

DFDS SEAWAYS PLC

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2012**

The company's registered number is 1554521



DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS

DIRECTORS

N Smedegaard - Chairman
R S Potter - Managing Director
P G Pedersen
J S Nielsen

SECRETARY

P L Jensen

AUDITOR

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

Nordic House
Western Access Road
Immingham Dock
Immingham
N E Lincolnshire
DN40 2LZ

REGISTRATION NO

1554521

DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS

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 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

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

The group made an operating loss for the year of £517,230 (2011 profit of £1,879,911), which was below expectations

The Eurozone concern and UK austerity measures continued to impact on commercial trade. Measures established in 2011 to adjust resources available to the requirements of the business within a relative short period continued to be implemented in 2012. As part of the re-structuring program a new transport platform was created to develop synergies with the DFDS Logistics Division offering increased market capacity as well as financial benefits. For the Agency operation in Felixstowe, an automatic gate entrance function into the terminal area was introduced during the year resulting in further cost savings.

Volumes continued to remain below expectations throughout 2012, especially on the DFDS operated route between Immingham and Gothenburg as a result of a competitor commencing a new route between Killingholme and Gothenburg in January 2012. The company has been partly successful in supplementing the reduced volumes on the existing routes with specialised project cargo and additional shipping line activities serving Africa and Asia, which together with the closure of the competing route between Killingholme and Gothenburg in February 2013 will have a positive effect on volumes in 2013.

As part of the DFDS Group's continued development of customer driven best practise, a Customer Focus Initiative commenced in 2012 which will continue in 2013. The initiative will continue to focus on the development and improvement on servicing customers and developing a performance culture within DFDS. Survey results shows that the initiative has been well received by customers. In particular, that the company exceed customers expectations on service levels offering improved yield management through increased added value opportunities and an increased customer business recommendation of DFDS services.

The principal risks and uncertainties for the group continues to be the dependency on the freight volumes on the DFDS operated routes within Europe and to maintain a high level of efficiency at the freight terminal in Immingham. The directors have various key performance indicators in place to monitor the agency and terminal activities within the organisation. For the agency, the main key performance indicators are rate per lane meter, utilization of vessel capacity and exchange rate fluctuations, whereas the terminal monitor terminal equipment utilisation, fuel cost, cargo handling efficiency and loading / unloading vessels.

DIVIDENDS

The directors are unable to recommend the payment of a dividend (2011 £nil)

DIRECTORS

The directors who served during the year were as shown below

N Smedegaard
J S Nielsen
R S Potter
P G Pedersen

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report. The Company also provided qualifying third party indemnity provisions to certain directors of associated companies during the financial year and at the date of this report.

DFDS SEAWAYS PLC
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REPORT OF THE DIRECTORS (CONTINUED)

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 immediate parent company, DFDS A/S, produces a weekly 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 2012 were equivalent to 13.8 (2011 - 17) days' purchases.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirmed that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

In accordance with section 485(1) of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Secretary
P. L. Jensen

Nordic House
Western Access Road
Immingham Dock
Immingham
N.E. Lincolnshire
DN40 2LZ

17 June 2013

DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DFDS SEAWAYS PLC

We have audited the financial statements of DFDS Seaways PLC for the year ended 31 December 2012 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. 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 THE DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2012 and of its loss for the year then ended, and
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

S Beavis

Stephanie Beavis (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

KPMG LLP
6 Lower Brook Street
Ipswich IP4 1AP

17 June 2013

DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
Turnover	1(c) & 3	55,525,287	61,907,840
Cost of sales		(47,398,190)	(50,387,507)
Gross profit		8,127,097	11,520,333
Administrative expenses		(8,644,327)	(9,640,422)
Operating (loss) / profit		(517,230)	1,879,911
Other interest receivable and similar income	4	-	981
Interest payable and similar charges	5	(226,157)	(154,500)
Other finance charges	18	(780,000)	(774,000)
(Loss) / profit on ordinary activities before taxation	6	(1,523,387)	952,392
Taxation on (loss) / profit on ordinary activities	8(a)	(2,421,077)	(624,406)
(Loss) / profit for the financial year		(3,944,464)	327,986
		=====	=====

All of the above results are derived from continuing activities

There were no recognised gains or losses in either year other than the (loss) / profit for the period

