2009 Annual Report

About DSV

Global Transport and Logistics

DSV is a global supplier of transport and logistics solutions. The Group has companies in more than 60 countries all over the world. Together with our partners and agents, our staff of around 21,300 employees offer local distribution, European road transport, air and seafreight within and between the largest continents, and professional overall solutions in more than 110 countries.

■ **DSV ROAD** transports all kinds of freight by road all over Europe in a quick, efficient, flexible and environmentally friendly manner – creating good connections to the rest of the world.

■ **DSV AIR & SEA** is an international freight forwarder which plans and effects the forwarding of all kinds of air and seafreight in a quick, efficient, safe and environmentally friendly manner within and between continents, whether on short-sea routes in Europe or intra-Asia routes, always combining the means of transports when most appropriate.

■ **DSV SOLUTIONS** designs and offers logistics solutions across the full supply chain from design through freight management, customs clearance, warehousing and distribution to information management and e-business support.

REVENUE (DKK)

36,085 MILLION

OPERATING PROFIT (DKK)*

1,703 MILLION

NUMBER OF EMPLOYEES:

21,280

* before special items (EBITA)

Road

REVENUE (DKK)
DKK **18,390** MILLION
OPERATING PROFIT*
DKK **597** MILLION
NUMBER OF EMPLOYEES
9,858

Air & Sea

REVENUE (DKK)
14,062 MILLION
OPERATING PROFIT (DKK)*
955 MILLION
NUMBER OF EMPLOYEES
5,925

Solutions

REVENUE (DKK)
5,788 MILLION
OPERATING PROFIT (DKK)*
196 MILLION
NUMBER OF EMPLOYEES
5,497

* before special items (EBITA)

■ Countries in wich DSV has its own companies

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DSV A/S
CEO's report

A stronger and more complete DSV

In many ways, 2009 was an extraordinary year for DSV in which the integration of ABX LOGISTICS (ABX) and the crisis in the world economy impacted on our finacial results and our company in general.

The main reasons were volatility in freight volumes, freight rates, exchange rates and fuel prices to a degree never experienced before, but as a consequence of our asset light business model combined with an aggressive cost cutting programme, we achieved results that we consider satisfactory.

Asset-light strategy is the way forward

The year started relatively weak with a significant drop in international trade, partly because our customers ran down their inventories, which had a negative impact on both revenue and contribution margin.

In 2009, we cherished more than ever before our flexible business model without fixed capacity in the form of trucks, ships and aeroplanes. We therefore successfully managed to keep our exposure to operational fixed costs at a very low level, and the lesson learned in 2009 was that the DSV strategy of being asset light is the way forward.

DSV Air & Sea the most profitable

In our Air & Sea Division we saw an unprecedented, rapid decline in both container and airfreight rates, but we experienced the conclusion of this effect during the summer period. This was primarily caused by capacity in both sea and airfreight being taken out of the market.

During the year, we expanded our contribution ratio to a level never experienced before in DSV. This was caused by the generally lower rate levels, but to a large degree also by the fact that we managed to maximise our buying power in the market.

Since the summer period, we have experienced rapidly increasing rate levels. We believe that rate levels will show a moderately upward trend in 2010. In all likelihood this will also lead to a somewhat lower contribution ratio in 2010.

For the second year running, the Air & Sea Division was the most profitable business unit of DSV. We welcome this development and we believe that growth rates for the markets in which the Division operates will exceed growth rates in other parts of the world.

DSV Road trimmed for 2010

The Road Division also experienced a slow start of the year with volumes dropping as much as 20% in certain geographical areas. We experienced large overcapacity of hauliers in Europe, which meant that lower freight rates in the market could be offset by lower supplier costs.

We started the year with unsatisfactory results in three of Europe's most important countries for DSV: Germany, France and Spain. During the year, we were forced to make changes in senior management positions in all three countries, and we are now more comfortable with the situation than ever before. The momentum seems to have changed, and we feel a new sense of optimism, leaving us to believe that the weak performance in 2009 will be outweighed by better results in 2010.

We are of the opinion that we have a very unique platform in Europe with a full and dense network of DSV branches and good collaboration with our subcontractors. We aim to benefit from this strategic advantage in 2010.

Satisfactory contribution from Solutions

The Solutions Division delivered overall satisfactory results in 2009. It is the least asset-light of our three Divisions.

This Division was also hit by the consequences of the economic crisis and the de-stocking effect experienced in 2009, leaving more idle space in our warehouses than previously.

Still, we surpassed previous year's performance in certain countries, and the Solutions Division still delivers added value, i.a. by very sophisticated operations developed in all countries in Europe in close cooperation with customers and the two other Divisions.

A complete and strong DSV

The uncertainty about future developments in international trade is fairly high, but we still feel that the DSV Group is more complete and in better shape than ever before.

Through the acquisition of ABX in 2008, we achieved a better balance between the three Divisions of DSV, enabling us to offer a true one-stop shopping experience to our customers. We are now a truly global player in the transport market capable of offering services to all parts of the world, to a large degree even within our own network of offices.

