DFDS TOR LINE PLC
AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2004

The company's registered number is 1554521

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DFDS TOR LINE PLC
AND SUBSIDIARY UNDERTAKINGS

DIRECTORS:	O Frie - Chairman E S K Pedersen - Managing Director C Merrild J S Nielsen J A Phillips
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

REPORT OF THE DIRECTORS

The directors submit their annual report on the affairs of the group, together with the financial statements and auditor's report, for the year ended 31 December 2004.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

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

The turnover in 2004 is lower than in 2003 reflecting the increased competition in most areas. The result for 2004 was lower than for 2003, but as planned.

The result for 2005 is expected to increase over 2004 due to continuing expansions.

DIVIDENDS

The directors are unable to recommend the payment of a dividend (2003: £nil).

DIRECTORS AND DIRECTORS' INTERESTS

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

O Frie
C Merrild
E S K Pedersen
J S Nielsen (appointed 2 January 2004)
J A Phillips (appointed 2 January 2004)

The directors who held office at 31 December 2004 had no beneficial interest in the shares of the company during the year (2003 - 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 involvment 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 immediate parent company, DFDS A/S, produces a quarterly newsletter of the group activities for all employees.

REPORT OF THE DIRECTORS (CONTINUED)

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 2004 were equivalent to 39.5 (2003 - 23.0) days' purchases.

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

5 May 2005

DFDS TOR LINE PLC
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 TOR LINE 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 AUDIT 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 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

29/6/05

6 Lower Brook Street
Ipswich
IP4 1AP

DFDS TOR LINE PLC
AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover	1(c)	35,041,072	36,075,508
Cost of sales		-30,064,686	-28,230,876
Exceptional item	6	-	-634,300
Gross profit		4,976,386	7,210,332
Administrative expenses		-5,136,304	-6,078,212
Operating (loss)/profit		-159,918	1,132,120
Other interest receivable and similar income	4	552,031	416,226
Interest payable and similar charges	5	-290,408	-322,136
Profit on ordinary activities before taxation	6	101,705	1,226,210
Taxation on profit on ordinary activities	8(a)	-290,360	-215,437
(Loss)/profit on ordinary activities after taxation	16	-188,655	1,010,773
Profit and loss account deficit brought forward		-554,420	-1,565,193
Profit and loss account deficit carried forward		-743,075	-554,420

All of the above results are derived from continuing activities.

There were no consolidated recognised gains or losses in either year other than the profit for that year.

Of the group profit and loss on ordinary activities after taxation, a loss of £188,655 (2003 - profit of £128,644) is attributable to the company.

Notes 1 - 20 form an integral part of these financial statements.

DFDS TOR LINE PLC
AND SUBSIDIARY UNDERTAKINGS

BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
FIXED ASSETS					
Tangible assets	9	16,052,611	17,419,411	16,052,611	-
Investments	10	-	-	15,077,204	20,857,169
		16,052,611	17,419,411	31,129,815	20,857,169
CURRENT ASSETS					
Debtors	11	22,222,186	21,047,570	22,222,186	8,132,996
CREDITORS: Amounts falling due within one year	12	-9,057,872	-8,415,672	-24,135,076	-44,585
NET CURRENT ASSETS		13,164,314	12,631,898	-1,912,890	8,088,411
TOTAL ASSETS LESS CURRENT LIABILITIES		29,216,925	30,051,309	29,216,925	28,945,580
CREDITORS: Amounts falling due after more than one year	13	-4,000,000	-5,105,729	-4,000,000	-4,000,000
Provisions for liabilities and charges		-460,000	-	-460,000	-
NET ASSETS		24,756,925	24,945,580	24,756,925	24,945,580
CAPITAL AND RESERVES					
Called-up share capital	15	22,250,000	22,250,000	22,250,000	22,250,000
Capital contribution	16(c)	3,250,000	3,250,000	3,250,000	3,250,000
Revaluation reserve	16(b)	-	-	1,856,765	7,636,730
Profit and loss account	16(a)	-743,075	-554,420	-2,599,840	-8,191,150
EQUITY SHAREHOLDERS' FUNDS	17	24,756,925	24,945,580	24,756,925	24,945,580

Included within debtors for the group is an amount of £nil due after one year (2003: £11,570,186).

