,110	-	Transfers	74	-7,110
223	**223**	**Cost at 31 December**	**29,520**	**1,329**
-	-	Value adjustments at 1 January	3,454	3,738
-	-	Foreign exchange adjustment	237	566
-	-	Disposals	-324	28
-	-	Share of profit for the year	4,763	1,412
-	-	Dividends received from associates	-6,211	-1,350
-	-	Transferred to other types of assets	592	-940
-	**-**	**Value adjustments at 31 December**	**2,511**	**3,454**
223	**223**	**Carrying amount at 31 December**	**32,031**	**4,783**

							The Groups Share DKK '000	
2010	**Domicile**	**Ownership**	**Revenue**	**Profit for the year**	**Total assets**	**Total liabilities**	**Equity**	**Profit for the year**
Suardiaz DFDS Autologistics NY	Gent	50% [3]	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% [4]	29,098	-280	0	0	0	-95
DFDS Suardiaz Line Ltd.	Immingham	50.0%	137,608	-3,272	28,190	79,218	-25,513	-1,636
KST Terminal AS	Oslo	40.0% [1]	15,986	976	10,473	8,352	849	391
DailyFresh Logistics C.V	Maasdijk	33.3% [2]	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] 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.
[2] Ownership acquired in connection with the acquisition of the Norfolkline-Group at 12 July 2010.
[3] Owned by the Parent Company
[4] Seafront Projects AS was investments in associated until 1 April 2010, where the enterprise was sold.
[5] SCF Lines Ltd. was investments in associated until 1 September 2010, where additional 49% was bought and the enterprise became a subsidiary.

							The Groups Share DKK '000	
2009	**Domicile**	**Ownership**	**Revenue**	**Profit for the year**	**Total assets**	**Total liabilities**	**Equity**	DKK '000
Suardiaz DFDS Autologistics NV	Gent	50.0% [2]	0	-16	398	0	199	-8
UAB Krantas Forwarding	Klaipeda	50.0% [1]	421	68	0	0	0	34
Oslo Containerterminal AS	Oslo	33.3%	33,192	1,885	16,471	9,209	2,421	628
Seafront Projects AS	Kristiansand	34.0%	103,737	2,217	15,649	9,531	2,080	754
DFDS Suardiaz Line Ltd.	Immingham	50.0%	153,684	-3,238	20,229	67,885	-23,828	-1,619
SCF Lines Ltd.	Sankt Petersborg	50.0%	0	8	166	0	83	4
							-19,045	-207
Of which investments in associates with negative value							23,828	1,619
							4,783	**1,412**

[1] UAB Krantas forwarding was investments in associated until 24 July 2009, where the enterprise was sold.
[2] Owned by the Parent Company

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 15 Receivables**	**2010**	**2009**
1,282,553	1,558,262	Receivables from subsidiaries	-	-
0	0	Other receivables	19,048	24,826
1,282,553	**1,558,262**	**Non-current receivables at 31 December**	**19,048**	**24,826**
101,610	119,896	Trade receivables	1,496,390	721,558
705,031	3,131,553	Interest bearing receivables from subsidiaries [1]	-	-
240,715	545,250	Other receivables from subsidiaries	-	-
1,140	4,486	Receivables from associates	7,833	2,799
0	0	Corporation tax and joint taxation contribution, receivable	12.049	8,307
18,177	2,669	Derivative financial instruments, forward transactions and bunker hedges	2,669	10,892
0	0	Insurancecompensation regarding Lisco Gloria	525,000	0
17,122	52,236	Other receivables and current assets	274,647	77,009
1,083,795	**3,856,090**	**Current receivables at 31 December**	**2,318,588**	**820,565**
2,366,348	**5,414,352**	**Current and non current receivables at 31 December**	**2,337,636**	**845,391**

[1] The carrying amount of Interest beraring receivables from subsidiaries relate to current credit facilities that are made available to subsidiaries.
No secured receivables are overdue on 31 December 2010 (2009: 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:		
21,480	18,012	Up to 30 days	301,435	155,982
1,852	5,744	31-60 days	54,998	23,600
1,788	1,794	61-90 days	17,221	10,747
849	313	91-120 days	6,382	3,670
3,441	1,836	More than 120 days	9,436	5,485
29,410	**27,699**		**389,472**	**199,484**

		Write-downs included in above receivables:		
9,565	20,229	Write-downs at 1 January	32,728	18,854
-	-	Foreign exchange adjustment	120	424
0	0	Addtion on acquisition of enterprises	22,645	0
24,957	5,215	Write-downs	29,059	32,484
-2,915	-15,308	Realised losses	-16,337	-5,906
-11,378	-3,881	Reversed write-downs	-7,336	-13,128
20,229	**6,255**	**Write downs at 31 December**	**60,879**	**32,728**

		Age distribution of written down trade receivables:		
		Days past due:		
3,045	470	Up to 30 days	29,042	9,764
533	0	31-60 days	1,428	562
0	0	61-90 days	1,816	425
1,530	0	91-120 days	6,339	1,714
15,121	5,785	More than 120 days	22,254	20,263
20,229	**6,255**		**60,879**	**32,728**

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.

Parent Company DKK '000				Consolidated DKK '000
2009	**2010**	**Note 16 Securities**	**2010**	**2009**
0	388,018	Listed bonds	388,018	0
10,375	6,894	Listed shares	6,894	10,375
16,931	16,924	Other shares and equity investments	18,191	18,190
1,529	1,589	Other investments	1,589	1,529
28,835	**413,425**	**Securities at 31 December**	**414,692**	**30,094**
		Classified as follows:		
28,835	25,407	Non current securities	26,674	30,094
0	388,018	Current securities	388,018	0
28,835	**413,425**	**Securities at 31 December**	**414,692**	**30,094**

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 2010 there has been no disposal of other shares and equity investments. In 2009 ICT Holding A/S was transferred from associate to securities because of the reduced number of directorships.

Parent Company DKK '000				Consolidated DKK '000
2009	**2010**	**Note 17 Inventories**	**2010**	**2009**
32,409	41,970	Bunkers	72,729	38,340
33,789	39,310	Goods for sale and raw materials for restaurants	56,117	40,385
-1,945	-2,117	Write-down of inventories for the year	-2,453	-1,945
64,253	**79,163**	**Inventories at 31 December**	**126,393**	**76,780**

		Group DKK '000
Note 18 Holding of treasury shares	**2010**	**2009**
Holding of treasury shares at 1 January	336,751	339,751
Disposals of the year related to share options used	-30,000	-3,000
Treasury shares applied as part of payment of acquisition of the Norfolkline-Group, references is made to note 33	-89,137	0
Holding of treasury shares at 31 December	**217,614**	**336,751**
Market value of treasury shares at 31 December, DKK '000	90,963	120,388

At the Annual General Meeting in April 2010 the Board of Directors was authorised - until the Annual General Meeting 2011 – to acquire treasury shares at a nominal value totalling 10% of the DFDS A/S' share capital.

The Company's holdings of treasury shares at 31 December 2010 are 217.614 shares (2009: 336.751 shares), corresponding to 1.46% (2009: 4.21%) of the Company's share capital. Treasury shares have originally been acquired to cover a share option scheme for employees.

Parent Company DKK '000 2009	2010	Note 19 Deferred tax	Consolidated DKK '000 2010	2009
0	0	Deferred tax at 1 January 2010	59,398	80,582
-	-	Foreign exchange adjustments	17,472	3,049
0	0	Additions on adquisition of enterprises	16,767	0
0	0	Deferred tax for the year recognised in profit for the year	-12,087	-29,970
0	0	Deferred tax for the year recognised in other comprehensive income	97	15
0	0	Prior year adjustments in profit for the year	6,565	5,722
0	**0**	**Deferred tax at 31 December, net**	**54,678**	**59,398**
		Deferred tax is recognised in the balance sheet as follows:		
0	0	Deferred tax (assets)	-126,321	-102,642
0	0	Deferred tax (Liabilities)	180,999	162,040
0	**0**	**Deferred tax at 31 December, net**	**54,678**	**59,398**

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 consequentlig 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 396 mio. (2009: 418 mio.) may crystallise.

DFDS A/S has tax losses carried forward of DKK 0 mio. (2009: 333 mio.), of which the tax base has not been recognised in the deferred tax. All taxable losses have no maturity date.

Group
DKK '000

2010	Balance sheet at 1 January	Foreign exchange adjustments	Addition on acquisition of enter-prises	Recognised in profit for the year	Recognised in Other comprehen-sive income	Prior year adjustments in profit for the year	Balance sheet at 31 December
Ships	139,060	22,658	0	773	0	5,947	168,438
Land and buildings, Terminals and other equip-ment	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

2009	Balance sheet at 1 January	Foreign exchange adjustments	Addition on acquisition of enter-prises	Recognised in profit for the year	Recognised in Other comprehen-sive income	Prior year adjustments in profit for the year	Balance sheet at 31 December
Ships	130,934	9,765	0	-6,379	0	4,740	139,060
Land and buildings, Terminals and other equip-ment	16,203	-57	0	164	0	-1,020	15,290
Provisions	-39,227	-2,954	0	-614	0	1,828	-40,967
Value of hedging instruments	-112	0	0	0	15	0	-97
Tax losses carried forward	-21,515	-1,497	0	-23,363	0	-2,370	-48,745
Other	-5,701	-2,208	0	222	0	2,544	-5,143
	80,582	3,049	0	-29,970	15	5,722	59,398

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 only been granted to the Executive Board. Each share option gives the holder of the option the right to acquire one existing share in the company of nominal DKK 100. The share option scheme equals a right to acquire 0.6% of the share capital (2009: 1.1%) if the remaining share options are exercised.

Share options granted in 2006 have been granted at an exercise price equal to the average share price of the Company's shares in December the year before the grant. Share options granted in 2007 have been granted at an exercise price equal to the average share price of the Company's shares in December the year before the grant with an addition of 5%. Share options granted in 2008, 2009 and 2010 have been granted at an exercise price equal to the average share price of the 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 2006 and 2010. 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 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 in 2006 and later can only be settled with shares. A part of the treasury shares is reserved for settling the outstanding share options.