> *We therefore successfully managed to keep our exposure to operational fixed costs at a very low level, and the lesson learned in 2009 was that the DSV strategy of being asset light is the way forward.*

Stronger global sales organisation

Despite the general decline in international transport volumes, we managed to gain market shares in 2009 in DSV's main markets, particularly within the Road Division and for seafreight. The cross-selling opportunities between the Divisions are extensive and will be enhanced even further in the future enabling us to gain further market shares. We recently substantially enlarged our unit dealing with global accounts, and we have appointed one of our most experienced country managers as Chief Commercial Officer for all three DSV Divisions. The reason for this is that DSV has now reached a size that makes it possible to attract more large multinational customers, which several new initiatives planned for 2010 will hopefully show.

Reduced cost base

During 2009, we systematically reduced our cost base and were successful in achieving operational leverage and increasing productivity per employee. Since the acquisition of ABX at the end of 2008, we have managed to reduce the total number of employees of DSV by approximately 20%. Even though it was a tough and very difficult task and we had to say goodbye to many loyal and experienced employees, we had to adjust our cost base to the new and lower activity level.

The cost of labour is the highest cost component of DSV, and consequently a substantial reduction of employees was necessary. We have the clear impression that we are ready for a potential rebound in world trade and that the first increase in activity will be handled within the existing low cost environment.

With the continued support of our loyal customers and dedicated employees we are ready to meet the challenges ahead.

Stronger capital structure

As a consequence of the ABX acquisition, the debt level of DSV was high at the beginning of the year. This gave some uncertainty in the market. We therefore decided to raise new capital to strengthen our capital structure. The capital increase was highly oversubscribed, which indicated that our shareholders' confidence in the company and the future had remained intact.

We expect to meet our capital structure target of a net interest-bearing debt to EBITDA ratio in the range of 1.5-2.5 in 2010.

Streamlining and new technology

2009 was in many ways a year in which business process reengineering was high on our agenda. We implemented many new and exciting IT tools. DSV e-services, among others, was rolled out enabling us to communicate with our customers in a more efficient and effective way. In certain DSV countries, we now receive more than 80% of all bookings in an electronic format, thereby ensuring higher information quality. DSV e-services is also a tool which makes the booking process more efficient not only for us, but also for our customers. We expect to roll out e-services to all countries in 2010.

Finally we took a big step towards finalising the IT integration between the ABX and DSV transport management systems. We believe that our IT capabilities are among the best in the industry, and we are convinced that we gained a substantial amount of new business in 2009 due to this. We will continue the efforts to improve and develop our IT applications even more to increase staff productivity.

Responsibility and environment

In 2009, we experienced an increased focus from both customers and shareholders on corporate social responsibility matters. As a consequence, we joined the United Nations Global Compact initiative, and we are now in the process of describing and implementing the relevant policies. Several of these initiatives have had our attention for many years, but will now become part of a more structured process.

DSV's impact on climate and environment caused by greenhouse gases, particulate matter, etc., has been closely measured for years and we have further expanded our work in this field so that we can now indentify the overall carbon footprint of DSV. During 2010, we will pursue a strategy which will involve a clear ambition of reducing our carbon footprint.

Competent and committed staff

Our loyal and skilled employees delivered an outstanding effort in 2009, and without their hard work and commitment we would not have achieved the results that we did. It is our view that DSV has a workforce which benefits the company by living our strong and unique profit-making culture on a daily basis.

Prepared for the challenges of 2010

Initially, 2010 looks to be a challenging year in which we will not see a quick return to previous years' growth in world trade. Having said that, we feel that we are well positioned for a potential rebound, and with the continued support of our loyal customers and dedicated employees we are ready to meet the challenges ahead.

Thank you to all stakeholders – our employees, customers, suppliers and shareholders – thank you for your continued support to DSV in the past year. We look forward to the challenges of 2010!