Notes 1 - 20 form an integral part of these financial statements.

These financial statements were approved at a directors' meeting held on 5 May 2005

J S Nielsen - Director

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.

(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 20.

(b) Basis of consolidation

The group financial statements consolidate the financial statements of DFDS Tor Line 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.

(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.

Revenue is recognised when goods are delivered or services provided.

(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 £9,000 are fully depreciated in the year of acquisition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (*continued*)

(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 19(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.

(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.

1 ACCOUNTING POLICIES (continued)

(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 represents 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 notes 19(b) & 19(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 on ordinary activities before taxation	
	2004	2003	2004	2003
	£	£	£	£
By activity				
Terminal operations	35,041,072	36,075,508	101,705	661,782
Investment income	-	-	-	564,428
	35,041,072	36,075,508	101,705	1,226,210
By origin				
United Kingdom	35,041,072	36,075,508		

	Net assets	
	2004	2003
	£	£
By activity		
Terminal operations	24,756,925	7,779,965
Investment income	-	17,165,615
	24,756,925	24,945,580
By geographic area		
United Kingdom	24,756,925	24,945,580

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Bank interest receivable	6,340	10,640
On amounts receivable from group undertakings		
- immediate parent undertaking	535,022	403,073
Other interest receivable	10,669	2,513
	552,031	416,226

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Interest payable on loans	194,668	164,177
On amounts payable to group undertakings		
- immediate parent undertaking	56,469	142,822
Other interest payable		
- on overdrafts	38,723	15,137
- other	548	-
	290,408	322,136

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £	2003 £
Arrived at after charging/(crediting)		
Auditor's remuneration		
-audit (parent undertaking £22,827 (2003 £nil)).	22,827	24,000
-Fees paid to the auditor and its associates in respect of other services (parent undertaking £19,004 (2003 £36,078)).	19,004	68,953
Depreciation (note 9)		
-Owned assets	2,709,426	3,134,069
Impairment of trailers	85,000	634,300
Amortisation of government grant	-253,457	-180,973
Profit on sale of tangible fixed assets	285,544	-316,311
Operating lease charges		
-land and buildings	27,000	27,000
-plant and equipment	105,339	58,311
Foreign exchange rate gains/losses	-	94

The impairment has reduced deferred tax with £25,500 (2003: £190,290)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 PARTICULARS OF STAFF

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

	2004 Number	2003 Number
Terminal operations	371	365
Administration	91	83
	462	448

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

	2004 £	2003 £
Wages and salaries	9,358,942	9,824,865
Social security costs	970,943	776,271
Other pension costs	784,726	425,203
	11,114,611	11,026,339

(b) *Directors' emoluments*

	2004 £	2003 £
Emoluments	287,770	-
Pension contributions	9,454	-
	297,224	-

Highest paid director

	2004 £	2003 £
Emoluments	110,825	-
Pension contributions	5,954	-
	116,779	-

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

	2004 Number	2003 Number
Defined benefit scheme	3	3

7 PARTICULARS OF STAFF (continued)

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.

For the year 2003, the remuneration of the DFDS UK Directors have been paid by, and disclosed in, the financial statements of DFDS Limited, a subsidiary undertaking of DFDS Tor Line PLC

8 TAXATION

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

	2004 £	2003 £
Corporation tax at 30%	553,367	797,292
Adjustment in respect of prior years corporation tax	197,086	-12,755
Total current tax	750,453	784,537
Deferred tax	-460,093	-569,100
Tax on profit on ordinary activities	290,360	215,437

(b) Movements in deferred tax:-

	2004 £	2003 £
Beginning of year	-	569,100
Movement during the year	-460,093	-569,100
End of year	-460,093	-

The element of deferred taxation are as follows:

	2004 £	2003 £
Difference between accumulated Depreciation and capital allowances	105,840	-
Pension provision	102,768	-
Other timing differences	251,485	-
Deferred tax asset (see note 11)	460,093	-

At 31 December 2003, the group had a net, unprovided deferred tax asset for an amount of £172,000 (which comprised £155,000 assets in respect of accelerated capital allowances, £35,000 liability in respect of pensions and £52,000 asset in respect of other timing differences).