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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	334.4	103,34	2,661
Exercised during the year	0	0	-30,000	-30,000	334.4	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

2009	**Executive Board Number**	**Executive employees**	**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	50,000	5,500	30,000	85,500	734.53	74.19	6,343
Granted during the year	10,000	0	0	10,000	406.00	85.60	856
Exercised during the year	0	-3,000	0	-3,000	264.00	46.91	141
Expired during the year	0	-2,500	0	-2,500	264.00	46.91	117
Transferred between categories	-30,000	0	30,000	0	0.00	0.00	0
Outstanding at the end of the year	30,000	0	60,000	90,000	563.56	28.44	2,560
Of this exercisable at the end of the year	10,000	0	20,000	30,000	380.00	42.40	1,272

Note 20 Share options (continued)

The average weighted price per share exercised in 2010 amounts to 377 (2009: 337).

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 0.8 million (2009: DKK 0.8 million) .

The weighted average fair value per share option (market price minus average exercise prise per option) is assessed at DKK -85.9 (2009: DKK -206.1).

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

The outstanding options at 31 December 2010 have an average weighted time to maturity of 2.6 years (2009: 2.4 years).

Share options granted during 2006 and later
The recognised value of share options with settlement in shares amounts to DKK 12.8 million (2009: DKK 14.5 million).

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

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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
2010	334.40	334.8	34.20%	2.87%	10	5 years	103.34
2009	357.28	334.4	31.28%	2.86%	10	5 years	85.60
2008	640.64	618.6	25.57%	4.13%	15	5 years	158.34
2007	607.20	704.0	23.53%	3.90%	7.5	5 years	263.52
2006	334.40	348.5	21.18%	3.23%	7.5	5 years	85.74

The expected volatility is based on the historic volatility for the past 5 years and the risk free interest rate is based on 5 year treasury bond. Both corresponding to the expected terms.

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 treated as defined contribution plans. The contributions made amounts to DKK 2.3 million in 2010 (2009: DKK 5.9 million). The collective funding ratio at Alecta amounts to 146% as per December 2010 (December 2009: 141%). For 2011 the contributions are expected to be DKK 2.1 million. DFDS' share of the multi-employer plan is 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	
2009	**2010**		**2010**	**2009**
0	0	Present value of funded obligations	847,859	497,880
0	0	Fair value of plan assets	-623,358	-333,920
0	**0**	**Remaining external coverage of funded obligations, net**	**224,501**	**163,960**
5,196	5,124	Present value of unfunded obligations	24,307	20,124
0	0	Unrecognised actuarial gains and losses	-3,278	-13,969
5,196	**5,124**	**Recognised liabilities for defined benefit obligations at 31 December**	**245,530**	**170,115**
8,237	7,579	Provision for jubilee liabilities	8,078	8,780
13,433	**12,703**	**Total actuarial liabilities at 31 December**	**253,608**	**178,895**
		Movements in the net liability for defined benefit funded and unfunded obligations		
6,214	5,196	Balance at 1 January	518,004	390,329
-	-	Foreign exchange adjustments	26,524	33,729
-162	336	Current service costs	5,599	5,312
0	0	Calculated interest rate on obligations	36,805	21,543
0	0	Actuarial (gain)/loss on obligations, net	-31,064	84,066
-856	-408	Benefits paid	-23,853	-16,431
0	0	Employee contributions	-566	-544
0	0	Settlements and curtailments	-614	0
0	0	Addtion on acquisition of enterprises	341,331	0
5,196	**5,124**	**Funded and unfunded obligations at 31 December**	**872,166**	**518,004**
		Movements in the defined benefit plan assets		
0	0	Balance at 1 January	-333,920	-254,044
-	-	Foreign exchange adjustments	-17,033	-22,078
0	0	Expected return on plan assets	-28,913	-17,320
0	0	Actuarial (gain)/loss on plan assets, net	15,100	-38,738
0	0	Employer and employee contributions	-19,993	-15,633
0	0	Benefits paid	20,684	13,893
0	0	Settlements and curtailments	-15	0
0	0	Addtion on acquisition of enterprises	-259,268	0
0	**0**	**Plan assets at 31 December**	**-623,358**	**-333,920**

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 21 Pension and jubilee liabilities (continued)**	**2010**	**2009**
		Movements in unrecognised actuarial gains/(losses)		
0	0	Balance at 1 January	-13,969	24,671
-	-	Foreign exchange adjustments	-841	2,005
0	0	Actuarial gain/(loss), net on funded and unfunded liabilities	31,065	-84,066
0	0	Actuarial gain/(loss), net on plan assets	-15,100	38,738
0	0	Actuarial (gain)/loss, recognised in income statement	-4,433	4,683
0	**0**	**Unrecognised actuarial gains/(losses) at 31 December**	**-3,278**	**-13,969**
		Expenses recognised as staff costs in the income statement		
-162	336	Current service costs	5,599	5,312
0	0	Net actuarial (gain)/loss recognised (corridor)	-4,433	4,683
-162	336		1,166	9,995
0	0	Payments on settlements and curtailments	-179	0
0	0	(Gain)/loss on settlements and curtailments	-629	0
-162	**336**	**Total included in staff costs regarding defined contribution plans**	**358**	**9,995**
		Expenses recognised as financial expenses in the income statement		
0	0	Calculated interest rate on obligations	36,805	21,543
0	0	Expected return on plan assets	-28,913	-17,320
0	**0**	**Total included in financial expenses regarding defined contribution plans**	**7,892**	**4,223**
-162	**336**	**Total expenses for defined benefit plans recognised in the income statement**	**8,250**	**14,218**

Actual return on plan assets in the Group's plans amounts to DKK 13.8 million (2009: DKK 56.1 million). There are no plan assets in the Parent Company's plans.

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

The Group expects to contribute DKK 27.9 million (expected for 2010: DKK 14.6 million) to the defined benefit plans in 2011. The parent company expects to contribute DKK 0.2 million in 2010 (expected for 2010: DKK 0.9 million).

		Plan assets consist of the following:		
0	0	Listed shares (DFDS A/S shares not included)	348,454	236,842
0	0	Bonds	214,686	77,573
0	0	Cash and cash equivalents	11,913	66
0	0	Properties	27,410	8,967
0	0	Other assets	20,895	10,472
0	**0**		**623,358**	**333,920**
		Defined benefit plans - assumptions: [1]		
1.9%	1.9%	Discount rate	5.4%	5.4%
-	-	Expected return on plan assets	5.9%	6.3%
0.0%	0.0%	Social security rate	0.4%	0.7%
0.0%	0.0%	Future salary increase	0.8%	0.7%
0.8%	0.8%	Future pension increase	2.9%	3.2%
0.8%	0.8%	Inflation	3.0%	3.1%

[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:	2010	2009	2008	2007	2006
Present value of the defined benefit obligation	-872,166	-518,004	-390,329	-566,401	-715,642
Fair value of plan assets	623,358	333,920	254,044	432,368	448,787
Deficit in the plan	**-248,808**	**-184,084**	**-136,285**	**-134,033**	**-266,855**
Experience adjustments arising on plan liabilities	-26,488	-24,553	11,893	107,569	-1,359
Experience adjustments arising on plan assets	18,062	33,937	-114,563	1,757	21,845

The Parent Company's obligations for defined benefit plans for the past five years consists of the following:	2010	2009	2008	2007	2006
Present value of the defined benefit obligation	-5,124	-5,196	-6,214	-6,397	-8,098
Experience adjustments arising on plan liabilities	0	0	0	0	0

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
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2009	2010	Note 22 Other provisions	2010	2009
0	0	Balance at 1 January	6,213	9,720
0	0	Addition on acquisition of enterprises	161,304	0
0	0	Provisions made during the year	3,717	0
0	0	Used during the year	-34,255	-1,339
0	0	Reversal of unused provisions	0	-2,168
0	**0**	**Other provisions at 31 December**	**136,979**	**6,213**
		Other provisions are expected to be payable in:		
0	0	0 - 1 year	86,284	6,213
0	0	1 - 5 year	50,695	0
0	**0**	**Other provisions at 31 December**	**136,979**	**6,213**

Of the Group's provision of DKK 137.0 million (2009: DKK 6.2 million), DKK 118.9 million (2009: DKK 0) relate to charter contracts and IT which have a negative market value as of 12 July 2010, when they are acquire and stated at fair value as a part of the acqusition of the Norfolkline-Group and the relating purchase-price-allocation, DKK 6.0 million (2009: DKK 6.0 million) relate to costs incurred in connection with a contamination issue and DKK 12.1 million (2009: DKK 0.2 million) relate to other provisions.

The reversal of unused provisions amounting DKK 2.2 million in 2009 regards expected costs regarding a pollution case.

Parent Company
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2009	2010	Note 23 Interest-bearing liabilities	2010	2009
2,507,579	3,546,931	Mortgage on ships	3,817,676	2,934,788
0	30,004	Financial lease liabilities	69,423	48,839
51,045	40,831	Owed to group enterprises	-	-
59,532	0	Bank loans	20,798	59,532
0	0	Other non-current liabilities	42,280	30,562
2,618,156	**3,617,766**	**Total interest bearing non-current liabilities**	**3,950,177**	**3,073,721**
408,301	509,178	Mortgage on ships	629,886	469,159
0	3,805	Financial lease liabilities	15,218	8,930
466,033	851,284	Owed to group enterprises	-	-
500,097	59,635	Bank loans	355,417	581,701
19,401	0	Other non-current liabilities	11,905	24,148
42,500	0	Transferred to/from liabilities regarding assets held for sale	0	42,500
1,436,332	**1,423,902**	**Total interest bearing current liabilities**	**1,012,426**	**1,126,438**
4,054,488	**5,041,668**	**Total interest bearing liabilities**	**4,962,603**	**4,200,159**

The fair value of the interest-bearing liabilities in the Group amounts to DKK 4,963 million (2009: DKK 4,212 million). The fair value of the interest-bearing liabilities in the Parent Company amounts to DKK 5,042 million (2009: DKK 4,066 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 234 million of the interest-bearing liabilities in the Group fall due after five years (2009: DKK 301 million). DKK 117 million of the interest bearing liabilities in the Parent Company fall due after five years (2009: DKK 150 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 12 for assets pledged as securities and Note 28 for financial risks etc.