Jens Bjørn Andersen
CEO
DSV A/S

FINANCIAL HIGHLIGHTS	2005	2006	2007	2008	2009
Income statement (DKKm)					
Revenue	23,015	31,972	34,899	37,435	36,085
Contribution margin	4,667	6,904	7,704	8,175	8,898
Operating profit before amortisation, depreciation and special items (EBITDA)	1,332	1,834	2,126	2,338	2,239
Operating profit before special items (EBITA)	1,123	1,504	1,882	1,936	1,703
Special items, net	(59)	(283)	(28)	78	(688)
Operating profit (EBIT)	1,064	1,221	1,854	2,014	1,015
Net financial expenses	80	207	268	404	555
Profit before tax	984	1,014	1,586	1,610	460
DSV A/S shareholders' share of profit for the year	658	677	1,067	1,227	185
Adjusted earnings	709	914	1,141	1,131	799
Balance sheet (DKKm)					
Non-current assets	5,652	9,093	9,362	13,942	14,180
Current assets	4,797	6,969	6,942	9,783	8,000
DSV A/S shareholders' share of equity	3,212	3,699	3,457	3,808	5,501
Minority interests	111	145	192	49	29
Non-current liabilities	2,463	5,740	5,783	8,702	8,532
Current liabilities	4,663	6,478	6,872	11,166	8,118
Balance sheet total	10,449	16,062	16,304	23,725	22,180
Net working capital	451	722	291	1,074	135
Net interest-bearing debt	2,204	4,835	5,121	9,541	6,890
Invested capital including goodwill and customer relationships	5,865	9,057	9,151	13,323	13,100
Gross investment in property, plant and equipment	392	391	742	731	488
Cash flows (DKKm)					
Operating activities	839	1,092	1,407	895	1,702
Investing activities	(1,004)	(1,576)	(379)	(3,119)	(486)
Free cash flow	(165)	(484)	1,028	(2,224)	1,216
Adjusted free cash flow	672	1,174	1,145	624	1,257
Financing activities (excluding dividends distributed)	530	579	(972)	2,159	(1,373)
Dividends distributed	(158)	(50)	(50)	(50)	-
Cash flow for the year	207	45	6	(115)	(157)
Foreign currency translation adjustments	6	(23)	(30)	248	8
Cash and cash equivalents at year-end	385	407	383	516	367
Financial ratios (%)					
Contribution ratio	20.3	21.6	22.1	21.8	24.7
EBITDA margin	5.8	5.7	6.1	6.2	6.2
EBITA margin	4.9	4.7	5.4	5.2	4.7
EBIT margin	4.6	3.8	5.3	5.4	2.8
Effective tax rate	29.3	29.1	29.8	23.4	58.5
ROIC including goodwill and customer relationships	21.0	20.2	20.7	17.2	12.9
Return on equity	20.8	19.6	29.8	33.8	4.0
Solvency ratio	30.7	23.0	21.2	16.0	24.8
Share ratios[1]					
Earnings per share of DKK 1	3.2	3.4	5.5	6.7	0.9
Diluted adjusted earnings per share of DKK 1	3.4	4.5	5.8	6.1	3.9
Net asset value per share of DKK 1	16.2	18.6	18.3	20.8	26.4
Number of shares issued at year-end ('000)	208,960	201,500	201,500	190,150	209,150
Number of shares at year-end ('000)	198,130	198,640	188,382	182,872	208,699
Average number of shares ('000)	203,120	198,540	194,296	184,189	199,700
Diluted average number of shares ('000)	211,150	201,960	197,876	184,955	203,248
Share price at year-end (DKK)	77.80	103.20	111.75	56.50	94.00
Dividend per share	0.25	0.25	0.25	0.00	0.25
Staff					
Number of employees at year-end	11,619	19,199	19,211	25,056	21,280

For a definition of the financial highlights, please refer to page 70.

1. Comparative figures for 2005-2006 and purchases and sales until the issue of bonus shares in 2007 have been adjusted.

Financial targets and capital structure

DSV wants to create value for its shareholders and stakeholders. The value is to be created by maintaining and expanding the current position among the leading transport and logistics businesses in Europe. DSV also wants to provide quality services to the customers of the Group. Moreover, DSV focuses on maintaining and increasing the earnings margin of the Group and generating a solid cash flow which can be used to optimise the capital structure and investments of the Group. In this way, DSV will continue to generate growth above market growth rate through organic growth and acquisitions.

Financial targets

The financial targets of DSV are based on the strategy current activity level, earnings and cash flow generation of the organisation. The Group pursues an asset-light strategy for which reason it has not made any large-scale capital investments, thereby making efficient use of its capital stock. Group Management anticipates higher growth in activity level in future and improved earnings due to growth and continued optimisation of existing operations.

These targets are expected to be realised in the medium term, depending on the global economic development and potential acquisitions of enterprises less profitable than DSV. The typical post-acquisition integration period is about 2-3 years.

DSV has fixed financial targets for the Group and for each Division. The financial targets are as follows:

FINANCIAL TARGETS

	DSV	Road	Air & Sea	Solutions
Organic revenue growth	5%	3-5%	5-10%	3-5%
EBITA margin	7%	6%	8%	8%
ROIC (including goodwill and customer relationships)	20%	20%	25%	20%

The earnings targets of the Group have been revised relative to last year's Annual Report following a reassessment of the potential of the Divisions, the results achieved and the resources applied.

Capital structure

The targets set for the capital structure of DSV are:

- financial stability for the purpose of reducing the corporate cost of capital; and
- sufficient financial flexibility to meet the strategic goals.

The capital structure of DSV is assessed on a regular basis. The gearing ratio, i.e. net interest-bearing debt to EBITDA (operating profit before amortisation, depreciation and special items), was 3.1 at 31 December 2009. The targeted capital structure of the Group is a ratio of net interest-bearing debt to EBITDA of 1.5-2.5, which implies continued focus on reducing the Group's net interest-bearing debt. The Group expects to meet this target in 2010.

DSV aims to use the free cash flow for:

1. REPAYMENT

Repayment of net interest-bearing debt in periods when the gearing ratio of the Group is above the targeted capital structure.

2. ACQUISITIONS

Acquisition of enterprises if there are attractive candidates.

3. SHARE BUY-BACKS

Adjustments to the relevant gearing level will mainly be achieved through share buy-backs if no acquisitions are made.

4. DIVIDENDS

In general, dividends per share will be kept constant in consideration of the gearing level of the Group, plans for future acquisitions and planned share buy-backs. An implication may be that in some years no annual dividends will be distributed.