Of the group profit and loss on ordinary activities after taxation, a loss of £3,944,464 (2011 - profit of £327,986) is attributable to the company

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

**DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDING 31 DECEMBER 2012**

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
		£	£	£	£
(Loss) / profit for the financial year		(3,944,464)	327,986	(3,944,464)	327,986
Movement on pension deficit including deferred tax		(1,309,461)	(2,998,108)	(1,309,461)	(2,998,108)
Total gains and losses recognised since last annual report and financial statements		(5,253,925)	(2,670,122)	(5,253,925)	(2,670,122)
		=====	=====	=====	=====

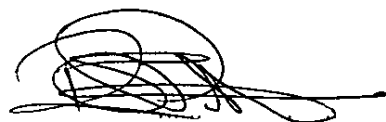
**DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS**

BALANCE SHEET AS AT 31 DECEMBER 2012

	<u>Notes</u>	<u>Group</u> <u>2012</u> £	<u>2011</u> £	<u>Company</u> <u>2012</u> £	<u>2011</u> £
FIXED ASSETS					
Tangible assets	9	19,076,820	20,319,568	19,076,820	20,319,568
Investments	10	-	-	15,077,204	15,077,204
		<u>19,076,820</u>	<u>20,319,568</u>	<u>34,154,024</u>	<u>35,396,772</u>
CURRENT ASSETS					
Debtors	11	11,263,358	16,474,757	11,263,358	16,474,757
CREDITORS Amounts falling due within one year	12	(21,637,694)	(22,998,926)	(36,714,898)	(38,076,130)
NET CURRENT LIABILITIES		<u>(10,374,336)</u>	<u>(6,524,169)</u>	<u>(25,451,540)</u>	<u>(21,601,373)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,702,484</u>	<u>13,795,399</u>	<u>8,702,484</u>	<u>13,795,399</u>
CREDITORS Amounts falling due after more than one year	13	(514,164)	(599,154)	(514,164)	(599,154)
PENSION LIABILITY	18	(17,651,000)	(17,405,000)	(17,651,000)	(17,405,000)
NET LIABILITIES		<u>(9,462,680)</u>	<u>(4,208,755)</u>	<u>(9,462,680)</u>	<u>(4,208,755)</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(b)	-	-	1,856,765	1,856,765
Profit and loss account	15(a) & (b)	(34,962,680)	(29,708,755)	(36,819,445)	(31,565,520)
SHAREHOLDERS' DEFICIT		<u>(9,462,680)</u>	<u>(4,208,755)</u>	<u>(9,462,680)</u>	<u>(4,208,755)</u>

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

These financial statements were approved at a directors' meeting held on 17 June 2013



R S Potter - Director

Company Registered Number 1554521

**DFDS SEAWAYS 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

(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

Notwithstanding the net liabilities of £9,462,680 and the loss for the financial year of £3,944,464, the directors consider the going concern basis appropriate. The shareholders expect to develop the business further to ensure long term profitability and intend to continue to undertake key changes to the business to achieve these objectives. The company's business activities, together with the factors likely to affect its future development and position, are set out in the Report of the Directors

Furthermore, the parent company has provided the company with an undertaking that, for at least a period of 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to continue in operational existence. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reasons to believe that it will not do so

On the basis of their assessment of the company's financial position the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

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 Seaways 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

**DFDS SEAWAYS PLC
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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
Trailers, terminal tractors	8 years, residual value 10%*
Motor vehicles	6 years, residual value 10%*
Plant and equipment	7 years, residual value 10%*
Fixtures and fittings	6 years, residual value 10%*
EDP equipment	4 years*

* Assets in this category costing less than £9,000 are fully expensed in the year of acquisition

(e) Investments

In the company balance sheet, fixed asset investments 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 the 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 17(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 SEAWAYS 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 operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Further information on pension costs is provided in note 18.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Further information on pension costs is provided in note 7(a).

(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 day. 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.

DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 COMPANY PROFIT AND LOSS ACCOUNT

The company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its own profit and loss account. The consolidated result for the year is shown on page 6 of these financial statements.

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

All of the turnover, profit on ordinary activities before taxation and net assets / liabilities originate in the United Kingdom and are attributable to principle activities of terminal and port agent operations.

