

**DFDS PLC
AND SUBSIDIARY UNDERTAKINGS**

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2002**



The company's registered number is 1554521

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

DIRECTORS:	O Frie - Chairman E S K Pedersen - Managing Director C Merrild
SECRETARY:	P L Jensen
AUDITORS:	KPMG LLP 6 Lower Brook Street Ipswich IP4 1AP
BANKERS:	National Westminster Bank Plc 10 Station Road Clacton on Sea Essex CO15 1TA
REGISTERED OFFICE:	Scandinavia House Parkeston Quay Harwich Essex CO12 4QG
REGISTRATION NO:	1554521

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS

The directors submit their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2002.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is that of a freight terminal operator, shipowner, shipping and port agents.

The turnover for existing operations in 2002 increased 17% over 2001 reflecting the increased activities and freight volumes in most areas. The result for 2002 was lower than 2001, but as planned. Exceptional costs were incurred in connection with the 25 year class docking of the vessel Tor Baltica.

Despite a weaker economic climate in 2003 the result is expected to be higher than in 2002.

DIVIDENDS

The directors are unable to recommend the payment of a dividend (2001: £nil).

DIRECTORS AND DIRECTOR'S INTERESTS

The director who served during the year were as shown below:

O Frie
C Merrild
E S K Pedersen

The directors who held office at 31 December 2002 had no beneficial interest in the shares of the company during the year (2001 - nil) or any other interests required to be disclosed by the Companies Act 1985.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. The intermediate parent company, DFDS A/S, produces a quarterly newsletter of the group activities for all employees.

SUPPLIER PAYMENT POLICY

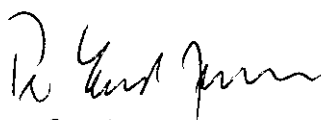
The group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the group at 31 December 2002 were equivalent to 22.0 (2001 - 32.9) days' purchases.

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REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Secretary
P L Jensen

Scandinavia House
Parkeston Quay
Harwich
Essex
CO12 4QG

3 March 2003

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AND SUBSIDIARY UNDERTAKINGS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT FOR THE MEMBERS OF

DFDS PLC

We have audited the financial statements on pages 6 to 25.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group at 31 December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditors

4/3/03

6 Lower Brook Street
Ipswich
IP4 1AP

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
Turnover			
- Existing operations	1(c)	34,055,011	29,175,605
- Discontinued operations		-	24,068,495
		-----	-----
		34,055,011	53,244,100
Cost of sales		-25,381,856	-41,457,564
Exceptional item		-2,147,737	-
		-----	-----
Gross profit		6,525,418	11,786,536
Administrative expenses		-6,218,089	-9,280,439
		-----	-----
Operating profit			
- Existing operations		307,329	2,305,998
- Discontinued operations		-	200,099
		-----	-----
		307,329	2,506,097
Other interest receivable and similar income	4	539,417	1,186,543
Interest payable and similar charges	5	-598,204	-967,414
		-----	-----
Profit on ordinary activities before taxation	6	248,542	2,725,226
Taxation on profit on ordinary activities	8(a)	357,417	-1,268,271
		-----	-----
Profit on ordinary activities after taxation	15	605,959	1,456,955
Profit and loss account deficit brought forward		-2,241,152	-3,792,443
Revaluation reserve transfer		70,000	94,336
		-----	-----
Profit and loss account deficit carried forward		-1,565,193	-2,241,152
		=====	=====

Of the group profit and loss on ordinary activities after taxation, a profit of £9,022 (2001 - Loss of £123,500) is attributable to the company.

Notes 1 - 19 form an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2002

		<u>2002</u>	<u>2001</u>
		£	£
Profit for the financial year		605,959	1,456,955
Impairment losses not charged to profit for the financial year	15	-1,235,664	-
Total recognised (loss)/gains for the year		-629,705	1,456,955
		=====	=====

CONSOLIDATED NOTE OF HISTORICAL COST PROFIT AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>2002</u>	<u>2001</u>
	£	£
Reported profit on ordinary activities before taxation	248,542	2,725,226
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	70,000	94,336
Historical cost profit on ordinary activities before taxation	318,542	2,819,562
Historical cost profit for the year retained after taxation	675,959	1,551,291
	=====	=====

Notes 1 - 19 form an integral part of these financial statements.