2009	2010	Allocation of currency, principal nominal amount	2010	2009
2,463,274	3,283,348	DKK	3,228,768	2,539,161
1,119,846	1,314,624	EUR	1,177,640	1,094,974
379,595	362,675	SEK	341,558	370,654
37,896	44,924	NOK	108,292	151,129
46,412	28,706	GBP	104,426	43,107
2,227	0	USD	1,919	2,163
6,267	7,391	LTL	0	0
-1,029	0	Other [1]	0	-1,029
4,054,488	**5,041,668**	**Total interest bearing liabilities**	**4,962,603**	**4,200,159**

[1] The Parent Company has a right of set-off against the individual group enterprises. As a consequence of this, negative liabilities for the individual currency is possible. .

Parent Company DKK '000 / Consolidated DKK '000

2009	2010	Note 24 Other payables	2010	2009
16,624	40,647	Amounts owed to group enterprises	-	-
0	0	Amounts owed to associates	567	4,032
23,731	33,549	Accrued interests	36,248	27,850
4,622	5,456	Public authorities	65,694	43,860
80,218	107,621	Holiday pay obligations, etc.	180,528	118,305
80,036	121,582	Derivative financial instruments, forward transactions and bunker hedges	120,908	80,148
177,555	252,455	Other, primarily payables	850,213	373,787
382,786	**561,310**	**Total other payables**	**1,254,158**	**647,982**

Parent Company DKK '000 / Consolidated DKK '000

2009	2010	Note 25 Deferred income	2010	2009
28,552	40,784	Prepayments from customers	105,455	68,570
0	0	Other deferred income	2,542	4,914
28,552	**40,784**	**Total other payables**	**107,997**	**73,484**

Parent Company DKK '000 / Consolidated DKK '000

2009	2010	Note 26 Corporation tax	2010	2009
0	0	Balance at 1 January	18,077	17,258
-	-	Foreign exchange adjustment	1,360	426
-	-	Addition on acquisition of enterprises	5,430	0
0	0	Tax for the year recognised in the income statement	38,916	23,795
0	353	Adjustment, previous years in the income statement	-8,640	-68,670
0	-353	Corporation taxes paid in the year	-53,791	-25,056
-	-	Transferred to other interest-bearing liabilities	24,274	70,324
0	**0**	**Corporation tax at 31 December**	**25,626**	**18,077**
		Corporation tax recognised in the balance sheet		
0	0	Current corporation tax receivables	12,049	8,307
0	0	Current corporation tax debt	37,675	26,384
0	**0**	**Total corporation tax**	**25,626**	**18,077**

2010:
Further information regarding adjustment to tax previous years see note 9.

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

2009:
The deadline for using 1/3 of the amount for environmental improvements has been removed. Therefore there is no longer basis for recognising this part in non-current liabilities. Reversal of this reduces the non-current liabilities NOK 19.9 million. The reversal is recognised in the income statement as an adjustment to previous years tax. It is instead reported as a contingent liability, with the nominal value of NOK 37.3 million, reference is made to note 36.

On 12 February 2010 the Supreme Court in Norway made the decision that the charge of tax concerning the transition to the new regulation of tonnage tax in 2007 was against the Norwegian constitution. As a result of this the recognised corporation tax is reversed and the paid installments can be recovered. Therefore the paid instalments are recognised in the income statement as 'adjustment of tax related to previous years' and is recognised as other receivables.

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 27 Information on financial instruments**	**2010**	**2009**
		Carrying amount per category of financial instruments		
10,892	2,669	Financial assets used for hedge	2,669	10,892
2,363,985	5,653,728	Loans and receivables (assets)	3,030,974	989,091
28,835	413,425	Financial assets available for sale	414,692	30,094
-76,492	-118,795	Financial liabilities used for hedge	-121,582	-80,148
-4,361,253	-5,446,391	Financial liabilities measured at amortised cost	-6,367,371	-4,920,841
-2,034,033	**504,636**	**Total**	**-3,040,618**	**-3,970,912**

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.

Consolidated
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2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets used for hedge		2,669		2,669
Financial assets available for sale	394,912		19,780	414,692
Financial liabilities used for hedge		-121,582		-121,582
Total	**394,912**	**-118,913**	**19,780**	**295,779**

2009	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets used for hedge		10,892		10,892
Financial assets available for sale	10,375		19,719	30,094
Financial liabilities used for hedge		-80,148		-80,148
Total	**10,375**	**-69,256**	**19,719**	**-39,162**

Parent Company
DKK '000

2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets used for hedge		2,669		2,669
Financial assets available for sale	394,912		18,513	413,425
Financial liabilities used for hedge		-118,795		-118,795
Total	**394,912**	**-116,126**	**18,513**	**297,299**

2009	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets used for hedge		10,892		10,892
Financial assets available for sale	10,375		18,460	28,835
Financial liabilities used for hedge		-76,492		-76,492
Total	**10,375**	**-65,600**	**18,460**	**-36,765**

Financial assets and liabilities used for hedge are all measured at level 2. See 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, currency, interest rate, 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 transactions.

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

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

DFDS actively seeks to reduce currency exposure by matching the currencies, obtaining multi currency loans and by directing all currency balance positions towards the Parent Company (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 10% in SEK compared to the level at year-end 2010 would have meant a increased result for DFDS of DKK 14.7 million (2009: DKK 84.9 million). A weakening would have had a similar negative effect on the balance position.

A strengthening of DKK, as indicated below, against the SEK, GBP and NOK at 31 December would have increased (decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009. As all subsidiaries are operating in their own base currency no effect will occur on the equity. Hedge is done in the Parent Company. The Parent Company are exposed against fluctuations in EUR vs. DKK. However, due to Denmark's fixed exchange rate regime where the Danish Kroner is pegged to the Euro, this is considered an insignificant currency exposure.

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Hypothetical effect of reasonable possible change against DKK**	**2010**	**2009**
84.9	14.7	SEK, profit or loss effect, 10% strengthening	14.7	84.9
0.6	-1.1	GBP, profit or loss effect, 10% strengthening	-1.1	0.6
21.1	13.4	NOK, profit or loss effect, 10% strengthening	13.4	21.1

As there are no hedges of future cash flow the effect on the equity is 0.

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 the profit and equity of foreign group enterprises into DKK. These risks are to some extent covered by loans in the respective foreign currencies. Derivatives are not used to hedge translation risks.

The Group's most substantial translation risks are GBP, SEK and NOK. A fall in these currencies of 10% compared to the level at year-end 2010 would have meant a result decrease for GBP of DKK -139.9 million in 2010 (2009: DKK -23.8 million), SEK of DKK -66.7 million in 2010 (2009: DKK -52.1 million) and for NOK a result decrease of DKK -40.2 million in 2010 (2009: DKK -39.2 million).

Note 28 Financial and operational risks (continued)

Interest rate risks
DFDS is primarily exposed to interest rate risks through the loan portfolio. The intention of the interest rate risk management is to limit the negative effects of interest rate fluctuation on the earnings. It is DFDS' strategy that 30-60% of the net loan portfolio must be fixed-rate loans in view of contracted interest rate swaps. The total net interest-bearing debt of the Group amounts to DKK 4,192 million at year-end 2010 (2009: DKK 4,046 million), of which the fixed-rate debt amounts to DKK 1,113 million at year-end 2010 (2009: DKK 1,554 million). Thereby the fixed interest-bearing debt share is 27% at year-end 2010 (2009: 38%) including the effect of interest rate swaps etc.

An increase in the interest rate of 1%-point compared to the actual interest rate in 2010 would, other things being equal, have increased net interest payments about DKK 29 million for the Group in 2010 (2009: DKK 24 million). The effect on the Parent Company would have been DKK 33 million in 2010 (2009: DKK 27 million). A decrease in the interest rate would have had the equivalent positive effect.

The total interest-bearing debt except bank overdrafts had an average time to maturity of 3.4 years (2009: 3.7 years), and consists primarily of syndicated floating-rate bank loans with security in the ships. The financing is obtained at market rate with addition of a marginal rate reflecting DFDS' financial strength. As part of the financial strategies in DFDS interest rate swaps with a principal amount totalling DKK 1,023 million (2009: DKK 1,351 million) have been entered in partial change from floating-rate bank loans to fixed-rate bank loans. The interest duration of the Group's debt portfolio was 0.67 (2009: 1.01)

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 effect on the equity reserve for cash flow hedge of DKK 26 million (2009: DKK 23 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.

Consolidated
DKK '000

	Principal amount/outstanding debt after:			
2010	**31/12/10**	**1 year**	**3 years**	**5 years**
Mortgages on ships	4,447,562	3,817,676	1,925,376	208,996
Bank loans	80,433	20,798	0	0
Bank overdrafts	295,782	0	0	0
Other interest-bearing loans	54,185	42,280	25,201	24,731
Financial lease liabilities	84,641	69,423	38,298	0
Interest-bearing liabilities	4,962,603	3,950,177	1,988,875	233,727
Financial lease liabilities, fixed interest rate	-50,832	-39,418	-18,897	0
Mortgages on ships, fixed interest rate	-8,282	-8,455	1,167	0
Other fixed-interest liabilities	-30,630	-20,596	-1,167	-698
Interest swap, (principal amount), fixed rate, (interest paid)	-1,023,082	-875,518	-407,682	0
Loans with floating interest rates	3,849,777	3,006,190	1,562,296	233,029

	Principal amount/outstanding debt after:			
2009	**31/12/09**	**1 year**	**3 years**	**5 years**
Mortgages on ships	3,446,447	2,934,788	1,398,712	257,687
Bank loans	184,031	59,532	0	0
Bank overdrafts	457,202	0	0	0
Other interest-bearing loans	54,710	30,562	58,030	43,292
Financial lease liabilities	57,769	48,839	30,040	0
Interest-bearing liabilities	4,200,159	3,073,721	1,486,782	300,979
Financial lease liabilities, fixed interest rate	-57,768	-48,838	-30,040	0
Mortgages on ships, fixed interest rate	-68,289	-53,972	-25,318	0
Other fixed-interest liabilities	-76,913	-47,353	-30,288	-18,921
Interest swap, (principal amount), fixed rate, (interest paid)	-1,350,659	-1,001,220	-663,235	-93,154
Loans with floating interest rates	2,646,530	1,922,338	737,901	188,904

Note 28 Financial and operational risks (continued)