8 TAXATION (continued)

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

The current tax charge for the period is higher (2003: higher) than the standard rate of corporation tax in the UK (30%, 2003: 30%). The differences are explained below.

	2004 £	2003 £
Profit on ordinary activities before tax	101,705	1,226,210
Current tax at 30% (: 30%)	30,512	367,863
Effect of:		
(Receipts)/expenses not deductible for tax purposes	234,530	-63,655
Depreciation for period in excess of / (less than) capital allowances	-49,160	493,084
Other timing differences	337,485	-
Adjustments to tax charge in respect of previous periods	197,086	-12,755
Total current tax charge	750,453	784,537

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 TANGIBLE FIXED ASSETS - GROUP

	Leasehold Property	Motor Vehicles	Furniture fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2004	16,269,996	12,804,787	4,000,195	33,074,978
Additions	1,467,493	572,844	198,378	2,238,715
Disposals	-	-2,772,731	-	-2,772,731
At 31 December 2004	17,737,489	10,604,900	4,198,573	32,540,962
Depreciation				
At 1 January 2004	5,171,994	8,436,843	2,046,730	15,655,567
Charge for the year	1,051,009	1,371,080	287,337	2,709,426
Disposals	-	-1,961,642	-	-1,961,642
Impairment	-	85,000	-	85,000
At 31 December 2004	6,223,003	7,931,281	2,334,067	16,488,351
Net book value				
At 31 December 2004	11,514,486	2,673,619	1,864,506	16,052,611
At 31 December 2003	11,098,002	4,367,944	1,953,465	17,419,411

The net book value of assets held under finance leases and hire purchase agreements was £nil (2003 - £nil).

Depreciation charged on assets held under finance leases and hire purchase agreements was £nil (2003 - £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 TANGIBLE FIXED ASSETS - COMPANY

	Leasehold Property £	Motor Vehicles £	Furniture fittings & equipment £	Total £
Cost				
At 1 January 2004	-	-	-	-
Additions	1,467,493	572,844	198,378	2,238,715
Intra Group additions	16,269,996	12,804,787	4,000,195	33,074,978
Disposals	-	-2,772,731	-	-2,772,731
At 31 December 2004	17,737,489	10,604,900	4,198,573	32,540,962
Depreciation				
At 1 January 2004	-	-	-	-
Charge for the year	1,051,009	1,371,080	287,337	2,709,426
Intra Group additions	5,171,994	8,436,843	2,046,730	15,655,567
Disposals	-	-1,961,642	-	-1,961,642
Impairment	-	85,000	-	85,000
At 31 December 2004	6,223,003	7,931,281	2,334,067	16,488,351
Net book value				
At 31 December 2004	11,514,486	2,673,619	1,864,506	16,052,611
At 31 December 2003	-	-	-	-

The net book value of assets held under finance leases and hire purchase agreements was £nil (2003 - £nil).