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2012</u>	<u>2011</u>
	£	£
Bank interest receivable	-	981
	=====	=====

5 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2012</u>	<u>2011</u>
	£	£
Interest payable on loans	8,416	36,916
On amounts payable to group undertakings		
- immediate parent undertaking	216,626	116,273
Other interest payable	1,115	1,311
	-----	-----
	226,157	154,500
	=====	=====

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2012</u>	<u>2011</u>
	£	£
Arrived at after charging/(crediting)		
Auditor's remuneration		
-Audit of these financial statements		
(parent undertaking £27,012 (2011 £27,469))	27,012	27,469
-Fees paid to the auditor in respect		
of other services relating to taxation		
(parent undertaking £50,249 (2011 £18,969))	50,249	18,969
Depreciation (note 9)		
-Owned assets	2,091,513	2,017,085
Amortisation of government grant	(84,990)	(84,990)
Profit / (loss) on sale of tangible fixed assets	(70,859)	128,880
Operating lease charges		
-land and buildings	976,739	72,133
-plant and equipment	390,924	675,677
	=====	=====

DFDS SEAWAYS 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 group during the year (including directors) was as follows -

	<u>2012</u> <u>Number</u>	<u>2011</u> <u>Number</u>
Terminal operations	400	448
Administration	104	68
	-----	-----
	504	516
	=====	=====

The following costs were incurred in respect of the above -

	<u>2012</u> <u>£</u>	<u>2011</u> <u>£</u>
Wages and salaries	14,530,230	16,011,133
Social security costs	1,481,763	1,497,297
Other pension costs	344,494	325,598
	-----	-----
	16,356,487	17,834,028
	=====	=====

- (b) Directors' emoluments

	<u>2012</u> <u>£</u>	<u>2011</u> <u>£</u>
Emoluments	127,632	157,867
Pension contributions	4,452	6,673
	-----	-----
	132,084	164,540
	=====	=====

Highest paid director

	<u>2012</u> <u>£</u>	<u>2011</u> <u>£</u>
Emoluments	127,632	111,200
Pension contributions	4,452	4,340
	-----	-----
	132,084	115,540
	=====	=====

Retirement benefits are accruing to the following number of directors under

	<u>2012</u> <u>Number</u>	<u>2011</u> <u>Number</u>
Defined benefit scheme	2	2
Defined contribution scheme	1	1
	=====	=====

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

DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 TAXATION

(a) The taxation charge for the year comprises -

	<u>2012</u>	<u>2011</u>
	£	£
Deferred tax		
Origination and reversal of timing differences	2,530,329	470,283
Effect of change in tax rate	215,325	226,982
Adjustment in respect of prior years deferred tax	(324,577)	(72,859)
	-----	-----
Tax on profit on ordinary activities	2,421,077	624,406
	=====	=====

(b) Movements in deferred tax -

	<u>2012</u>	<u>2011</u>
	£	£
Beginning of year	(2,366,000)	(3,109,019)
Movement during the year	2,366,000	743,019
	-----	-----
End of year	-	(2,366,000)
	=====	=====

The elements of deferred taxation recognised are as follows

	<u>2012</u>	<u>2011</u>
	£	£
Difference between accumulated		
Depreciation and capital allowances	-	(288,400)
Other timing differences	-	260,243
Losses carried forward	-	2,394,157
	-----	-----
Deferred tax asset (see note 11)	-	2,366,000
	=====	=====

The elements of deferred taxation not recognised are as follows

	<u>2012</u>	<u>2011</u>
	£	£
Difference between accumulated		
Depreciation and capital allowances	(398,024)	-
Other timing differences	235,305	-
Losses carried forward	3,056,610	-
	-----	-----
Deferred tax asset	2,893,891	-
	=====	=====

The deferred tax asset has not been recognised due to the loss making position of the company and the uncertainty over the timing of future profits against which the deferred tax assets can be utilised

**DFDS SEAWAYS PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 TAXATION (continued)

(c) Factors that may affect future tax

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's current tax rate accordingly. The deferred tax liability at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

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

The current tax charge for the period is lower (2011: lower) than the standard rate of corporation tax in the UK, 24.5%, (2011: 26.5%). The differences are explained below:

	<u>2012</u> £	<u>2011</u> £
Profit on ordinary activities before tax	(1,523,387)	952,392
Current tax at 24.5% (2011: 26.5%)	(373,230)	252,384
Effect of:		
Expenses not deductible for tax purposes	39,105	2,019
Depreciation for period (in excess of) / lower than capital allowances	(115,933)	369,015
Other timing differences	(364,454)	(5,242)
Utilisation of tax losses	-	(618,176)
Tax losses carried forward	814,512	-
Total current tax charge	-	-
	=====	=====

DFDS SEAWAYS PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 TANGIBLE FIXED ASSETS

(a) Group

	Leasehold property £	Motor vehicles £	Furniture fittings & equipment £	Total £
<u>Cost</u>				
At 1 January 2012	30,851,639	7,591,316	5,842,257	44,285,212
Additions	389,435	303,543	100,428	793,406
Disposals	(1,748,912)	(52,783)	(28,489)	(1,830,184)
At 31 December 2012	29,492,162	7,842,076	5,914,196	43,248,434
	=====	=====	=====	=====
<u>Depreciation</u>				
At 1 January 2012	14,473,465	4,745,051	4,747,128	23,965,644
Charge for the year	1,319,386	549,066	223,061	2,091,513
Disposals	(812,113)	(32,589)	(28,489)	(873,191)
Impairment	(1,012,352)	-	-	(1,012,352)
At 31 December 2012	13,968,386	5,261,528	4,941,700	24,171,614
	=====	=====	=====	=====
<u>Net book value</u>				
At 31 December 2012	15,523,776	2,580,548	972,496	19,076,820
	=====	=====	=====	=====
At 31 December 2011	16,378,174	2,846,265	1,095,129	20,319,568
	=====	=====	=====	=====

**DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 TANGIBLE FIXED ASSETS

(b) Company

	<u>Leasehold property</u> £	<u>Motor vehicles</u> £	<u>Furniture fittings & equipment</u> £	<u>Total</u> £
<u>Cost</u>				
At 1 January 2012	30,851,639	7,591,316	5,842,257	44,285,212
Additions	389,435	303,543	100,428	793,406
Disposals	(1,748,912)	(52,783)	(28,489)	(1,830,184)
At 31 December 2012	29,492,162	7,842,076	5,914,196	43,248,434
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Disposals	(812,113)	(32,589)	(28,489)	(873,191)
Impairment	(1,012,352)	-	-	(1,012,352)
At 31 December 2012	13,968,386	5,261,528	4,941,700	24,171,614
	=====	=====	=====	=====
<u>Net book value</u>				
At 31 December 2012	15,523,776	2,580,548	972,496	19,076,820
	=====	=====	=====	=====
At 31 December 2011	16,378,174	2,846,265	1,095,129	20,319,568
	=====	=====	=====	=====

**DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INVESTMENTS

Fixed asset investments comprise

	<u>Group</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£	£	£	£
Shares in subsidiary undertakings	-	-	15,077,204	15,077,204
	=====	=====	=====	=====

At 31 December 2012, 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>
DFDS Transport (Air) Limited	England	Dormant	100%
Smyth Shipping Limited	England	Dormant	100% *
DFDS Limited	England	Dormant	100%
DFDS Nordic Terminal Limited	England	Dormant	100% *
DFDS Transport (Sea) Limited	England	Dormant	100% *
DFDS AutoLogistics Limited	England	Dormant	100% *
DFDS Tor Line (Guernsey) Limited	Guernsey	Dormant	100% *

* Held indirectly

11 DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£	£	£	£
Trade debtors	8,379,515	10,328,543	8,379,515	10,328,543
Amounts due from group undertakings				
- due from UK group undertakings	160,723	-	160,723	254,116
- due from other group undertakings	177,214	780,292	177,214	526,176
Amounts due from associated undertakings	3,263	-	3,263	-
Other debtors	230,179	968,350	230,179	968,350
Corporation tax recoverable	127,000	271,709	127,000	271,709
Deferred tax asset	-	2,366,000	-	2,366,000
Prepayments and accrued income	2,185,464	1,759,863	2,185,464	1,759,863
	=====	=====	=====	=====
	11,263,358	16,474,757	11,263,358	16,474,757
	=====	=====	=====	=====

**DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£	£	£	£
Bank overdraft and bank loan	2,406,228	3,013,076	2,406,228	3,013,076
Trade creditors	2,728,043	2,859,990	2,728,043	2,859,990
Amounts due to group undertakings				
- due to immediate parent undertaking	11,555,152	3,684,680	11,555,152	3,684,680
- due to other UK group undertakings	85,310	1,577,565	15,162,514	16,654,769
- due to other group undertakings	176,184	83,966	176,184	83,966
VAT	108,295	392,343	108,295	392,343
Other creditors	1,004,225	5,280,240	1,004,225	5,280,240
Accruals and deferred income	3,574,257	6,107,066	3,574,257	6,107,066
	<u>21,637,694</u>	<u>22,998,926</u>	<u>36,714,898</u>	<u>38,076,130</u>
	=====	=====	=====	=====

13 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£	£	£	£
Government grant	514,164	599,154	514,164	599,154
	<u>514,164</u>	<u>599,154</u>	<u>514,164</u>	<u>599,154</u>
	=====	=====	=====	=====

14 CALLED-UP SHARE CAPITAL

	<u>2012</u>	<u>2011</u>
	£	£
Authorised, allotted, called-up and fully paid 22,250,000 (2011 - 22,250,000) ordinary shares of £1 each	22,250,000	22,250,000
	<u>22,250,000</u>	<u>22,250,000</u>
	=====	=====

15 RESERVES

(a) Group

	<u>Capital contribution</u>	<u>Profit and loss account</u>	<u>Total</u>
	£	£	£
Beginning of year	3,250,000	(29,708,755)	(26,458,755)
Profit for the financial year	-	(3,944,464)	(3,944,464)
Movement on pension deficit	-	(1,309,461)	(1,309,461)
End of year	<u>3,250,000</u>	<u>(34,962,680)</u>	<u>(31,712,680)</u>
	=====	=====	=====

**DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 RESERVES (continued)

(b) Company

	Capital Contribution (non distributable) £	Profit and loss account (distributable) £	Revaluation reserve (non distributable) £	Total £
Beginning of financial year	3,250,000	(31,565,520)	1,856,765	(26,458,755)
Profit for the financial year	-	(3,944,464)	-	(3,944,464)
Movement on pension deficit	-	(1,309,461)	-	(1,309,461)
End of year	3,250,000	(36,819,445)	1,856,765	(31,712,680)

(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 CAPITAL COMMITMENTS

At 31 December 2012 the group had capital commitments, comprising amounts contracted but not provided for, of £1,269,500 (2011 - £nil)

17 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

(a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2012 £	2011 £	Plant and equipment 2012 £	2011 £
Operating lease which expire -				
Group				
- within one year	12,842	44,133	7,952	187,082
- between two and five years	742,675	-	406,434	359,658
- after five years	155,515	-	-	-
	911,032	44,133	414,386	546,740

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

- (b) 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 2012 VAT was receivable from HM Customs and Excise in respect of each of the companies.

**DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS (continued)

- (c) At 31 December 2012 the group had provided for financial commitments to the Merchant Navy Officers Pension Fund of £35,000 (2011 - £35,000) The outflows are expected to take place within one year from the balance sheet date

18 PENSION SCHEME

The pension charge for the stakeholders pension scheme for the year was £344,494 (2011 £325,598)

The company operates a pension scheme providing benefits based on final pensionable pay, with 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 2010 The assumptions which have the most significant effect on the results of the valuation are (a) pension payments which are assumed to increase by 2.5% p a (for all pensions accrued post 1 August 1988) and (b) the return on scheme investments which is assumed to be 6.2% p a

At the date of the latest actuarial valuation, the market value of the assets of the DFDS UK Group pension scheme was £30,800,000 and the actuarial value of the assets was sufficient to cover 70% of the benefits that had accrued to members The company agreed to make payments of £1,700,000 over a period of 10 years from June 2011 These rates will be reviewed at the next actuarial valuation of the scheme due as at 1 January 2013

The defined benefit scheme was closed to new members from 1 September 2003 and the company has been operating a stakeholder pension scheme from this date Company contributions to defined contributions pension scheme amounted to £344,494 (2011 £325,598) At 31 December 2012 there were no outstanding contributions (2011 £nil)

The valuation was updated by the actuary on an FRS 17 basis as at 31 December 2012, 31 December 2011 and 31 December 2009

The major assumptions used in this valuation were

	2012	2011	2010	2009
Rate of increase in salaries	N/A	N/A	N/A	N/A
Rate of increase in pension payments and deferred pensions	3.00%	3.10%	3.60%	3.60%
Discount rate applied to scheme liabilities	4.60%	4.70%	5.40%	5.60%
Inflation assumptions	2.40%	2.50%	3.00%	3.80%