Parent Company
DKK '000

2010	31/12/10	Principal amount/outstanding debt after: 1 year	3 years	5 years
Mortgages on ships	4,056,109	3,546,931	1,739,050	117,396
Bank loans	59,635	0	0	0
Debt to group enterprises	892,114	40,831	0	0
Financial lease liabilities	33,809	30,004	19,401	0
Interest-bearing liabilities	5,041,667	3,617,766	1,758,451	117,396
Mortgages on ships, fixed interest rate	45,775	31,252	12,175	0
Interest swap, (principal amount), fixed rate, (interest paid)	-944,582	-809,818	-407,682	0
Loans with floating interest rates	4,142,860	2,839,200	1,362,944	117,396

2009	31/12/09	Principal amount/outstanding debt after: 1 year	3 years	5 years
Mortgages on ships	2,958,380	2,507,579	1,174,295	149,614
Bank loans	119,626	59,532	0	0
Bank overdrafts	440,003	0	0	0
Debt to group enterprises	536,479	51,045	0	0
Interest-bearing liabilities	4,054,488	2,618,156	1,174,295	149,614
Interest swap, (principal amount), fixed rate, (interest paid)	-1,174,963	-922,720	-663,235	-93,154
Loans with floating interest rates	2,879,525	1,695,436	511,060	56,460

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

An increase in the oil price of 10%-point compared to the actual oil price at balance sheet date would, other things being equal, have had a hypothetical positive effect on the equity reserve for cash flow hedge of DKK 2.2 million (2009: DKK 2.8 million). This is due to the oil contracts for future delivery entered to hedge the cost for bunkers. A decrease in the oil 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 oil prices.

Liquidity risks
DFDS aims to maintain a minimum cash resource of DKK 350 million, which is regarded as 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 2010 is DKK 1,219 million (2009: DKK 466 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 and due to banks are drawn mostly on money market lines.

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

Note 28 Financial and operational risks (continued)

Consolidated
DKK '000

2010	Carrying amount	Contractual cash flow	0-1 year	1-3 years	3-5 years	More than 5 years
Non-derivative financial assets						
Liquidity in banks	696,007	696,007	696,007	0	0	0
Bonds	388,018	382,054	382,054	0	0	0
Non-derivative financial liabilities						
Mortgages on ships	-4,447,562	-4,991,193	-789,218	-2,136,507	-1,852,480	-212,988
Bank loans	-80,433	-81,948	-60,850	-21,098	0	0
Bank overdrafts	-295,782	-295,782	-295,782	0	0	0
Other interest-bearing loans	-54,185	-54,540	-11,305	-18,033	-470	-24,732
Financial lease liabilities	-84,641	-94,489	-16,975	-37,685	-39,829	0
Trade and other payables	-518,414	-518,414	-518,414	0	0	0
Derivative financial assets						
Forward exchange contracts used for hedging	263	263	263	0	0	0
Oil contracts	2,406	2,406	2,406	0	0	0
Derivative financial liabilities						
Interest swaps	-69,803	-80,902	-32,788	-40,858	-7,256	0
Forward exchange contracts used for hedging	-51,779	-51,779	-51,779	0	0	0
	-4,515,905	**-5,088,317**	**-696,381**	**-2,254,181**	**-1,900,035**	**-237,720**

2009	Carrying amount	Contractual cash flow	0-1 year	1-3 years	3-5 years	More than 5 years
Non-derivative financial assets						
Liquidity in banks	8,529	8,529	8,529	0	0	0
Non-derivative financial liabilities						
Mortgages on ships	-3,446,447	-3,832,301	-649,578	-1,684,523	-1,224,704	-273,496
Bank loans	-184,031	-187,065	-126,551	-60,514	0	0
Bank overdrafts	-457,202	-457,202	-457,202	0	0	0
Other interest-bearing loans	-54,710	-56,491	-24,397	-3,279	1,324	-30,139
Financial lease liabilities	-57,768	-67,991	-12,172	-24,343	-31,476	0
Trade and other payables	-315,013	-315,013	-315,013	0	0	0
Derivative financial assets						
Forward exchange contracts used for hedging	472	472	472	0	0	0
Oil contracts	10,420	10,420	10,420	0	0	0
Derivative financial liabilities						
Interest swaps	-78,401	-93,667	-40,051	-39,209	-13,844	-563
Forward exchange contracts used for hedging	-1,747	-1,747	-1,747	0	0	0
	-4,575,898	**-4,992,056**	**-1,607,290**	**-1,811,868**	**-1,268,700**	**-304,198**

Note 28 Financial and operational risks (continued)

Parent Company
DKK '000

2010	Carrying amount	Contractual cash flow	0-1 year	1-3 years	3-5 years	More than 5 years
Non-derivative financial assets						
Liquidity in banks	242,045	242,045	242,045	0	0	0
Bonds	388,018	382,054	382,054	0	0	0
Non-derivative financial liabilities						
Mortgages on ships	-4,056,109	-4,564,822	-659,837	-2,037,097	-1,747,815	-120,073
Bank loans	-59,635	-60,264	-60,264	0	0	0
Financial lease liabilities	-33,809	-38,575	-4,783	-13,300	-20,492	0
Trade and other payables	-75,286	-75,286	-75,286	0	0	0
Derivative financial assets						
Forward exchange contracts used for hedging	263	263	263	0	0	0
Oil contracts	2,406	2,406	2,406	0	0	0
Derivative financial liabilities						
Interest swaps	-67,016	-77,728	-30,953	-39,519	-7,256	0
Forward exchange contracts used for hedging	-51,779	-51,779	-51,779	0	0	0
	-3,710,902	**-4,241,686**	**-256,134**	**-2,089,916**	**-1,775,563**	**-120,073**

2009	Carrying amount	Contractual cash flow	0-1 year	1-3 years	3-5 years	More than 5 years
Non-derivative financial assets						
Liquidity in banks	8,529	8,529	8,529	0	0	0
Non-derivative financial liabilities						
Mortgages on ships	-2,958,380	-3,101,222	-502,476	-1,214,745	-1,224,704	-159,297
Bank loans	-119,626	-122,298	-61,784	-60,514	0	0
Bank overdrafts	-440,003	-440,003	-440,003	0	0	0
Other interest-bearing loans	-19,401	-20,403	-20,403	0	0	0
Financial lease liabilities	0	0	0	0	0	0
Trade and other payables	-85,311	-85,311	-85,311	0	0	0
Derivative financial assets						
Forward exchange contracts used for hedging	472	472	472	0	0	0
Oil contracts	10,420	10,420	10,420	0	0	0
Derivative financial liabilities						
Interest swaps	-74,745	-88,590	-36,602	-37,581	-13,844	-563
Forward exchange contracts used for hedging	-1,747	-1,747	-1,747	0	0	0
	-3,679,792	**-3,840,153**	**-1,128,905**	**-1,312,840**	**-1,238,548**	**-159,860**

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.

Note 28 Financial and operational risks (continued)

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 reservation for bad debts, which has been estimated based on a specific assessment of the present economic situation.

DFDS's risks regarding trade receivables are not considered unusual and no material risk is attached to a single customer or cooperative partner. According to the Group's policy of undertaking credit risks, current credit ratings of all major customers and other cooperative partners are performed. A few counterparties have provided guarantees for the benefit of DFDS. These guarantees constitute totally DKK 184.8 million in 2010 (2009: DKK 3.3 million, 2008: 62.5 million). Besides the reservations mentioned in Note 15 no other reservations on receivables have been done and no insurance cover has been taken out on any of the receivables.

The credit risk of cash at bank and in hand and derivative financial instruments is limited, because DFDS and 100% owned group enterprises uses financial partners, which at a minimum have a solid credit rating (P-1 from Moody's). The financial partners are monitored continuously throughout the year.

Capital management
The Group continuously assesses the need for adjustment of the capital structure to balance the required rate of return on equity against the increased uncertainty connected with loan capital. The equity's share of the total liabilities totals 46% at year-end 2010 (2009: 39%). The aim is to have an equity ratio of around 40%. The Group's cost of capital (WACC) for 2010 was calculated at 6.5% (2009: 7,%) and the return on invested capital (ROIC) achieved was 7.2% (2009: 2.1%).

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. Proposed dividends for 2010 amount to DKK 8 per share equal to 23% of the profits (2009: DKK 0 per share or 0% of the profits).

Consolidated
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				2,406
				-15,776	**-37,822**	**-4,214**	**0**	**-67,397**

Consolidated
2009

				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	0-6 years	1,350,659	-17,671	-32,691	-21,672	-915	-78,401
Goods purchased	Oil contracts for forward delivery (tons)	0-6 months	12,000	10,420				10,420
				-7,251	**-32,691**	**-21,672**	**-915**	**-67,981**

For 2010 a cost of DKK -1,9 million (209 DKK -5.4 million) is recognised in the income statement due to inefficiency.

The fair values 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..

Note 28 Financial and operational risks (continued)

Parent Company
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 contract for forward delivery (tons)	0-6 months	8,000	2,406				2,406
				-15,381	**-37,493**	**-4,214**	**0**	**-64,610**

Parent Company
2009

				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	0-6 years	1,174,963	-16,529	-31,320	-21,672	-915	-74,745
Goods purchased	Oil contract for forward delivery (tons)	0-6 months	12,000	10,420				10,420
				-6,109	**-31,320**	**-21,672**	**-915**	**-64,325**

For 2010 DKK -1.9 million (2009: DKK -4.3 million) is recognised in the income statement due to inefficiency.

The fair values 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 throughout the year to ensure compliance with the financial risk management policy.

Currency cash flow risks

Approximately 85% of DFDS' revenues are invoiced in unhedged foreign currencies (2009: 79%) 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. 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	
2009	**2010**	**Profit or loss effect of reasonable possible change against DKK**	**2010**	**2009**
-21.2	-34.7	SEK, profit or loss effect, 10% weakening	-36.3	-21.2
-7.7	-9.9	NOK, profit or loss effect, 10% weakening	-9.9	-7.7
9.4	2.2	GBP, profit or loss effect, 10% weakening	-11.4	9.4
-41.5	-43.8	USD, profit or loss effect, 10% strengthening	-59.6	-48.8

Oil risks

The cost of bunkers constitutes a specific and significant operational risk partly due to large fluctuations in oil prices and partly due to the total annual bunker costs of approximately DKK 1,343 million or 13.6% of the Group's turnover in 2010 (2009: DKK 794 million or 12.1% 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 to some extent also used to manage risk.