Depreciation charged on assets held under finance leases and hire purchase agreements was £nil (2003 - £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INVESTMENTS

Fixed asset investments comprise:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Shares in subsidiary undertakings	-	-	15,077,204	20,857,169

At 31 December 2004, the group has investments in the following subsidiary undertakings:

	Country of registration	Principal Activity	Proportion of ordinary shares held
Crownbarn Limited	England	Non-trading	100%
DFDS Transport (Air) Limited	England	Dormant	100% *
DFDS Transport (Sea) Limited	England	Dormant	100% *
Elbe Humber Roline Limited	England	Non-trading	100% *
Finemanor Limited	England	Non-trading	100% *
DFDS Limited	England	Non-trading	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:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Beginning of year	-	-	20,857,169	19,975,040
Revaluation to equity method	-	-	-5,779,965	882,129
End of year	-	-	15,077,204	20,857,169

On 8 September 2003, the group disposed of its investments in the 100% owned subsidiary undertaking DFDS Transport (Scotland) Limited, which was voluntarily liquidated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 DEBTORS

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	8,520,541	6,355,485	8,520,541	-
Amounts due from group undertakings				
- due from immediate parent undertaking	10,708,486	12,240,012	10,708,486	669,826
- due from UK group undertakings	911,422	206,631	-	7,463,170
- due from other group undertakings	406,161	867,796	1,317,583	-
Deferred tax asset	460,093	-	460,093	-
Other debtors	230,925	196,595	230,925	-
Prepayments and accrued income	984,558	1,181,051	984,558	-
	22,222,186	21,047,570	22,222,186	8,132,996

Included within amounts due from immediate parent undertakings for the group is an amount of £nil due after one year (2003: £11,570,186).

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank overdraft and bank loan	1,432,323	526,104	1,432,323	-
Trade creditors	2,606,650	1,847,779	2,606,650	-
Amounts due to group undertakings				
- due to immediate parent undertaking	224,223	410,725	224,223	-
- due to other group undertakings	3,806	472,640	15,081,010	-
Corporation tax payable	658,277	577,075	658,277	19,585
Taxation and social security	301,812	280,027	301,812	-
VAT	260,186	152,009	260,186	-
Other creditors	224,766	226,735	224,766	-
Accruals and deferred income	1,381,896	1,705,188	1,381,896	25,000
Government grant	1,963,933	2,217,390	1,963,933	-
	9,057,872	8,415,672	24,135,076	44,585

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loan	4,000,000	4,000,000	4,000,000	4,000,000
Loan from immediate parent undertaking	-	1,105,729	-	-
	4,000,000	5,105,729	4,000,000	4,000,000

Loans payable by instalment consist of:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Amounts due two to five years	4,000,000	5,105,729	4,000,000	4,000,000

The bank loan is repayable in December 2006. The rate for the period 1 December 2004 - 31 December 2004 was 4.87%.

14 PROVISIONS FOR LIABILITIES AND CHARGES

	Group and Company	
	2004	2003
	£	£
Beginning of year	-	-
Charge to the profit and loss for the year	460,000	-
End of year	460,000	-

15 CALLED-UP SHARE CAPITAL

	2004	2003
	£	£
Authorised, allotted, called-up and fully paid 22,250,000 (2003 - 22,250,000) ordinary shares of £1 each.	22,250,000	22,250,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 RESERVES

(a) Group

	Capital Contribution (non distributable)	Profit and loss account (distributable)	Total
	£	£	£
Beginning of year	3,250,000	-554,420	2,695,580
Retained loss for the year	-	-188,655	-188,655
End of year	3,250,000	-743,075	2,506,925

(b) Company

	Capital Contribution (non distributable)	Profit and loss account (distributable)	Revaluation reserve (non distributable)	Total
	£	£	£	£
Beginning of year	3,250,000	-8,191,150	7,636,730	2,695,580
Retained loss for the year	-	-188,655	-	-188,655
Revaluation reserve transfer	-	5,779,965	-5,779,965	-
End of year	3,250,000	-2,599,840	1,856,765	2,506,925

(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.

17 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Retained (loss)/profit for the year	-188,655	1,010,773	-188,655	128,644
Revaluation profit	-	-	-	882,129
Net (reduction in)/addition to equity shareholders' funds	-188,655	1,010,773	-188,655	1,010,773
Opening equity shareholders' funds	24,945,580	23,934,807	24,945,580	23,934,807
Closing shareholders' funds	24,756,925	24,945,580	24,756,925	24,945,580

18 CAPITAL COMMITMENTS

At 31 December 2004 the group had capital commitments, comprising amounts contracted but not provided for, of £267,500 (2003 - £411,100).