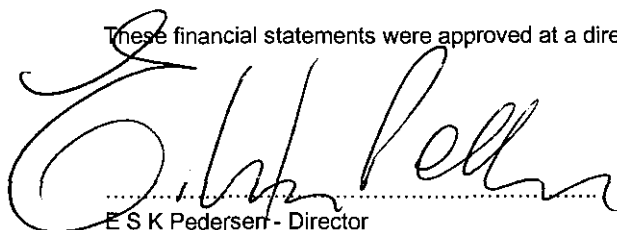
DFDS PLC
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BALANCE SHEET AS AT 31 DECEMBER 2002

	<u>Notes</u>	<u>Group</u> <u>2002</u> £	<u>2001</u> £	<u>Company</u> <u>2002</u> £	<u>2001</u> £
FIXED ASSETS					
Tangible assets	9	22,218,953	23,885,712	-	-
Investments	10	-	-	19,975,040	28,663,768
		<u>22,218,953</u>	<u>23,885,712</u>	<u>19,975,040</u>	<u>28,663,768</u>
CURRENT ASSETS					
Debtors	11	20,593,488	28,763,455	8,006,945	7,957,663
Cash at bank and in hand		69,498	1,020,756	-	-
		<u>20,662,986</u>	<u>29,784,211</u>	<u>8,006,945</u>	<u>7,957,663</u>
CREDITORS: Amounts falling due within one year	12	<u>-7,215,724</u>	<u>-15,208,495</u>	<u>-47,178</u>	<u>-8,056,919</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>13,447,262</u>	<u>14,575,716</u>	<u>7,959,767</u>	<u>-99,256</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>35,666,215</u>	<u>38,461,428</u>	<u>27,934,807</u>	<u>28,564,512</u>
CREDITORS: Amounts falling due after more than one year	13	<u>-11,162,308</u>	<u>-12,809,663</u>	<u>-4,000,000</u>	<u>-4,000,000</u>
PROVISIONS FOR LIABILITIES AND CHARGES	8(b)	<u>-569,100</u>	<u>-1,087,253</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>23,934,807</u>	<u>24,564,512</u>	<u>23,934,807</u>	<u>24,564,512</u>
CAPITAL AND RESERVES					
Called-up share capital	14	22,250,000	22,250,000	22,250,000	22,250,000
Capital contribution	15(c)	3,250,000	3,250,000	3,250,000	3,250,000
Revaluation reserve	15(a)	-	1,305,664	6,754,601	7,393,328
Profit and loss account	15(a)	-1,565,193	-2,241,152	-8,319,794	-8,328,816
EQUITY SHAREHOLDERS' FUNDS	16	<u>23,934,807</u>	<u>24,564,512</u>	<u>23,934,807</u>	<u>24,564,512</u>

Notes 1 - 19 form an integral part of these financial statements.

These financial statements were approved at a directors' meeting held on 3 March 2003


E S K Pedersen - Director

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements. The group has adopted FRS 19 'Deferred tax' in these financial statements. No restatements have been required to comparative figures.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules, modified to include the revaluation of certain assets.

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of DFDS A/S, an entity incorporated in Denmark, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of DFDS A/S, within which this company is included, can be obtained from the address given in note 19.

(b) Basis of consolidation

The group financial statements consolidate the financial statements of DFDS PLC and all its subsidiaries drawn up to 31 December each year. All material intercompany transactions are eliminated in the group financial statements. The result of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Investments in subsidiary undertakings are dealt with on the basis of either acquisition accounting or merger accounting depending on which is appropriate. Goodwill, which represents the excess of fair value of the consideration over the fair value of the separable net assets acquired, is capitalised as an intangible asset and amortised on a straight-line basis over its useful economic life, which is between five and ten years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

(c) Turnover

Turnover represents the group's share of invoiced sales together with its share of amounts invoiced by other members of the DFDS A/S Group on forwarding jointly carried out, net of discounts and VAT.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(d) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and provision for impairment.