The bunker consumption in 2010 was approximately 483,000 tons (2009: 402,000 tons). A rise of 10% in the price of bunker compared to the level at year-end 2010 would have meant increased costs for the Group of DKK 30.8 million (2009: DKK 14.0 million), and increased cost for the Parent Company of DKK 24.9 million (2009: DKK 7.4 million).

Parent Company DKK '000 | Consolidated DKK '000

2009	2010	Note 29 Non-liquid operating items	2010	2009
-167	-260	Change in provisions	386	-2,145
-402	172	Change in write-down of inventories	508	-402
-162	336	Defined benefit plans in the income statement	358	9,995
807	838	Fair value of the share options in the income statement	838	807
76	**1,086**	**Non-liquid operating items**	**2,090**	**8,255**

Parent Company DKK '000 | Consolidated DKK '000

2009	2010	Note 30 Change in working capital	2010	2009
3,238	-15,082	Change in inventories	-14,313	4,306
257,281	174,029	Change in receivables	-59,054	119,080
-4,762	70,033	Change in current liabilities	4,911	-36,637
255,757	**228,982**	**Change in working capital**	**-68,456**	**86,749**

Parent Company DKK '000 | Consolidated DKK '000

2009	2010	Note 31 Investments in non-current fixed assets, net	2010	2009
-1,521	-165	Investments	-50,448	-2,483
0	0	Sale	2,642	1,072
-1,521	**-165**	**Land and buildings and terminals, net**	**-47,806**	**-1,411**
-10,907	-42,670	Investments	-48,716	-69,858
527	435	Sale	6,562	18,007
-10,380	**-42,235**	**Operating equipment, etc., net**	**-42,154**	**-51,851**

Parent Company DKK '000 | Consolidated DKK '000

2009	2010	Note 32 Change in other loans	2010	2009
-77,963	-89,360	Repayments of loans	-1,350,586	-98,487
60,910	37,927	Raising of loans	61,768	60,083
-17,053	**-51,433**	**Change in other loans, net**	**-1,288,818**	**-38,404**

Note 33 Acquisition and sale of enterprises and activities

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:

DKK million	Fair value, acquisition date
Non-current intangible assets	8
Ships	1,961
Land and buildings	116
Terminals	377
Other non-current tangible assets	83
Non-current tangible assets	2,537
Capital shares in associated companies	28
Total non-current assets	**2,573**
Trade receivables	747
Other current assets	209
Cash funds	47
Total current assets	**1,003**
Assets	**3,576**
Interest-bearing debt	997
Pensions	84
Other provisions	11
Negative market value of charter agreement etc.	82
Total non-current liabilities	**1,174**
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**
Liabilities	**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**

Note 33 Acquisition and sale of enterprises and activities (continued)

DKK million	Fair value, acquisition date
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.

Acquisition of companies and activities (2009)
The Group and the parent company did not purchase companies or operations in 2009.

At the 17 December 2009, the Group agreed to acquire a 100% stake in the Norfolk Holdings B. V. Group from A. P. Møller – Mærsk A / S, which was carried out in 2010, cf. above.

Note 33 Acquisition and sale of enterprises and activities (continued)

Sales 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 segment.

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 million), and resulted in an accounting gain of DKK 200 million in 2010.

DKK million	Carrying amount at date of sale
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.

Sales of companies and activities (2009)
The Group and the parent company has not sold companies or activities in 2009.

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 34 Acquisition of non-controlling interests**	**2010**	**2009**
-935	-606	AB DFDS LISCO	-606	-935
-111,673	0	Halléns N.V.	0	-38,494
-112,608	**-606**	**Cash flow from acquisition of non-controlling interests**	**-606**	**-39,429**

2010
AB DFDS LISCO
In 2010 acquisition of shares in AB DFDS LISCO amount to DKK 0.6 million, equivalent to an ownership of 0.2%, where after the company is owned 96.2%. Negative goodwill of DKK 1.1 million is recognised directly in the statement of changes in equity

2009
AB DFDS LISCO
In 2009 acquisition of shares in AB DFDS LISCO amount to DKK 0.9 million, equivalent to an ownership of 0.2%, where after the company iis owned 96.0%.

Halléns N.V.
The Parent Company has in 2009 acquired 20% of the shares in Halléns N.V. amounting to DKK 38.5 million. Furthermore the Parent Company has acquired 42% of the shares in Halléns N.V. from the affiliated company DFDS Tor Line N.V. The Parent Company owns hereafter 100% of the shares in Halléns N.V.

Parent Company DKK '000				Consolidated DKK '000
2009	**2010**	**Note 35 Assets and liabilities held for sale**	**2010**	**2009**
0	0	Non-current assets (see Note 12)	159,970	10,984
0	**0**	**Total assets held for sale**	**159,970**	**10,984**

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

2009
The freighter Tor Anglia is for sale and it is expected to be disposed of during 2010.

The passenger ship Queen of Scandinavia is at the end of 2009 transferred to non-current tangible assets because it is considered more likely to charter out the ship than to dispose it off. The ship has been impaired in 2009 by DKK 53 million, reference is made to note 39.

Note 36 Guarantees and contingent liabilities

Guarantees and contingent liabilities amount to DKK 114 million (2009: DKK 88.0 million) for the Group. Guarantees and contingent liabilities amount to DKK 461.1 million (2009: DKK 576.7 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 900.9 million (2009: DKK 1,020.0 million).

The Group and the Parent Company are in 2009 as well as in 2010 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.

2010
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.

2009
The Parent Company is part of a tax suit regarding interpretation of the tonnage tax regulations, which is not expected to have material impact on the financial position. On grounds of further developments and outcome of the suit no further details can be disclosed.

As part of the transitional rules from the old tonnage tax regulations to the new tonnage tax regulations in Norway the companies could choose that 1/3 of the calculated tax by the transition could be invested in improving environmental arrangements. Until now this commitment has been measured as a non-current liability, because the investments must have been carried out within a certain period of time. The deadline has at the beginning of 2009 been removed and the commitment is transferred to contingent liabilities. It is required to make investments in improving environmental arrangements for a minimum of NOK 37.3 million, but without a deadline.

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Note 37 Contractual commitments**	**2010**	**2009**
0	363,775	Contracting of ships and rebuildings, term 0-1 year	363,775	0
0	363,775	Contracting of newbuildings and rebuildings, term 1-5 year	363,775	0
0	**727,550**	**Total contracting obligations**	**727,550**	**0**

Contractual commitments in 2010 relate to the purchase of to 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.

2009	2010	Operating lease commitments (lessee)	2010	2009
		Minimum lease payments		
23,733	18,831	0-1 year	271,044	35,675
65,818	77,321	1-5 years	88,287	80,647
0	77,321	After 5 years	108,816	29,182
89,551	**173,473**	**Total buildings**	**468,147**	**145,504**
9,808	12,753	0-1 year	103,786	90,729
41,748	53,175	1-5 years	394,447	355,525
113,240	127,412	After 5 years	1,367,696	1,340,542
164,796	**193,340**	**Total terminals**	**1,865,929**	**1,786,796**
799,956	807,428	0-1 year	609,168	401,087
865,562	888,149	1-5 years	959,591	807,443
692,096	529,110	After 5 years	529,110	692,096
2,357,614	**2,224,687**	**Total ships**	**2,097,869**	**1,900,626**
35,512	55,169	0-1 year	558,815	56,766
52,344	51,655	1-5 years	329,306	86,212
157	0	After 5 years	0	157
88,013	**106,824**	**Total equipment etc.**	**888,121**	**143,135**
		Total minimum lease payments are expected to fall due as follows:		
869,009	894,181	0-1 year	1,542,813	584,257
1,025,472	1,070,300	1-5 years	1,771,631	1,329,827
805,493	733,843	After 5 years	2,005,622	2,061,977
2,699,974	**2,698,324**	**Total minimum lease payments**	**5,320,066**	**3,976,061**

The specified payments are not discounted.

Operating lease- and rent costs recognised in the income statement amount for the Group to DKK 1,796.0 million for 2010 (2009: DKK 734.2 million) and for the Parent Company to DKK 817.3 million for 2010 (2009: DKK 947.5 million).

Operating lease contracts on ships are typical made with lease terms between one and eight 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.

Future minimum sublease payments expected to be received under non-cancellable subleases amount for the Group to DKK 36.3 million (2009: DKK 177.0 million) and for the Parent Company to DKK 236.7 million (2009: DKK 243.9 million).

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.

No purchase options of operational leased assets are present.

Note 37 Contractual commitments (continued)

Parent Company DKK '000			Consolidated DKK '000	
2009	**2010**	**Operating lease commitments (lessor)**	**2010**	**2009**
		Minimum lease payments		
		Ships		
0	32,011	0-1 year	68,722	16,067
0	32,098	1-5 years	167,901	0
0	5,174	After 5 år	0	0
0	**69,283**	**Total ships**	**236,623**	**16,067**

The specified payments are not discounted.

Operational lease- and rent income recognised in the income statement amount for the Group to DKK 279.1 million in 2010 (2009: DKK 308.2 million) and for the Parent Company to DKK 327.7 million in 2010 (2009:DKK 388.7 million).

The contracts are entered on usual conditions.

2009	2010	Financial lease commitments (lessee)	2010	2009
		Minimum lease payments		
0	6,056	0-1 year	20,160	12,174
0	30,828	1-5 years	74,548	55,827
0	0	After 5 år	0	0
0	36,884	Total minimum lease payments	94,708	68,001
0	-3,075	Here of financing element	-10,067	-10,232
0	**33,809**	**Total**	**84,641**	**57,769**
		Presentation in the balance sheet		
0	3,805	Current liabilities	15,218	8,930
0	30,004	Non-current liabilities	69,423	48,839
0	**33,809**	**Total**	**84,641**	**57,769**

In 2010 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 38 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 43 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 (disclosed in Note 20) and the below transactions, no related-party transactions have been carried out during the year.