The free cash flow is generated on an ongoing basis throughout the year although individual transactions and seasons may lead to minor fluctuations in the free cash flow from one quarter to the next. Any adjustments by means of dividends to the Company's shareholders in accordance with the Company's capital structure targets are determined in connection with the release of interim reports. The Group may exceed the gearing level over periods of time due to the acquisition or divestment of enterprises.

Financial review

2009 in brief

Despite very difficult market conditions, DSV achieved satisfactory financial results for 2009, which on the whole were in line with the expectations disclosed.

2009 was a year characterised by the continued financial crisis and highly fluctuating freight rates, currency rates and fuel prices. This was a challenge both to operations and to the financial affairs. The Group spent considerable resources on the integration of ABX LOGISTICS (ABX) and additional capacity adaptation and on strengthening its equity by a capital increase and the sale of treasury shares.

2009 was the first full year of combined DSV/ABX activities as ABX was recognised in the consolidated financial statements of DSV as from 1 October 2008, for which reason the comparative figures include three months of activity of the acquiree.

ABX INTEGRATION

The integration of ABX has now been completed in all countries except for Spain and France, where the last part of the integration process is expected to be completed in the first half of 2010.

Synergies have not yet been realised in full in all countries. They will be realised little by little during 2010 as the integration process in Spain and France is completed and we will have a full year effect of the synergies realised in 2009.

CAPITAL INCREASE

Due to the economic development and the great focus on gearing levels in early 2009, the Company carried out a capital increase in the first half of the year. It was a great success comprising the offering of 9.9% newly issued and the sale of 3.3% treasury shares. The offering was subscribed 2.2 times and resulted in net proceeds of approx. DKK 1,400 million, which were used to repay interest-bearing debt.

CAPACITY ADAPTATION

Due to general market developments, DSV maintained focus on adapting its cost structure. Accordingly, the number of employees was reduced from approx. 26,000 at 1 October 2008 to approx. 21,300 at 31 December 2009. Upon completion of the integration of ABX and adaptation of capacity, Management expects the total staff reduction to reach nearly 20% compared with 1 October 2008.

Income statement

REVENUE

Revenue decreased from DKK 37,435 million in 2008 to DKK 36,085 million in 2009, or a decline of 1.2% when adjusted for foreign currency translation differences. The main reasons are significantly lower sales prices and a reduced activity level, which resulted in a reduction in total revenue compared with 2008 despite the acquired revenue of ABX.

Organic growth was a negative 20.2%, attributable to the difficult market conditions.

REVENUE 2009 VERSUS 2008	
DKKm	
Revenue 2008	37,435
Foreign currency translation adjustments	(918)
Acquisition and divestment of enterprises, net	8,694
Growth	(9,126)
Revenue 2009	36,085

The Road Division recorded a revenue drop of 7.1% on 2008. The drop was due to lower volumes, reduced prices and decreasing exchange rates. When adjusted for acquisitions and divestments and for foreign currency translation differences, the Division recorded a negative organic growth of 16.2%.

The Air & Sea Division saw a small increase in revenue of 3.5% on 2008. This increase was achieved through growth acquired from ABX, despite the organic revenue drop as a consequence of difficult market conditions. When adjusted for acquisitions and divestments and for foreign currency translation differences, the Division recorded a negative organic growth of 26.3%.

The Solutions Division recorded a revenue increase of 9.7% compared with 2008. This increase was mainly caused by difficult market conditions, although that was to some extent offset by the ABX activities acquired and a change in segmentation. When adjusted for acquisitions and divestments and for foreign currency translation differences, the Division recorded a negative organic growth of 8.7%.

The revenue achieved by the Group was in line with the adjusted budget for 2009.

DIRECT COSTS

Direct costs came to DKK 27,187 million in 2009 compared with DKK 29,260 million in 2008, a decrease of 7.1%. The decrease is mainly attributable to lower activity levels.

CONTRIBUTION MARGIN

The consolidated contribution margin came to DKK 8,898 million for 2009, corresponding to a contribution ratio of 24.7%, which is an increase on the 2008 contribution ratio of 21.8%. The contribution margin increase is attributable to the excess capacity in the transport market, which has led to decreasing freight rates. This impact was, however, reduced in Q4 when freight rates increased significantly, leading to a slightly lower contribution margin towards the end of the year.

CONTRIBUTION MARGIN 2009 VERSUS 2008	
DKKm	
Contribution margin 2008	8,175
Foreign currency translation adjustments	(222)
Acquisition and divestment of enterprises, net	1,734
Growth	(789)
Contribution margin 2009	8,898

OTHER EXTERNAL EXPENSES

Other external expenses amounted to DKK 1,988 million in 2009 compared with DKK 1,843 million in 2008, an increase of 7.9%. The main cause of this increase is the acquired activities of ABX, although the increase was partly compensated for by the cost management initiatives launched.

The global economic situation implies increased risk of bad debts. DSV therefore continues to focus on debt collection.