Depreciation is provided on a straight-line basis at annual rates based on estimated useful lives of the assets as follows:

Leasehold Terminals	The length of the lease or 40 years if lower
Freight ships	6 1/2 years **
Trailers	6 2/3 years
Motor Vehicles	5 years *
Plant and Equipment	5 years*
Fixtures and Fittings	5 years*
EDP Equipment	4 years*

* Assets in this category costing less than £5,000 are fully depreciated in the year of acquisition.

** On 30 September 2002 the estimated useful economic lives on freight ships was changed from 15 years to 6 1/2 years. A residual value has also been instated.

(e) Investments

In the company balance sheet, fixed asset investment in subsidiary undertakings are valued using the equity method of valuation. Under this policy, the parent undertaking records the investment as its share of net assets of the subsidiary undertaking. Movements in the net assets of subsidiary undertakings are taken to a revaluation reserve. Permanent diminutions are written off to the profit and loss account.

Other fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent reductions in value but not for temporary fluctuations in value.

(f) Revaluation reserve

The gain or loss arising on the revaluation of subsidiary undertakings under the equity method of valuation (see note 1(e)) is transferred to revaluation reserve in the parent company balance sheet. On the disposal of a subsidiary undertaking, the related revaluation reserve surplus or deficit in the parent company is transferred to the profit and loss account.

In addition, any revaluation of fixed assets is reflected within the group revaluation reserve.

(g) Leasing transactions

The company enters into operating leases as described in note 18(a). Rentals under operating leases are charged on a straight line basis over the term of the lease, even if payments are not made on such a basis.

Assets held under hire purchase agreements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital elements of future obligations are recorded as liabilities, whilst the interest elements are charged to the profit and loss account over the period of the agreement.

DFDS PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(h) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

The taxation liability may be reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering and recipient undertakings.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

(i) Pension costs

The company maintains, on behalf of the group, a defined benefit pension scheme.

It is the policy of the company to fund pension liabilities on the advice of external actuaries. Independent actuarial valuations on a going concern basis are carried out every three years. Pension costs charged to the profit and loss account comprise the estimated regular cost of providing the benefits in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represent a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. The scheme is funded, with the assets of the scheme held separately from those of the group in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

Further information on pension costs is provided in note 18(b) & 18(c).

(j) Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

(k) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Both the results of overseas operations and their balance sheets are translated at the closing rates of exchange. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings, to the extent they hedge the group's investment in such operations, are dealt with through reserves.

(l) Dry dock costs

Dry dock costs represent ongoing repair and maintenance of freight ships and are expensed as incurred.

DFDS PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 COMPANY PROFIT AND LOSS ACCOUNT

The company has taken advantage of the exemption in S230 of the Companies Act 1985 not to present its own profit and loss account. The company's result for the year is shown on page 6 of these financial statements.

3 ANALYSIS OF TURNOVER, PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND NET ASSETS

Analysis of turnover, profit on ordinary activities before taxation and net assets was as follows:

	Turnover		Profit/(loss) on ordinary activities before taxation	
	2002 £	2001 £	2002 £	2001 £
By activity				
Passenger shipping	-	24,068,495	-	663,776
Terminal operations	34,055,011	29,175,605	-375,502	1,408,503
Investment income	-	-	624,044	652,947
Freight agency, ships and terminal operatio	-----	-----	-----	-----
	34,055,011	53,244,100	248,542	2,725,226
	=====	=====	=====	=====