Consolidated
DKK '000

2010	**Sale of services**	**Purchase of services**	**Purchase of assets**	**Receivables**	**Liabilities**
Associates	3,090	13,590	0	7,833	567
2009					
Associates	925	7,119	0	2,799	4,032

Parent Company
DKK 1.000

2010	**Sale of services**	**Purchase of services**	**Purchase of assets**	**Receivables**	**Liabilities**
Associates	0	0	0	4,486	0
Subsidiaries	390,021	1,055,307	0	2,103,512	932,762
2009					
Associates	0	0	0	1,140	0
Subsidiaries	288,010	984,971	111,673	1,523,268	533,702

Note 39 Impairment tests

Introduction
A minimum of one test for impairment of goodwill is undertaken at the end of each year. Other non-current tangible, intangible and financial assets are tested if there is any indication of impairment.

Definition of cash-generating units
Certain managerial and organisational changes have been undertaken in connection with the acquisition of the Norfolkline Group. Based on this, the Group's cash-generating units have been reassessed, and now consist of nine units:

Shipping:
- The business areas North Sea, Baltic Sea and Irish Sea
- The business area 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 and Continental Transport
- The business area European Contract
- The business area Intermodal
- The Sideport activity, which is part of the business area Nordic Contract
- The Charter activity, which is part of the business area Nordic Contract

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.

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.

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, its 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 2010 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. The management assesses, however, that the degree of stability was greater than at 31 December 2009. 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 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 lie within the following ranges:

	2010	2009
Shipping	6.5% - 8.0%	7.0% - 8.0%
Logistics	7.0% - 10.4%	8.0%

Note 39 Impairment tests (continued)

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

Sensitivity analyses are prepared by altering the estimates within the 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 less than the net realisable value of the asset (if determinable), or zero.

Impairment tests for 2010
As a consequence of the impairment tests prepared it is consedered 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.

2009:
For two passenger ships, the value in use is less than the book value. Each ship's net realisable value - calculated by averaging the four obtained broker valuations - exceeds the book value. Based on this no basis has been found for impairment of either of the two passenger ships.

The recoverable amount for the passenger ship Queen of Scandinavia is lower than its book value, for which reason it was written down by DKK 53 million in 2009.

The recoverable amount for the ro-ro vessel Tor Anglia, which is classified as actively held for sale, is lower than its book value, for which reason it was written down by DKK 6 million in 2009.

Impairment tests of shareholdings in affiliated and associated companies (Parent Company)
Impairment tests are carried out for each affiliated 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 affiliate or associate, according to the business area to which it belongs. The applied discount rates for 2010 and 2009 are shown in the table above.

In 2010 write downs of DKK 302.7 million are recognised regarding the shareholdings 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 (DKK 15.1 million) were reversed, as their calculated value in use exceeded the book value.

2009
In 2009, no write-downs have been recognised regarding share holdings in affiliated and associated companies.

In 2009, a previous write-down of the cost price of DFDS Logistics Container Line B.V. was partially reversed by DKK 40 million, as the calculated value in use exceeded the carrying amount.

Note 40 Events after the balance sheet date

On 11 January 2011 CEO Niels Smedegaard and CFO Torben Carlsen received 10,000 share options each.

On 13 January 2011 it was decided to close the sourthern routes in the Irish sea. The closing of these loss-making outes will lead to special costs in 2011 of app. DKK 50 million.

On 3 February 2011 a sales agreement on the sale of the ro-pax-ship Dublin Seaways was entered, according to which the ship is sold for DKK 179 million. This will result in a gain of DKK 12 million in 2011.

On 14 March 2011 it was agreed to sell 100% of the shares in DFDS Canal Tours A/S to Strömma Turism & Sjöfart AB. The sales price is agreed at DKK 110 million. The Sale results in a gain of app. DKK 80 million, which is recognised in 2011 under special items.

DFDS and C. Ports S.A. have jointly acquired the company Älvsborg RO/RO AB, of which DFDS A/S owns 65% and C.Ports owns 35%. This company has on 21 October 2010 entered a 25 year concession agreement regarding the operation of the ro/ro port Terminal Älvsborg and Arendal in Gothenburg. The completion of the transaction is depended on the approval from the competition authorities, which is expected to be made in second quarter 2011. Älvsborg Ro/Ro AB employ 320 employees and the revenue for 2010 is expected to be app. DKK 450 mill., hereof app. 50% from the DFDS-Group.

Besides the above there have been no significant events after 31 December 2010.

Note 41 Critical accounting estimates and assessments

In preparing the Annual Report for DFDS A/S, 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, see Note 42 in the consolidated accounts.

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 periodisation of their revenues and direct costs. These assessments are based on historical experience, etc.

Acquisitions
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, also on the basis of the management's assessment. Reference is made to Note 33 for a further description of the year's acquisition of the Norfolkline Group.

Impairment testing of goodwill and other non-current intangible assets
Impairment testing of goodwill and other non-current intangible assets, which primarily relate to the IT area and to 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 projected free cash flow for the cash-generating unit in question. For a further description of impairment testing of goodwill and other non-current intangible assets, see Note 39.

Impairment testing of ships, including the assessment of useful life and scrap value
Critical accounting estimates and assessments regarding ships include the breakdown 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 Notes 42 and 39, 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 41 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 42 Accounting Policies

The 2010 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 17 March 2011, the Board of Directors and Executive Management Board considered and approved the 2010 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 13 April 2011.

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
To increase the information value and comparability of the Group's primary activities, it has been decided to use a separate line in the income statement "Special items". "Special items" will in general include significant income and expenses not directly attributable to the Group's operating activities, such as comprehensive process restructuring and basic structural adjustments, and any disposal gains or losses arising in this connection, and which are of significance over time. Other significant non-recurring amounts will also be classified under this item, including impairment of goodwill and ships, transaction, consultant and integration costs incurred during significant business combinations, and gains and losses on the disposal of activities.

As part of this alteration, consultant costs relating to the acquisition of Norfolkline Group, which amounted to DKK 17.7 million for the financial year 2009, have been reclassified from "Costs of sales and administration" to "Special items, net". Similarly, write down by DKK 53 million of a passenger ship in 2009 has been reclassified from "write down of ships and other long-term assets" to "Special items, net".

In connection with the restructuring of the Group's organisation following the acquisition of the Norfolkline Group on 12 July 2010, the reporting structure has been changed to reflect the two divisions, Division Shipping and Logistics Division, for which reason the segment note is presented in two segments. Comparative figures have been adjusted.

The accounting policies described below have furthermore been applied consistently for the financial year and comparative figures. In the case of standards which are to be implemented prospectively, the comparative figures have not been adjusted. As the implemented standards and interpretations have not affected the balance sheet as of 1 January 2009 and the accompanying notes, these have been omitted.

New International Financial Reporting Standards and Interpretations
With effect from 1 January 2010, the Group has adopted the following new International Financial Reporting Standards and Interpretations:

- IFRS 3 'Business combinations'
- IAS 27 'Consolidated and Separate Financial Statements'

IFRS 3 has altered the Group's practice of calculating the cost of acquired companies, inasmuch as the transaction costs attributable to the business combination have been recognised in the income statement at the time incurred. These costs were previously included in the cost price.

The main change to IAS 27 relates to transactions with minority interests. The purchase and sale of minority interests without loss of control has been recognised directly in equity. In the case of capital sales which involve loss of a controlling interest, the gains or losses have been recognised in the income statement. At the same time, any shares retained in a company in which a controlling interest has been lost have been re-measured and value-adjusted at fair value in the income statement.

The other new standards, amendments and interpretations have no effect on recognition and measurement. Other accounting policies for the Group's consolidated annual accounts and annual accounts for 2010 are unchanged in relation to the previous year.

Effect of adopted but not yet implemented accounting regulation
The IASB has issued the following new standards and interpretations which were not yet compulsory at the time of preparation of DFDS' consolidated annual accounts and annual accounts for 2010:

- Supplement to IFRS 7 'Financial instruments: Presentation' (1 July 2010) *
- Supplement to IFRS 32 'Financial instruments: Presentation (1 February 2010)
- Supplement to IAS 12, 'Income taxes' (1 July 2011) *
- Supplement to IAS 24, 'Related party disclosures' (1 July 2011)
- IFRS 9, 'Financial Instruments: Classification and measurement' (1 January 2013) *
- Parts of the improvements in IFRS standards 2010 *

* = Not yet approved by the EU

Note 42 Accounting Policies (continued)

The DFDS Group expects to adopt these standards as they become mandatory. In the opinion of the management, these alterations 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 41.

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, cf. the Group chart.

The consolidated financial statements are based on the financial statement of the Parent Company and the subsidiaries and are prepared by combining items of a uniform nature and eliminating 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 39.

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.

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.

Note 42 Accounting Policies (continued)

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

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

Incentive plans
The Group has set up equity-settled and cash-settled share-based compensation plans. Part of the Company's holding of treasury shares is used 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 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 on the calculation of key figures, "Recommendations and Financial Ratios 2010". The key figures stated in the survey of consolidated financial highlights are defined on the "Definitions and Glossary" page.

Note 42 Accounting Policies (continued)

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 related to catering, ship fuel consumption including hedging and costs 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 assets
Profit/loss on disposal of 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 equity 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 depreciation on goodwill and ships, transaction, consultant and integration costs during 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.

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 intragroup profits and losses.

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

ASSETS

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

All other assets are defined as non-current assets.

Non-current intangible and tangible assets
Generally the following applies unless otherwise specified:
- Non-current intangible and tangible assets are measured at cost less the accumulated amortisation/depreciation and impairment.
- Cost for non-current intangible and tangible assets include the costs of external suppliers, materials and components (only tangible assets), direct wages and salaries.

Note 42 Accounting Policies (continued)

- 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 39.

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 two years for passenger ships and 2½ years for freighters and ro-pax ships.

Gains or losses on the disposal of ships are determined as the difference between the selling price less the selling costs and the 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 capitalised 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 meas-

Note 42 Accounting Policies (continued)

ured 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. Please see note 39 for method description.

Securities
Securities included in the trade 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.

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 and exchange rate adjustments, 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, 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.