STAFF COSTS

Staff costs amounted to DKK 4,671 million in 2009 compared with DKK 3,994 million in 2008, an increase of 16.9%. The increase is mainly attributable to the acquired activities of ABX. Staff costs declined in 2009 as a consequence of resignations in connection with the integration of ABX and adaptation of capacity in general.

In 2009, staff costs were affected by non-cash costs for share-based payments of DKK 25 million, corresponding to the impact in 2008. Termination benefits paid to employees laid off as well as salary payable to employees released during their notification period as a consequence of the integration of ABX are recognised under special items. Salaries paid during the notification period are included in staff costs.

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

For 2009, amortisation, depreciation and impairment losses amounted to DKK 536 million as against DKK 402 million for 2008. The item includes amortisation of customer relationships in the amount of DKK 106 million for 2009 compared with DKK 71 million for 2008.

OPERATING PROFIT BEFORE SPECIAL ITEMS (EBITA)

The Group returned an operating profit before special items for 2009 of DKK 1,703 million compared with DKK 1,936 million for 2008, equal to a drop of 10.2% when adjusted for foreign currency translation differences.

Operating profit before special items was affected by the difficult market conditions. The ratio was 4.7% for 2009 as against 5.2% for 2008. The lower ratio is a consequence of the acquisition of ABX whose ratio was generally lower than that of the original DSV companies. Moreover, it had a negative impact on the EBITA margin that the adaptation of the Group's cost structure to the current market situation only takes effect at the same pace as the reduction of overheads. The EBITA margin of the Group increased in 2009 and is expected to continue increasing as synergies are realised.

Adjusted for non-cash items relating to amortisation of customer relationships and costs for share-based payments, the adjusted consolidated operating profit before special items came to DKK 1,834 million for 2009 compared with DKK 2,032 million for 2008.

OPERATING PROFIT BEFORE SPECIAL ITEMS 2009 VERSUS 2008	
DKKm	
Operating profit before special items 2008	1,936
Foreign currency translation adjustments	(36)
Acquisition and divestment of enterprises, net	136
Growth	(333)
Operating profit before special items 2009	1,703

The operating profit before special items for the Road Division came to DKK 597 million compared with DKK 874 million for 2008, a decrease of 31.6%. The Division was hit hard by the lower activity level and the consequential pressure on prices. The Nordic countries Denmark, Sweden and Norway continued to be the high-earning countries. Poland fostered the most prominent improvement in 2009, whereas Spain, Germany and France continued to face challenges.

The Air & Sea Division realised an operating profit before special items of DKK 955 million compared with DKK 906 million for 2008, an increase of 5.4%. Divisional results were affected by the fact that ABX was included for the full year. The following countries in particular contributed to the positive development in 2009: Italy, China and Hong Kong. The USA also managed to maintain a high level of earnings, whereas Denmark was affected by the severely decreasing volumes and prices.

The Solutions Division realised an operating profit before special items of DKK 196 million compared with DKK 212 million for 2008, a decline of 7.5%. The decline is mainly due to the development in the Benelux countries and the other European countries. The largest effect of the acquired activity was seen in Italy where revenue and operating profit before special items increased significantly.

SPECIAL ITEMS

Special items were a net charge of DKK 688 million for 2009 compared with an income of DKK 78 million for 2008.

Costs recorded under special items totalled DKK 693 million in 2009, most being restructuring costs paid in connection with the integration of ABX and associated with termination benefit schemes and costs payable under terminated leases.

Special items exceeded the budget figure as integration and staff adjustments were more comprehensive and expensive than anticipated.

FINANCIALS

For 2009, net financials constituted an expense of DKK 555 million compared with DKK 404 million for 2008.

The increase is mainly due to interest on external debt financing related to the acquisition of ABX and increased interest rate margin.

PROFIT BEFORE TAX

Profit before tax came to DKK 460 million for 2009 compared with DKK 1,610 million for 2008. The decrease is mainly due to the lower activity level, higher costs recorded under special items and higher financing costs.

TAX ON PROFIT FOR THE YEAR

The effective tax rate was 58.5% for 2009. It was considerably affected by loss-making entities in which loss carry-forwards have not been capitalised and entities making losses because of large non-deductible restructuring costs. Adjusted for these factors, the effective tax rate for 2009 was approx. 29.0%.

PROFIT FOR THE YEAR

Profit for the year came to DKK 191 million compared with DKK 1,233 million for 2008. The reasons for the decrease were higher restructuring costs, increased net financial expenses and lower operating profit before special items.

Adjusted profit for the year came to DKK 799 million compared with DKK 1,131 million for 2008.

DILUTED ADJUSTED EARNINGS PER SHARE

Diluted adjusted earnings per share came to DKK 3.9 for 2009 compared with DKK 6.1 for 2008, corresponding to a decrease of approx. 36%. The decrease is attributable to the lower profit for the year and the capital increase.

Balance sheet

The balance sheet total at 31 December 2009 was DKK 22,180 million as against DKK 23,725 million at year-end 2008. The decrease was mainly caused by a reduction of net working capital and current financial liabilities.

NON-CURRENT ASSETS

Non-current assets stood at DKK 14,180 million at 31 December 2009 as against DKK 13,942 million at year-end 2008.