By origin		
United Kingdom	34,055,011	53,244,100
	=====	=====

	Net assets	
	2002 £	2001 £
By activity		
Passenger shipping	-	8,050,000
Terminal operations	7,203,286	8,191,698
Investment income	16,731,521	8,322,814
	-----	-----
	23,934,807	24,564,512
	=====	=====

By geographic area		
United Kingdom	23,934,807	24,564,512
	=====	=====

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2002</u>	<u>2001</u>
	£	£
Bank interest receivable	20,628	63,939
On amounts receivable from group undertakings		
- immediate parent undertaking	416,432	-
- fellow subsidiary undertakings	57,383	382,949
Other interest receivable	44,974	739,655
	-----	-----
	539,417	1,186,543
	=====	=====

5 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2002</u>	<u>2001</u>
	£	£
Interest payable on loans	179,530	221,285
On amounts payable to group undertakings		
- immediate parent undertaking	376,641	612,930
- fellow subsidiary undertakings	-	10,416
Other interest payable		
- on overdrafts	22,886	26,116
- on finance leases and hire purchase contracts	-	1,091
- other	19,147	95,576
	-----	-----
	598,204	967,414
	=====	=====

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2002</u>	<u>2001</u>
	£	£
Arrived at after charging/(crediting)		
Auditors' remuneration		
-audit (parent undertaking £nil (2001 £nil)).	23,000	25,550
-non audit (parent undertaking £47,868 (2001 £11,917)).	54,018	33,222
Depreciation (note 9)		
-Owned assets	3,119,402	3,095,019
-Assets held under finance leases and hire purchase agreements	-	13,123
Impairment of freight ship	836,632	-
Impairment of motor vehicles	275,000	-
Dry dock costs	1,036,105	-
Amortisation of government grant	-191,643	-161,268
Profit on sale of tangible fixed assets	-19,986	-198,512
Operating lease charges		
-land and buildings	27,000	55,780
-plant and equipment	31,039	145,600
Foreign exchange rate gains/losses	-8,676	32,737
	=====	=====

DFDS PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 PARTICULARS OF STAFF

- (a) The average monthly number of persons employed by the company during the year (including directors)was as follows:-

	<u>2002</u> <u>Number</u>	<u>2001</u> <u>Number</u>
Passenger shipping	-	78
Terminal operations	358	276
Administration	83	115
	-----	-----
	441	469
	=====	=====

The following costs were incurred in respect of the above:-

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Wages and salaries	9,021,414	9,964,893
Social security costs	653,660	744,616
Other pension costs	230,365	322,791
	-----	-----
	9,905,439	11,032,300
	=====	=====

- (b) Directors' emoluments

The directors are the only employees of the company. The directors received no remuneration during the year (2001 - £nil)

Retirement benefits are accruing to the following number of directors under:

	<u>2002</u> <u>Number</u>	<u>2001</u> <u>Number</u>
Defined benefit scheme	2	1
	=====	=====

Neither the company nor the group have a share option scheme in place, therefore no share options were exercised during the year or the prior year.

No directors received shares under a long-term incentive scheme, which was also the case in the prior year.

The remuneration of the DFDS UK Director has been paid by and disclosed in the financial statements of DFDS Tor Line Limited, a subsidiary undertaking of DFDS PLC.

DFDS PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 TAXATION

(a) The taxation charge for the year comprises:-

	<u>2002</u> £	<u>2001</u> £
Corporation tax at 30%	101,323	716,759
Adjustment in respect of prior years corporation tax	59,413	122,638
	-----	-----
Total current tax	160,736	839,397
Deferred tax	-518,153	428,874
	-----	-----
	-357,417	1,268,271
	=====	=====

(b) Movements in deferred tax:-

	<u>2002</u> £	<u>2001</u> £
Beginning of year	1,087,253	658,379
Movement during the year	-518,153	428,874
	-----	-----
End of year	569,100	1,087,253
	=====	=====

The element of deferred taxation are as follows:

	<u>2002</u> £	<u>2001</u> £
Difference between accumulated depreciation and capital allowances	593,400	1,173,387
Other timing differences	-24,300	-86,134
	-----	-----
	569,100	1,087,253
	=====	=====

DFDS PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 TAXATION (continued)

(c) Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2001: higher) than the standard rate of corporation tax in the UK (30%, 2001: 30%). The differences are explained below.