Note 42 Accounting Policies (continued)

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 43 Company overview

Company	Ownership share 2010*	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 [1]		Belgium	Brugge	EUR	1,996,503
Aukse Multipurpose Shipping Ltd.	96.2	Cyprus	Limassol	EUR	1,709
Lisco Optima Shipping Ltd.	96.2	Cyprus	Limassol	EUR	1,709
Rasa Multipurpose Shipping Ltd.	96.2	Cyprus	Limassol	EUR	1,709
Tor Botnia Shipping Ltd.	96.2	Cyprus	Limassol	EUR	1,000
Tor Finlandia Shipping Ltd.	96.2	Cyprus	Limassol	EUR	1,000
Lisco Maxima Shipping Ltd.	96.2	Cyprus	Limassol	EUR	1,000
DFDS A/S		Denmark	Copenhagen	DKK	1,485,608,100
DFDS Canal Tours A/S		Denmark	Copenhagen	DKK	1,000,000
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 [1]		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 [1]		England	Immingham	GBP	100
DFDS Seaways Holding Ltd.		England	Immingham	GBP	250,000
DFDS Logistics Contracts Ltd [1]		England	Ipswich	GBP	2,571,000
DFDS Logistics Ltd [1]		England	Ipswich	GBP	165,210
DFDS Logistics OY		Finland	Hamina	EUR	59,000
Halléns France SA		France	Paris	EUR	7,000
DFDS Logistics SARL [1]		France	Boulogne sur Mer	EUR	30,000
DFDS Logistics Contracts SARL [1]		France	Dunkerque	EUR	50,000
DFDS Logistics BV [1]		Holland	Gravenhage	EUR	453,780
DFDS Seaways Terminals BV [1]		Holland	Gravenhage	EUR	72,000
DFDS Shipping BV [1]		Holland	Gravenhage	EUR	18,400
DFDS Holding BV [1]		Holland	Gravenhage	EUR	40,000,000
DFDS Seaways BV		Holland	IJmuiden	EUR	18,000
DFDS Logistics Container line BV		Holland	Rotterdam	EUR	18,151
DFDS Seaways Maasvlakte BV		Holland	Rotterdam	EUR	23,000
LHT Transport BV		Holland	Rotterdam	EUR	21,000
DFDS Logistics Contracts Ltd		Irland	Dublin	EUR	200
DFDS Logistics Ltd		Irland	Dublin	EUR	3
DFDS Logistics Contracts SRL		Italy	Genova	EUR	77,000
DFDS Logistics SPA [1]		Italy	Milano	EUR	140,000
DFDS Seaways SIA		Latvia	Riga	LVL	70,000
AB DFDS Lisco	96.2	Lithuania	Klaipeda	LTL	332,547,434
Laivyno Technikos Prieziuros Base	96.2	Lithuania	Klaipeda	LTL	1,500,000
UAB Krantas Travel	96.2	Lithuania	Klaipeda	LTL	400,000
UAB LISCO Shipping Logistics	96.2	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
OOO DFDS LISCO		Russia	Kaliningrad	RUR	10,000
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 [1]		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	25,000
DFDS Logistics Services GmbH [1]		Germany	Hofheim	EUR	35,000
DFDS Seaways Baltic GmbH	96.2	Germany	Kiel	EUR	25,565
17 Dormant companies					

*Unless otherwise indicated, the companies are 100% owned.

[1] Addition following the acquisition of Norfolkline Holdings B.V. (subsequently changed name to DFDS Holding B.V.) on 12 July 2010.

Statements

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards have today discussed and approved the annual report of DFDS A/S for the financial year 1 January - 31 December 2010. 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.

It is our opinion that the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010 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 2010.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters, the results of the Group's and the parent company's operations and financial position and describes the material risks and uncertainties affecting the Group and the parent company.

We recommend that the annual report be approved at the annual general meeting.

DIREKTION

Niels Smedegaard Managing Director	**Torben Carlsen** CFO

BESTYRELSE

Bent Østergaard Chairman	**Vagn Sørensen** Deputy Chairman	**Søren Skou** Deputy Chairman	**Claus Arnhild***	**Michael Helbo***
Jill Lauritzen Melby	**Anders Moberg**	**Thomas Mørk***	**Ingar Skaug**	**Lene Skole**

* Board member elected by the employees

INDEPENDENT AUDITORS' REPORT

To the shareholders of DFDS A/S

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 2010, pp. 42-102. 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 for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In addition to our audit, we have read the Management's review which is prepared in accordance with Danish disclosure requirements for listed companies and provided a statement hereon.

Management's responsibility

Management is responsible for the preparation and presentation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of consolidated financial statements and parent company financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Management is also responsible for the preparation of a Management's review that includes a fair review in accordance with Danish disclosure requirements for listed companies.

Auditors' responsibility and basis of opinion

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 Danish Standards on Auditing. Those standards require 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 and presentation 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 2010 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 2010 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 17 March 2011

KPMG
Statsautoriseret Revisionspartnerselskab

Kurt Gimsing State Authorised Public Accountant	Torben Bender State Authorised Public Accountant

Fleet list

Per 31.12.2010

FREIGHT SHIPS (RO-RO)

	Year built	GT	Lanemeter
Tor Ficaria	2006/09	37,939	4,650
Tor Freesia	2005/09	37,722	4,650
Tor Begonia	2004/09	37,722	4,650
Primula Seaways	2004	32,289	3,831
Tor Petunia	2004	32,289	3,831
Tor Magnolia	2003	32,289	3,831
Selandia Seaways	1998	24,196	2,772
Tor Suecia	1999	24,196	2,772
Tor Britannia	2000	24,196	2,772
Tor Futura	1996/00	18,725	2,308
Flandria Seaways	2000	13,073	1,692
Anglia Seaways	2000	13,073	1,692
Tor Botnia	2000	11,530	1,899
Tor Finlandia	2000	11,530	1,899
Maas Viking [1]	2009	29,004	3,663
Humber Viking [1]	2009	29,004	3,663
Tor Corona [1]	2008	25,609	3,322
Tor Hafnia [1]	2008	25,609	3,322
Tor Fionia [1]	2009	25,609	3,322
Tor Jutlandia [1]	2010	25,609	3,322
Tor Dania [1]	1978/95	21,491	2,562
Tor Cimbria (Aquae) [1]	1986	12,189	2,026
Stena Foreteller [1]	2001	24,688	3,000

FREIGHT SHIPS (RO-RO) FOR DELIVERY IN 2012

	Year built	GT	Lanemeter
Stralsund NB 500	2012	33,300	3,000
Stralsund NB 501	2012	33,300	3,000

RO-PAX SHIPS [2]

	Year built	GT	Lanemeter	Passengers
Dunkerque Seaways	2005	35,923	2,000	1,000
Delft Seaways	2006	35,923	2,000	1,000
Dover Seaways	2006	35,923	2,000	1,000
Lisco Maxima	2009	25,518	2,490	550
Lisco Optima	1999	25,206	2,300	328
Dana Sirena	2002/03	22,382	2,056	623
Dublin Seaways	1997	21,856	2,200	330
Liverpool Seaways	1997	21,856	2,200	340
Lisco Gloria	2002	20,140	2,494	302
Lisco Patria	1991	18,332	1,710	222
Kaunas	1989	25,606	1,539	262
Vilnius	1987	22,341	1,700	132
Baltic Amber [1]	2007	26,500	2,256	400
Wawel [1]	1980	25,275	2,250	1,000

PASSENGER SHIPS

	Year built	GT	Lanemeter	Passengers
Pearl Seaways	1989/01/05	40,039	1,482	2,166
Crown of Scandinavia	1994/05	35,498	1,370	2,026
King of Scandinavia	1987/93/06	31,788	1,410	1,534
Princess of Norway	1986/93/06	31,356	1,410	1,364
Queen of Scandinavia (Princess Maria)	1981/00	34,093	1,050	1,762

SIDEPORT SHIPS

	Year built	GT	TEU [3]
Lysvik Seaways	1998/04	7,409	160
Lysbris	1999/04	7,409	160
Lysblink	2000/03	7,409	160
Lystind [1]	1990/00	4,471	56
Tistedal [1]	1996	4,464	129

CONTAINER SHIPS

	Year built	GT	TEU [3]
Dana Hollandia [1]	2002	6,370	698
Dana Gothia [1]	2003	6,370	698
Elevation [1]	1994	5,026	538
Rheintal [1]	1996	3,824	395

TRAMP SHIPS

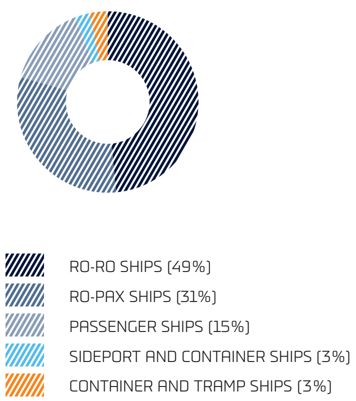
	Year built	GT	TEU [3]
Odertal [1]	2007	3,183	231
Janet [1]	1998	2,748	214
Johanne [1]	1998	2,748	214
Komarno [1]	1993	2,446	176
Astra [1]	1993	2,416	197
Isartal [1]	1989	2,369	176

[1] Chartered tonnage (time charter)
[2] Ro-pax: Combined ro-ro and passenger ship
[3] TEU: 20 foot of equivalent unit

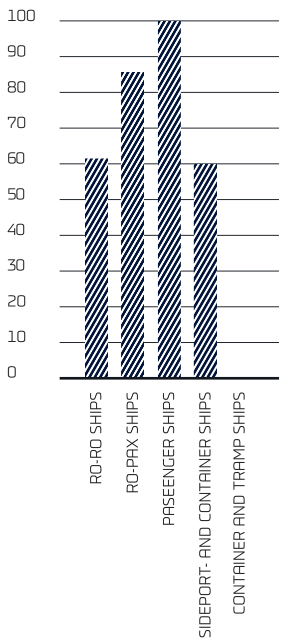
TOURIST BOATS

	Boat type	Year built	Passengers
Ole Lukøje	Restaurant boat, covered	2000	133
Klods Hans	Restaurant boat, covered	1998	133
Store Claus	Covered	2008	150
H.C. Andersen	Covered	2004	150
Snedronningen	Covered	1995	144
Nattergalen	Covered	1994	144
Sommerfuglen	Open	2005	167
Prinsessen på Ærten	Open	2003	167
Tinsoldaten	Open	2002	167
Moster	Open	2001	167
Svinedrengen	Open	1998	167
Fyrtøjet	Open	1997	167
Skorstensfejeren	Open	1996	167
Hyrdinden	Open	1996	167
Den Grimme Ælling	Open	1992	167
Tommelise	Open	1991	167