EQUITY

At 31 December 2009, the equity interest of DSV shareholders came to DKK 5,501 million, corresponding to an equity ratio of 25%. At 31 December 2008, equity came to DKK 3,808 million, corresponding to an equity ratio of 16%.

Equity increased mainly due to the capital increase, the sale of treasury shares and profit for the year.

DEVELOPMENT IN EQUITY

DKKm	2008	2009
Equity at 1 January	3,457	3,808
Profit for the year	1,227	185
Dividends distributed	(50)	-
Share buy-backs and sale of treasury shares	(581)	376
Capital increase	-	1,052
Foreign currency translation adjustments	(40)	135
Actuarial pension losses	(42)	(103)
Value adjustment of hedging instruments	(243)	(69)
Tax on changes in equity	51	92
Other adjustments, net	29	25
Equity at 31 December	3,808	5,501

NET WORKING CAPITAL

The Group's funds tied up in net working capital came to DKK 135 million at 31 December 2009 compared with DKK 1,074 million at 31 December 2008.

Funds tied up in debtors and other receivables as well as assets and liabilities held for sale were reduced considerably relative to 31 December 2008. The reduction is due to initiatives launched to reduce net working capital, mainly in the former ABX entities, but also in the other entities of the Group in general, as well as a decreasing activity level.

At year-end 2009, net working capital was a little more than 0.4% of revenue and lower than expected.

The Group maintains its efforts to continue to minimise the funds tied up in net working capital.

NET INTEREST-BEARING DEBT

The net interest-bearing debt amounted to DKK 6,890 million at year-end 2009 as against DKK 9,541 million at year-end 2008. Most of the proceeds from the capital increase were applied to reduce external debt raised to finance the acquisition of ABX.

Loans and credit facilities amounted to DKK 6,409 million of the total net interest-bearing debt, DKK 5,862 million of which was long-term debt. On 4 February 2010, part of the debt structure was changed, the consequence being that the duration of a loan was extended and additional undrawn committed credit facilities added. Following the extension, the duration was 4.1 years as at 4 February 2010 as against 4.0 years at 31 December 2009. The next refinancing is due in 2012. Following the change in debt structure, undrawn credit facilities amount to DKK 573 million.

In 2009, the average interest rate payable for all long-term loans of the Group was 6.5%. The main reason for the relatively high interest rate was the corporate finance policy of freezing interest rates. At 31 December 2009, the term of the interest-rate hedge for the Group's bank loans was 19 months at a weighted interest rate of 4.1%. The average interest rate payable for the long-term loans was calculated using the interest rate of the corporate interest-rate hedge with the addition of the banks' credit margin.

Please refer to note 27 for a detailed list of all loan commitments to the Group and the amounts drawn on long-term credit.

CASH FLOW STATEMENT

DKKm	2008	2009
Profit before tax	1,610	460
Changes in net working capital	(228)	985
Adjustment, non-cash operating items etc.	(487)	257
Cash flow from operating activities	895	1,702
Purchase and sale of intangibles, property, plant and equipment	(585)	(466)
Net acquisition of subsidiaries and activities	(2,545)	(41)
Other	11	21
Cash flow from investing activities	(3,119)	(486)
Free cash flow	(2,224)	1,216
Proceeds from and repayment of short-term and long-term debt	2,738	(2,800)
Transactions with shareholders	(629)	1,427
Cash flow from financing activities	2,109	(1,373)
Net change in cash and cash equivalents	(115)	(157)
Adjusted free cash flow	624	1,257

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities came to DKK 1,702 million in 2009 compared with DKK 895 million in 2008. The increase is due to significantly less funds tied up in net working capital and lower tax payments, which more than offset the lower profit before tax. The net working capital increase of DKK 985 million does not include any changes in corporation tax and non-cash items.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities, excluding the effect of the acquisition and divestment of subsidiaries, amounted to a net outflow of DKK 445 million in 2009 compared with a net outflow of DKK 574 million in 2008. The cash flow in 2009 was affected by major investments in IT systems, investments in terminals and capacity adaptation following the acquisition of ABX.

FREE CASH FLOW

The free cash flow was positively affected by substantially improved net working capital. This was, however, offset to a certain extent by higher restructuring costs and investments. The level of funds tied up in net working capital was very low and lower than expected. Net investments were higher mainly because the sale of properties and terminals did not materialise as anticipated.

Free cash flow came to DKK 1,216 million in 2009 as against a negative free cash flow of DKK 2,224 million in 2008. Adjusted for the acquisition and divestment of subsidiaries and activities and normalisation of the net working capital of acquirees, the free cash flow amounted to DKK 1,257 million in 2009 as against DKK 624 million in 2008.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities constituted a net outflow of DKK 1,373 million due to the repayment of long-term bank loans, which was to a certain extent offset by proceeds from the capital increase and the sale of treasury shares.

NET CHANGE IN CASH AND CASH EQUIVALENTS

The net change in cash and cash equivalents was a net outflow of DKK 157 million, and foreign exchange translation adjustments came to DKK 8 million; accordingly, the Group's cash and cash equivalents amounted to DKK 367 million at year-end 2009 compared with DKK 516 million in 2008.