	<u>2002</u> £	<u>2001</u> £
Profit on ordinary activities before tax	248,542	2,725,226
Current tax at 30% (2001: 30%)	74,563	817,568
Effect of:		
(Receipts)/expenses not deductible for tax purposes	-210,028	246,900
Depreciation for period in excess of capital allowances	236,788	-347,709
Adjustments to tax charge in respect of previous periods	59,413	122,638
Total current tax charge	160,736 =====	839,397 =====

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 TANGIBLE FIXED ASSETS - GROUP

	Freight <u>Ship</u> £	Leasehold <u>Property</u> £	Motor <u>Vehicles</u> £	Furniture fittings & <u>equipment</u> £	<u>Total</u> £
<u>Cost</u>					
At 1 January 2002	5,900,000	12,315,408	14,737,683	3,172,777	36,125,868
Change of category	-	-139,741	-1,371,048	1,510,789	-
Additions	-	2,296,431	1,925,532	257,803	4,479,766
Disposals	-	-	-1,489,425	-487,899	-1,977,324
Revaluation	-2,072,296	-	-	-	-2,072,296
	-----	-----	-----	-----	-----
At 31 December 2002	3,827,704	14,472,098	13,802,742	4,453,470	36,556,014
	=====	=====	=====	=====	=====
<u>Depreciation</u>					
At 1 January 2002	399,476	3,541,617	6,386,252	1,912,811	12,240,156
Change of category	-	-19,512	-105,940	125,452	-
Charge for the year	347,227	769,316	1,659,698	343,161	3,119,402
Disposals	-	-	-820,900	-476,597	-1,297,497
Impairment	-	-	275,000	-	275,000
	-----	-----	-----	-----	-----
At 31 December 2002	746,703	4,291,421	7,394,110	1,904,827	14,337,061
	=====	=====	=====	=====	=====
<u>Net book value</u>					
At 31 December 2002	3,081,001	10,180,677	6,408,632	2,548,643	22,218,953
At 31 December 2001	5,500,524	8,773,791	8,351,431	1,259,966	23,885,712
	=====	=====	=====	=====	=====

The freight ship was revalued as at 31 December 2000 at £5.9 million on the basis of an open market value for existing use by Maersk Broker K/S, external valuers. However, during the year an impairment of £2,072,296 has taken the ship value below costs. As a result, no historical cost equivalents require disclosure for the current year.

Under historical cost, the revalued freight ship would have been included at the following amounts:-

	<u>2001</u> £
Historical cost	4,500,000
Aggregate depreciation	-305,140

Historical cost net book value	4,194,860
	=====

The net book value of assets held under finance leases and hire purchase agreements was £nil (2001 - £3,303).

Depreciation charged on assets held under finance leases and hire purchase agreements was £nil (2001 - £13,123).

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INVESTMENTS

Fixed asset investments comprise:

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Shares in subsidiary undertakings	-	-	19,975,040	28,663,768
	=====	=====	=====	=====

At 31 December 2002, the group has investments in the following subsidiary undertakings:

	<u>Country of registration</u>	<u>Principal Activity</u>	<u>Proportion of ordinary shares held</u>
Crownbarn Limited	England	Non-trading	100%
DFDS Transport (Air) Limited	England	Dormant	100% *
DFDS Transport (Scotland) Limited	Scotland	Dormant	100% *
DFDS Transport (Sea) Limited	England	Dormant	100% *
Tradefarm Limited	England	Non-trading	100% *
Finemanor Limited	England	Non-trading	100% *
DFDS Tor Line Limited	England	Port Operator	100%
DFDS Nordic Terminal Limited	England	Dormant	100% *
Smyth Shipping Limited	England	Dormant	100% *
Fleetoak Limited	England	Non-trading	100% *
DFDS AutoLogistics Limited	England	Non-trading	100% *
DFDS Tor Line (Guernsey) Limited	Guernsey	Non-trading	100% *

All subsidiary undertakings operate principally in their country of registration.