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

**DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 PENSION SCHEME (continued)

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>2012</u>	Value at 31 December <u>2012</u> £	Long term rate of return <u>2011</u>	Value at 31 December <u>2011</u> £	Long term rate of return <u>2010</u>	Value at 31 December <u>2010</u> £	Long term rate of return <u>2009</u>	Value at 31 December <u>2009</u> £
Equities	5.70%	33,504,000	5.70%	29,564,000	6.70%	31,398,000	6.80%	28,211,000
Bonds	3.80%	3,781,000	3.90%	3,403,000	4.60%	3,055,000	4.30%	2,958,000
Other	2.20%	215,000	2.20%	342,000	3.20%	19,000	3.50%	9,000
		<u>37,500,000</u>		<u>33,309,000</u>		<u>34,472,000</u>		<u>31,178,000</u>
Present value of scheme liabilities		<u>(60,423,000)</u>		<u>(56,516,000)</u>		<u>(56,523,000)</u>		<u>(50,750,000)</u>
Deficit in the scheme pension liability		<u>(22,923,000)</u>		<u>(23,207,000)</u>		<u>(22,051,000)</u>		<u>(19,572,000)</u>
Related deferred tax asset		<u>5,272,000</u>		<u>5,802,000</u>		<u>5,954,000</u>		<u>5,480,000</u>
Net pension liability		<u>(17,651,000)</u> =====		<u>(17,405,000)</u> =====		<u>(16,097,000)</u> =====		<u>(14,092,000)</u> =====

Movement in deficit during the year

	<u>2012</u> £	<u>2011</u> £	<u>2010</u> £	<u>2009</u> £
Deficit in scheme at beginning of the year	(23,207,000)	(22,051,000)	(19,572,000)	(12,220,000)
Current service costs	-	-	-	-
Contributions paid	1,844,000	1,423,000	587,000	833,000
Gains on settlements or curtailments	-	-	-	-
Other finance expense	(780,000)	(774,000)	(773,000)	(414,000)
Actuarial loss	(780,000)	(1,805,000)	(2,293,000)	(7,771,000)
Deficit in scheme at end of year	<u>(22,923,000)</u> =====	<u>(23,207,000)</u> =====	<u>(22,051,000)</u> =====	<u>(19,572,000)</u> =====

Analysis of other pension costs charged in arriving at operating profit

	<u>2012</u> £	<u>2011</u> £	<u>2010</u> £	<u>2009</u> £
Current service costs	-	-	-	-
Gains on any settlements or curtailments	-	-	-	-
	<u>-</u> =====	<u>-</u> =====	<u>-</u> =====	<u>-</u> =====

**DFDS SEAWAYS PLC
AND SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 PENSION SCHEME (continued)

Analysis of amounts included in other finance expense

	<u>2012</u> £	<u>2011</u> £	<u>2010</u> £	<u>2009</u> £
Expected return on pension scheme assets	1,844,000	2,245,000	2,027,000	1,635,000
Interest on pension scheme liabilities	(2,624,000)	(3,019,000)	(2,800,000)	(2,049,000)
	-----	-----	-----	-----
	(780,000)	(774,000)	(773,000)	(414,000)
	=====	=====	=====	=====

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

	<u>2012</u> £	<u>2011</u> £	<u>2010</u> £	<u>2009</u> £
Actual return less expected return on pension scheme assets	1,879,000	(3,565,000)	2,196,000	4,990,000
Experience losses arising on the scheme liabilities	-	-	-	-
Changes in assumptions underlying the present value of the scheme liabilities	(2,659,000)	1,760,000	(4,489,000)	(12,761,000)
	-----	-----	-----	-----
Actuarial loss recognised in statement of total recognised gains and losses	(780,000)	(1,805,000)	(2,293,000)	(7,771,000)
	=====	=====	=====	=====

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

The ultimate controlling party is J L Lauritzen fondet, which has a 36% share of DFDS A/S and through a shareholders agreement controls more than 50% of the votes in DFDS A/S. The consolidated financial statements for J L Lauritzen fondet may be obtained from the registered office at Sankt Annæ Plads 28, 1291 Copenhagen K, Denmark.