INVESTED CAPITAL INCLUDING GOODWILL AND CUSTOMER RELATIONSHIPS

The invested capital including goodwill and customer relationships was reduced to DKK 13,100 million at 31 December 2009 as against DKK 13,323 million at 31 December 2008. The decrease in invested capital is mainly attributable to the reduction of net working capital.

RETURN ON INVESTED CAPITAL (ROIC INCLUDING GOODWILL AND CUSTOMER RELATIONSHIPS)

In 2009, return on invested capital was 12.9% compared with 17.2% in 2008. The reduction is due to lower operating profit before special items and in part also to the fact that the average invested capital was higher in 2009 than in 2008 when ABX was acquired in Q4.

EVENTS AFTER THE REPORTING DATE

No material events have occurred after the end of the financial year.

Outlook for 2010

The budget has been prepared from the point of view of the individual countries, based on the national managements' expectations of their local markets. Division and Group Managements review and approve the individual national budgets and the consolidated budget.

The outlook for 2010 remains affected by the general uncertainty about economic developments. It is, however, assumed that the situation will continue to become more stable in the markets in which DSV operates. Management expects to maintain its focus on earnings in 2010 by means of tight cost control and capacity management, continued reduction of invested capital and organic growth.

The separate divisional reviews provide additional information on expected market developments.

REVENUE

DSV expects Group revenue to grow by 3-7% in 2010 compared with the figures realised for 2009.

OPERATING PROFIT BEFORE SPECIAL ITEMS (EBITA)

The Group expects operating profit before special items of DKK 1,900-2,100 million.

SPECIAL ITEMS

No notable special items are expected in 2010.

NET FINANCIALS

Financial costs are expected to net about DKK 500 million.

TAX RATE

DSV expects its tax rate for the year to be close to 30%.

FREE CASH FLOW

The free cash flow of the Group is expected to be close to DKK 1,200 million.

FORWARD-LOOKING STATEMENTS

This Annual Report includes forward-looking statements on various matters, such as expected revenue and earnings and future strategies and expansion plans. Such statements are uncertain and involve various risks because many factors, some of which are beyond DSV's control, may result in actual developments differing considerably from the expectations set out in the Annual Report.

Such factors include, but are not limited to, general financial business conditions, exchange rate changes, changes in interest rates, the demand for DSV's services, competition in the transport sector, operational problems in one or more of the Group's subsidiaries and uncertainty in connection with the acquisition and divestment of enterprises.

Road
Divisional review

Consolidation and realisation of synergies

Activities

The DSV Road Division is among the top three transport companies in Europe with about 10,000 employees and 17,000 trucks on the roads every day. The Road Division offers transport of full loads, part loads and mixed cargo all over Europe. The transport services are mainly provided within DSV's own network of 34 Road countries in Europe.

The actual transportation activities in Europe are carried out by various subcontractors. The individual countries are responsible for selecting their own subcontractors, and quality, prices and service levels are assessed on an ongoing basis. The business concept of DSV implies comprehensive outsourcing, and the Group aims to generate no more than 5% of the sales volume itself. The Road Division meets this objective.

The Road Division functions as a subcontractor for the Air & Sea and Solutions Divisions.

Organisational structure

The Road Division has a flat and decentralised organisational structure, emphasising empowerment and direct communication channels at all levels, and a national management in each country where the Division is represented. The national managements are responsible for operating activities and administration in their relevant countries. All national companies have their own independent budgets, which are monitored closely by the relevant national managements and the Division management.

Due to its decentralised structure, DSV Road is able to develop its national companies in consideration of market conditions, culture and language. In addition, the national Road organisations are close to the local customers and able to quickly make local decisions when needed.

The Division has close internal collaboration and dialogue across the countries to develop the common customer portfolio and provide high-quality services.

Goals

For a long time, the long-term goal for the Road Division has been to gain a comprehensive and well-established European network to become less dependent on external partners. By the acquisitions of Frans Maas in 2006 and ABX LOGISTICS (ABX) in 2008, the Division reached this goal and created the foundation for future organic growth.

Concerning IT, the Division intends to use as few systems as possible to obtain uniform procedures, a high level of transparency and reduced IT operating costs.

The plan for 2010 is to continue consolidating the Division, focusing on operating costs and realising additional synergies. The Division will focus on achieving a correct composition of the customer portfolio, a streamlined production and automated business processes.

Market developments

The financial crisis in 2009 implied reduced demand, which lead to a slowdown in European cargo transport. Moreover, the transport market was characterised by excess capacity and a strong price pressure from customers. During the last four or five months of 2009, the transport market and prices showed a stabilising trend, however, there is still excess capacity in the market.

The market of the Road Division is highly fragmented and characterised by many small and medium-sized players and a few large players. In this connection, the Division benefits from its comprehensive network which offers uniform quality and services to customers.

Competition in the cargo transport market is not limited to specific geographical areas, and most countries also face fierce local competition. In the assessment of the Division, the Division gained market shares in the majority of the European countries in 2009.

Market developments and the increased risk of bad debts have resulted in an even greater focus on the customers' credit period and efficient collection of debts.