* Held indirectly

The movement in the investments in subsidiary undertakings is shown below:

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Beginning of year	-	-	28,663,768	30,415,974
Revaluation to equity method	-	-	-638,727	-1,752,206
Disposal	-	-	-8,050,001	-
	-----	-----	-----	-----
End of year	-	-	19,975,040	28,663,768
	=====	=====	=====	=====

On 1 January 2002, the group disposed of its investments in Scandinavian Seaways Limited and DFDS Seaways Limited to DFDS Seaways Holdings Limited, a fellow subsidiary undertaking.

On 6 December 2002, the group disposed of its investments in the 100% owned subsidiary undertakings Global Dan Transport Limited, Chelmer Cargo Services (Shipping) Limited and Elbe Humber Ro Line Limited, which were voluntarily liquidated.

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Trade debtors	7,402,826	6,635,383	-	-
Amounts due from group undertakings				
- due from intermediate parent undertaking	-	233,818	-	-
- due from immediate parent undertaking	11,836,939	18,337,303	647,763	625,002
- due from UK group undertakings	96,371	-	7,359,182	4,000,000
- due from other group undertakings	477,455	460,195	-	-
VAT	-	18,093	-	-
Other debtors	157,846	2,351,795	-	-
Dividend receivable	-	-	-	3,332,661
Prepayments and accrued income	622,051	695,475	-	-
Corporation tax recoverable	-	31,393	-	-
	<u>20,593,488</u>	<u>28,763,455</u>	<u>8,006,945</u>	<u>7,957,663</u>
	=====	=====	=====	=====

Included within amounts due from Immediate parent undertakings for the group is an amount of £11,189,176 due after one year (2001: £12,860,495).

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Finance lease and hire purchase creditor	550	6,032	-	-
Bank overdraft and bank loan	-	1,744,801	-	-
Trade creditors	1,850,515	4,285,280	-	-
Amounts due to group undertakings				
- due to immediate parent undertaking	119,754	875,689	-	-
- due to UK group undertakings	-	-	-	8,027,449
- due to other group undertakings	388,699	540,761	-	-
Corporation tax payable	169,685	1,840,500	22,178	-530
Taxation and social security	294,900	245,543	-	-
VAT	231,764	191,995	-	-
Other creditors	276,427	1,043,122	-	-
Accruals and deferred income	1,847,487	3,002,158	25,000	30,000
Government grant	2,035,943	1,432,614	-	-
	<u>7,215,724</u>	<u>15,208,495</u>	<u>47,178</u>	<u>8,056,919</u>
	=====	=====	=====	=====

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Bank loan	4,000,000	4,000,000	4,000,000	4,000,000
Loan from immediate parent undertaking	7,162,308	8,802,368	-	-
Finance lease and hire purchase creditor	-	7,295	-	-
	<u>11,162,308</u>	<u>12,809,663</u>	<u>4,000,000</u>	<u>4,000,000</u>
	=====	=====	=====	=====

Loans payable by instalment consist of:

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Amounts due two to five years	11,162,308	12,809,663	4,000,000	4,000,000
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The bank loan is repayable in December 2006. The rate for the period 1 December 2002 - 31 December 2002 was 4.49%.