19 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

(a) *Lease commitments*

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

	Land and buildings		Plant and equipment	
	2004	2003	2004	2003
	£	£	£	£
Operating lease which expire:-				
Group				
- within one year	-	-	-	2,976
- between two and five years	-	-	104,718	108,190
- after five years	27,000	27,000	-	-
	27,000	27,000	104,718	111,166

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 £784,726 (2003: £425,203).

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 2004. The assumptions which have the most significant effect on the results of the valuation are those relating to (a) pensions in payment would increase by 3% p.a. (for all pensions accrued post 1 August 1988) and (b) the return on scheme investments would be 6.75% p.a.

At the date of the latest actuarial valuation, the market value of the assets of the DFDS UK Group pension scheme was £23,489,064 and the actuarial value of the assets was sufficient to cover 78% of the benefits that had accrued to members. The company has agreed to make payments of £200,000 in 2004 and 2005, increasing to £660,000 in 2006 and by 3% thereafter. These rates will be reviewed at the next actuarial valuation of the scheme due as at 1 january 2007.

The defined benefit scheme was closed to new members from 1 September 2003 and the company has been operating a stateholder pension scheme from this date.

19 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 Practise 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 2004 and 31 December 2003.

The major assumptions used in this valuation were:

	2004	2003
Rate of increase in salaries	N/A	N/A
Rate of increase in pension payments and deferred pensions	2.90%	2.75%
Discount rate applied to scheme liabilities	5.40%	5.50%
Inflation assumptions	2.90%	2.75%

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 2004	Value at 31 December 2004 £	Long term rate of return 2003	Value at 31 December 2003 £
Equities	6.40%	22,882,000	6.60%	20,726,000
Bonds	5.40%	2,382,000	5.50%	2,342,000
Other	4.00%	95,000	3.50%	250,000
		25,359,000		23,318,000
Present value of scheme liabilities		-43,720,000		-35,777,000
Deficit in the scheme - pension liability		-18,361,000		-12,459,000
Related deferred tax asset		5,508,000		3,738,000
Net pension liability		-12,853,000		-8,721,000

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

19 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS (continued)

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

Movement in deficit during the year

	2004 £	2003 £
Deficit in scheme at beginning of the year	-12,459,000	-9,216,000
Current service costs	-	-222,000
Contributions paid	200,000	622,000
Gains on settlements or curtailments	-	742,000
Other finance income	-449,000	-251,000
Actuarial loss	-5,653,000	-4,134,000
Deficit in scheme at end of year	-18,361,000	-12,459,000

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

	2004 £	2003 £
Current service costs	-	222,000
Gains on any settlements or curtailments	-	-742,000
	-	-520,000

Analysis of amounts included in other finance income

	2004 £	2003 £
Expected return on pension scheme assets	1,499,000	1,400,000
Interest on pension scheme liabilities	-1,948,000	-1,651,000
	-449,000	-251,000

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

	2004 £	2003 £
Actual return less expected return on pension scheme assets	1,078,000	1,931,000
Experience losses arising on the scheme liabilities	-574,000	49,000
Changes in assumptions underlying the present value of the scheme liabilities	-6,158,000	-6,114,000
Actuarial loss recognised in statement of total recognised gains and losses	-5,654,000	-4,134,000

19 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 2004 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 in respect of certain overdraft facilities. The amount outstanding under these facilities at the balance sheet date is £nil (2003: £nil).

(f) At 31 December 2004 the group had provided for financial commitments to Merchant Navy Officers Pension Fund of £100,000 (2003 - £100,000). The outflows are expected to take place within two years from the balance sheet date.

20 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 Sundkrogsgade 11, 2100 Copenhagen Ø, Denmark. Consolidated financial statements are available from the registered office.

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