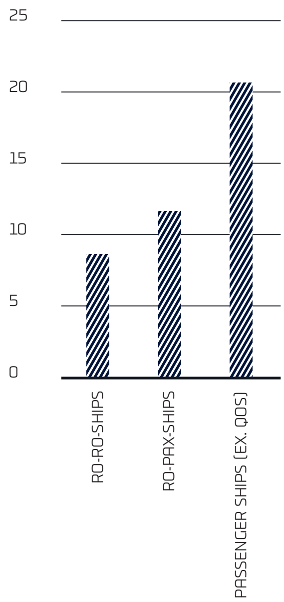
FLEET, OWN AND CHARTERED SHIPS 2010
(GROSS TONS)



OWNERSHIP SHARE OF FLEET 2010
(%)



OWN TONNAGE, AVERAGE AGE 2010
(NO. OF YEARS)



Commercial duties

Commercial duties of the Board of Directors and Executive Board as of 16 March 2011

BOARD OF DIRECTORS

Bent Østergaard, Chairman
- Date of birth: 5 October 1944
- Joined the board: 1 April 2009
- Re-elected: 2010
- Period of office ends: 13 April 2011
- Managerial positions: Managing Director, Lauritzen Fonden.
- Chairman: Cantion A/S, Fonden Kattegat Silo, Frederikshavn Maritime Erhvervspark A/S, J. Lauritzen A/S, Kayxo A/S, Nanonord A/S
- Board member: AHK nr. 186 ApS, Comenxa A/S, IDCD ApS, Intelligent Building System Ltd (Durisol UK), Jens og Margrethe Withs Fond, Kommanditaktieselskabet Østre Havn, Mama Mia Holding A/S, Million Brains A/S, Royal Arctic Line A/S, Østre Havn Aalborg ApS

The Board of Directors believes that Bent Østergaard has the following special skills: International management experience, experience as a board member of international and listed companies as well as shipping and financing expertise. Due to commercial duties related to DFDS' majority shareholder, The Lauritzen Foundation (Vesterhavet Holding A/S), Bent Østergaard is not 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: 2007-2010
- Period of office ends: 13 April 2011
- Managerial positions: GFKJUS 611 ApS, VOS Invest ApS
- Chairman: E-Force 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, FLSMidth A/S, FLSmidth & Co A/S, Koncertvirksomhedens Fond, Det Rytmiske Musikhus Fond, Lufthansa Cargo AG

The Board of Directors believes that Vagn Sorensen has the following special skills: International management experience, experience as a board member of international and listed companies as well as aviation and services expertise, and financial reporting.

Søren Skou, Deputy Chairman
- Date of birth: 20. august 1964
- Joined the board: 12. august 2010
- Re-elected: -
- Period of office ends: 13 April 2011
- Managerial positions: Partner of A.P. Møller – Mærsk A/S, Skou Shipping ApS, S. Skou Invest ApS.
- Deputy Chairman: Höegh Autoliners Holdings A/S
- Board member: Danisco A/S, The International Tankers Owners Polution Federation Limited (ITOPF),

The Board of Directors believes that Søren Skou has the following special skills: International management experience, as well as shipping, logistics and procurement.

Anders Moberg, Board member
- Date of birth: 21 March 1950
- Joined the board: 11 April 2002
- Re-elected: 2003-2010
- Period of office ends: 13 April 2011
- Chairman: Biva A/S, Clas Ohlson AB
- Board member: Ahlstrom Corporation OY, BYGGmax AB, HEMA BV, Husqvarna AB, ZetaDisplay AB

The Board of Directors believes that Anders Moberg has the following special skills: International management experience, experience as a board member of international and listed companies as well as retail trade expertise.

Ingar Skaug, Board member
- Date of birth: 28 September 1946
- Joined the board: 16 April 1998
- Re-elected: 1999-2010
- Period of office ends: 13 April 2011
- Chairman: Center for Creative Leadership, Bery Maritime AS, Ragni Invest AS
- Deputy Chairman: J. Lauritzen A/S
- Board member: Miros AS, Berg-Hansen AS, BLG GmbH & Co. KG.

The Board of Directors believes that Ingar Skaug has the following special skills: International management experience, experience as a board member of international and listed companies as well as expertise from the shipping, logistics, aviation and service sectors. Ingar Skaug has been a member of the Board for more than 12 years and is thus not considered independent as per the recommendations on Corporate Governance.

Jill Lauritzen Melby, Board member
- Date of birth: 6 December 1958
- Joined the board: 18 April 2001
- Re-elected: annually 2002-2010
- Period of office ends: 13 April 2011
- Managerial positions: Team Leader Finance, BASF A/S

The Board of Directors believes that Jill Lauritzen Melby has the following special skills: Financial management and financial reporting expertise. Jill Lauritzen Melby holds no managerial positions or directorships in other companies. Due to family relations to DFDS' majority shareholder, The Lauritzen Foundation (Vesterhavet Holding A/S), Jill Lauritzen Melby is not considered independent as per the recommendations on Corporate Governance.

Lene Skole, Board member
- Date of birth: 28 April 1959
- Joined the board: 20 April 2006
- Re-elected: 2008-2010
- Period of office ends: 13 April 2011
- Managerial positions: Group Director, Coloplast A/S
- Board member: Tryg A/S

The Board of Directors believes that Lene Skole has the following special skills: International management experience and financing and financial reporting expertise.

Claus Arnhild, Staff Representative
- Date of birth: 26 October 1949
- Joined the board: 14 April 1999
- Re-elected: 2003, 2007
- Period of office ends: 13 April 2011
- Managerial positions: Captain in DFDS, Pearl Seaways

- Claus Arnhild holds no managerial positions or directorships in other companies.

Michael Helbo, Staff Representative
- Date of birth: 5 November 1962
- Joined the board: 28 March 2007
- Re-elected: -
- Period of office ends: 13 April 2011
- Managerial positions: Chief Officer in DFDS, Primula Seaways
- Michael Helbo holds no managerial positions or directorships in other companies.

Thomas Mørk, Staff representative
- Date of birth: 11 November 1972
- Joined the board: 1 May 2006
- Re-elected: 2007
- Period of office ends: 13 April 2011
- Managerial positions: Director Marine Standards, DFDS A/S
- Thomas Mørk holds no managerial positions or directorships in other companies.

EXECUTIVE BOARD

Niels Smedegaard, President & CEO
- Date of birth: 22 June 1962
- Appointed President and CEO with effect from 1 January 2007
- Board member: Danish Shipowners' Association, The Trade Council of Denmark, Denmark-America Foundation, Danske Bank's Advisory Board

Torben Carlsen, Executive Vice President & CFO
- Date of birth: 5 March 1965
- Appointed CFO with effect from 1 June 2009
- Chairman: Crendo Fastighetsförvaltning AB, Envikraft A/S, Envikraft Invest A/S, SEM Invest A/S, SEM Stålindustri A/S, Weiss A/S


BENT ØSTERGAARD


VAGN SØRENSEN


SØREN SKOU


CLAUS ARNHILD


ANDERS MOBERG


JILL LAURITZEN MELBY


MICHAEL HELBO


INGAR SKAUG


LENE SKOLE


THOMAS MØRK


NIELS SMEDEGAARD


TORBEN CARLSEN

Executive Management

Niels Smedegaard (1962)
- President & CEO
- MBA
- Employed by DFDS since 2007

Torben Carlsen (1965)
- Executive Vice President & CFO
- MBA
- Employed by DFDS since 2009

Peder Gellert Pedersen (1958)
- Executive Vice President, Shipping Division
- Ship broker, HD (O)
- Employed by DFDS since 1994

Eddie Green (1958)
- Executive Vice President, Logistics Division
- BA (Hons) Economics
- Employed by DFDS since 2010

Henrik Holck (1961)
- Executive Vice President, People & Ships
- Msc. Psych
- Employed by DFDS since 2007

NIELS SMEDEGAARD

TORBEN CARLSEN

PEDER GELLERT PEDERSEN

EDDIE GREEN

HENRIK HOLCK

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	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
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)	$\frac{\text{Net operating profit after taxes (NOPAT)} \times 100}{\text{Average invested capital}}$
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.	$\frac{\text{Profit for analytical purposes} \times 100}{\text{Average equity excluding minority interests}}$
Equity ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
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 on the initiative of C.F. Tietgen in 1866, in a merger of the three largest Danish steamship companies of the day. The company will thus celebrate its 145th anniversary in 2011.

From the start, DFDS was engaged in domestic and international freight and passenger transport. The international traffic began in the North Sea and the Baltic, and later included the Mediterranean. At the end of the nineteenth century, routes were also established to the USA and South America. The routes to the USA were closed in 1935.

As freight transport by land became more widespread, land-based transport and logistics also became a part of DFDS' activities, and from the mid-1960s on, significant land transport activities were also developed in association with the maritime route network.

In 1982, DFDS established a passenger ferry route in the USA between New York and Miami, but the route did not live up to expectations and was closed in 1983 at considerable cost. DFDS subsequently underwent a restructuring, and activities in the Mediterranean and routes to the USA and South America were disposed of.

The company's land-based freight forwarding and logistics activities were developed through organic growth and company acquisitions, and by the end of the 1990s, DFDS Dan Transport had become one of the largest transport companies in Northern Europe. In order to focus the Group's resources, a new strategy was introduced with the emphasis on shipping, and as a consequence, DFDS Dan Transport was sold in 2000.

The DFDS route network for passenger and freight transport has subsequently developed through its own growth and the acquisition of further companies, including the Swedish passenger and freight shipping company Tor Line at the beginning of the eighties, the Norwegian freight shipping company North Sea Line at the end of the nineties, the Lithuanian passenger and freight shipping company LISCO in 2001, and the Norwegian freight shipping company Lys-Line in 2003. Growth has also been created through tonnage investments, especially in the modernisation of the freight fleet (ro-ro).

In July 2010, DFDS acquired Norfolkline, which made the combined company Northern Europe's leading network of combined sea and land transport.

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Fax. +45 3342 3311
www.dfds.com
CVR 14 19 47 11

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.