14 CALLED-UP SHARE CAPITAL

	<u>2002</u>	<u>2001</u>
	£	£
Authorised, allotted, called-up and fully paid 22,250,000 (2001 - 22,250,000) ordinary shares of £1 each.	22,250,000	22,250,000
	<u>=====</u>	<u>=====</u>

15 RESERVES

(a) Group

	Capital Contribution (non distributable)	Profit and loss account (distributable)	Revaluation reserve (non distributable)	Total
	£	£	£	£
Beginning of year	3,250,000	-2,241,152	1,305,664	2,314,512
Retained profit for the year	-	605,959	-	605,959
Reserve transfer	-	70,000	-70,000	-
Impairment losses not charged to profit for the financial year	-	-	-1,235,664	-1,235,664
End of year	<u>3,250,000</u>	<u>-1,565,193</u>	<u>-</u>	<u>1,684,807</u>
	=====	=====	=====	=====

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 RESERVES (continued)

(b) Company

	Capital Contribution (non <u>distributable</u>) £	Profit and loss account (<u>distributable</u>) £	Revaluation reserve (non <u>distributable</u>) £	<u>Total</u> £
Beginning of year	3,250,000	-8,328,816	7,393,328	2,314,512
Retained profit for the year	-	9,022	-	9,022
Revaluation deficit	-	-	-638,727	-638,727
End of year	<u>3,250,000</u>	<u>-8,319,794</u>	<u>6,754,601</u>	<u>1,684,807</u>

(c) Capital contribution

In December 1991, the intermediate parent company, DFDS A/S, provided a capital contribution of £3,250,000 to the group in order to improve its capital base and financial activities. It is a non-distributable reserve.

16 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u> £	<u>2001</u> £	<u>2002</u> £	<u>2001</u> £
Retained profit for the year	605,959	1,456,955	9,022	-123,500
Revaluation deficit	-	-	-638,727	-1,752,206
Dividend receivable	-	-	-	3,332,661
Impairment losses not charged to profit for the financial year	<u>-1,235,664</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (reduction in)/addition to equity shareholders' funds	-629,705	1,456,955	-629,705	1,456,955
Opening equity shareholders' funds	<u>24,564,512</u>	<u>23,107,557</u>	<u>24,564,512</u>	<u>23,107,557</u>
Closing shareholders' funds	<u>23,934,807</u>	<u>24,564,512</u>	<u>23,934,807</u>	<u>24,564,512</u>

17 CAPITAL COMMITMENTS

At 31 December 2002 the group had capital commitments, comprising amounts contracted but not provided for, of £379,000 (2001 - £1,498,000).

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

(a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Plant and equipment	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Operating lease which expire:-				
Group				
- within one year	-	6,164	5,728	32,940
- between two and five years	-	-	9,155	177,948
- after five years	27,000	52,500	-	-
	-----	-----	-----	-----
	27,000	58,664	14,883	210,888
	=====	=====	=====	=====

The rents payable under land and building leases are subject to renegotiation at various intervals specified in the leases.

(b) Pension costs, SSAP24 disclosures

The pension charge for the year was £230,365 (2001: £322,791).

The company operates a pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 January 2001. The assumptions which have the most significant effect on the results of the valuation are those relating to (a) salaries would increase by 4.5% p.a., (b) pensions in payment by 3% p.a. (for all pensions accrued post 1 August 1988 and (c) the return on scheme investments would be 6.25% p.a.

At the date of the latest actuarial valuation, the market value of the assets of the DFDS UK Group pension scheme was £29,997,228 and the actuarial value of the assets was sufficient to cover 107% of the benefits that had accrued to members after allowing for expected future increases in earnings.

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS (continued)

(c) Pension costs, FRS17 transitional disclosures

Whilst the company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension costs', under FRS 17 'Retirement benefits' the following transitional disclosures are required:

The valuation was updated by the actuary on an FRS 17 basis as at 31 December 2002 and 31 December 2001.

The major assumptions used in this valuation were:

	<u>2002</u>	<u>2001</u>
Rate of increase in salaries	3.25%	4.00%
Rate of increase in pension in payments and deferred pensions	2.25%	2.50%
Discount rate applied to scheme liabilities	5.75%	5.75%
Inflation assumptions	2.25%	2.50%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return <u>2002</u>	Value at 31 December <u>2002</u>	Long term rate of return <u>2001</u>	Value at 31 December <u>2001</u>
Equities	7.00%	16,425,000	7.00%	21,931,000
Bonds	5.75%	2,260,000	5.75%	3,477,000
Other	4.00%	731,000	n/a	-
		----- 19,416,000		----- 25,408,000
Present value of scheme liabilities		-28,632,000		-30,101,000
		-----		-----
Deficit in the scheme - pension liability		-9,216,000		-4,693,000
		-----		-----
Related deferred tax asset		2,765,000		1,408,000
		-----		-----
Net pension liability		-6,451,000 =====		-3,285,000 =====

The amount of this net pension liability would have a consequential effect on reserves.

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS (continued)

(c) Pension costs, FRS17 transitional disclosures (continued)

Movement in deficit during the year

	<u>2002</u> £
Deficit in scheme at beginning of the year	-4,693,000
Current service costs	-394,000
Contributions paid	339,000
Gains on settlements or curtailments	213,000
Other finance income	4,000
Actuarial loss	-4,685,000

Deficit in scheme at end of year	-9,216,000
	=====

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

Analysis of other pension costs charged in arriving at operating profit

	<u>2002</u> £
Current service costs	394,000
Gains on any settlements or curtailments	-213,000

	181,000
	=====

Analysis of amounts included in other finance income

	<u>2002</u> £
Expected return on pension scheme assets	1,735,000
Interest on pension scheme liabilities	-1,731,000

	4,000
	=====

Analysis of amount recognised in statement of total recognised gains and losses

	<u>2002</u> %	<u>2002</u> £
Actual return less expected return on pension scheme assets	26.0%	-6,611,000
Experience losses arising on the scheme liabilities	0.9%	-263,000
Changes in assumptions underlying the present value of the scheme liabilities	7.0%	2,189,000

Actuarial loss recognised in statement of total recognised gains and losses		-4,685,000
		=====

DFDS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS (continued)

- (d) The company, together with its UK trading undertakings, is a member of a VAT group. All companies concerned are jointly and severally liable for VAT liabilities of the other group members. At 31 December 2002 VAT was payable to HM Customs and Excise in respect of each of the companies.
- (e) The company together with its subsidiary undertakings, has given an unlimited cross guarantee subsidiary undertakings, has given an unlimited cross guarantee in respect of available overdraft in respect of available overdraft facilities. The amount outstanding under these facilities at the balance sheet date is £nil (2001: £nil).

19 PARENT AND ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of DFDS A/S, a company listed on the Copenhagen Stock Exchange. The registered office of DFDS A/S is Sankt Annae Plads 30, 1295 Copenhagen K, Denmark. Consolidated financial statements are available from the registered office.

The ultimate parent undertaking is J. Lauritzen Holdings A/S, which has a 56% share of DFDS A/S. The consolidated financial statements for J. Lauritzen Holdings A/S may be obtained from the registered office at Sankt Annae Plads 28, 1291 Copenhagen K, Denmark.

Minutes of a meeting of the board of Directors of

DFDS PLC

Held at Scandinavia House, Parkeston quay, Harwich, Essex, England, on 3 March 2003

The following officers were present

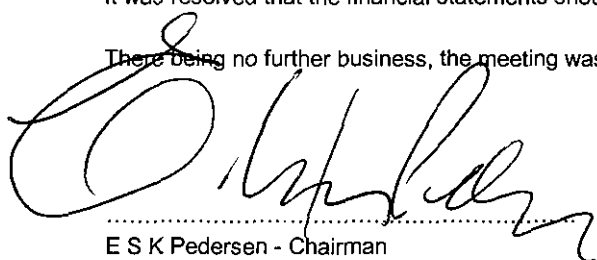
O Frie - Chairman
E S K Pedersen
C Merrild

Financial statements for the year ending 31 December 2002

There was presented to the meeting the financial statements for the year ending 31 December 2002.

It was resolved that the financial statements should be approved.

There being no further business, the meeting was closed.

A large, stylized handwritten signature in black ink, appearing to read 'E S K Pedersen', is written over a dotted line.

E S K Pedersen - Chairman