The asset-light business model of DSV has proven highly effective. It makes it possible for the Division to adapt capacity according to demand, thereby maintaining positive operating results.

Focus areas in 2009

The acquisition of ABX strengthened the Division's company structure in Italy, Spain, France, Germany and Switzerland.

The integration of ABX and the restructuring process in Europe was carried out in 2009, France and Spain being the only countries which have not yet completed the integration. The Division expects the integration to be completed in those countries during the first six months of 2010.

The Road Division has strong focus on some of the major transport markets in Europe: Germany, France and Spain, the aim being to achieve stable and profitable operating activities. A necessary element of these efforts was to change the top managements in all three countries. The major operational changes were effected in Germany where it was necessary to consolidate the company to achieve the desired synergies.

In 2009, the Division worked on streamlining and optimising its working processes. This includes the integration, streamlining and reduction of IT systems to ensure high quality, transparency and efficiency. Other important focus areas were the receipt of orders, which includes electronic registration of customers' bookings, and the implementation of scanning equipment to obtain higher quality of the Track & Trace service for our customers.

The Road Division's objective is to receive at least two-thirds of all bookings electronically in 2010. Focus is on automating internal and external invoicing procedures and on further developing key performance indicators (KPIs), which will make it possible to compare productivity and efficiency across the Division.

CONDENSED INCOME STATEMENT

(DKKm)	2008[1]	2009[1]
Revenue	19,806	18,390
Direct costs	15,813	14,476
Contribution margin	3,993	3,914
Other external expenses	933	1,052
Staff costs	2,049	2,097
Operating profit before amortisation, depreciation and special items (EBITDA)	1,011	765
Amortisation, depreciation and impairment of intangibles, property, plant and equipment, excluding customer relationships	123	145
Amortisation and impairment of customer relationships	14	23
Operating profit before special items (EBITA)	**874**	**597**

1. Inter-division adjustments and transfers of activities have been made for both 2008 and 2009.

CONDENSED BALANCE SHEET

(DKKm)	31.12.08	31.12.09
Goodwill and customer relationships	2,527	3,313
Other intangibles, property, plant and equipment	2,061	2,126
Other non-current assets	728	281
Total non-current assets	**5,316**	**5,720**
Receivables	3,369	3,232
Cash and intercompany balances	2,004	2,290
Total current assets	**5,373**	**5,522**
Total assets	**10,689**	**11,242**
Equity	2,819	1,711
Interest-bearing long-term debt	170	170
Other non-current liabilities, including provisions	549	1,034
Non-current liabilities	**719**	**1,204**
Interest-bearing short-term debt, including intercompany debt	3,803	4,047
Other short-term debt	3,348	4,280
Total current liabilities	**7,151**	**8,327**
Total equity and liabilities	**10,689**	**11,242**

ROIC including goodwill and customer relationships came to 16.9% (2008: 19.2%). The calculation of ROIC included DKK 2,838 million of goodwill and customer relationships (2008: DKK 2,313 million). The item consists of the Division's goodwill, customer relationships and goodwill allocated from DSV. Number of employees: 9,858.

MANAGEMENT'S REVIEW – ROAD DIVISION

Country	2009 revenue compared with 2008	2009 contribution margin compared with 2008	2009 operating profit before special items (EBITA) compared with 2008	Comments/focus
Denmark	Significantly below	Below	Below	The company management deserves praise for the fine results, i.a. realised by consistent cost reductions. The company has a very unique market position and is well prepared for future growth in both national and international traffic.
Sweden	Significantly below	Significantly below	Significantly below	A weak national currency and steep revenue decline due to lower industrial production in Sweden had a great negative influence on results. The company should attempt to approach its previous high EBITA level.
Norway	On level	On level	On level	Good results which were positively influenced by some very good acquisitions in late 2008. The company is strong and well organised for future growth.
Finland	Significantly below	Below	Significantly above	Good development in EBITA. Previous losses on domestic transport have been eliminated by divestment of this activity.
Great Britain	Significantly below	Significantly below	Significantly below	Reasonable results despite great negative effect from weak national currency. The company has a good market position, which should be exploited in 2010.
Ireland	On level	Below	Below	Acceptable results considering the Irish economic crisis. Profitability should be improved in 2010 on the important UK market.
Germany	On level	Significantly above	On level	Weak start of the year replaced by positive results, which gives hope for the future. The new management has injected new vitality and drive into the company.
Austria	Below	Above	Significantly below	Relatively high contribution ratio, which should contribute to higher EBITA for 2010.
The Netherlands	Significantly below	On level	Below	Fine EBITA achieved in difficult market conditions. The company should develop further and win a larger proportion of the interesting freight volumes in the country.
Belgium	Significantly below	Significantly below	Significantly below	Entirely disappointing results compared with even very good results for the previous years. High contribution ratio triggers optimism about higher EBITA in future.
France	Significantly above	Significantly above	Significantly below	Disappointing results through and through. The ABX integration has not yet been completed, but is expected to be so in Q2 2010. The new national management is optimistic about improved results in future.
Italy	Significantly above	Significantly above	Significantly above	Good development in EBITA. The effects of the acquisition of ABX are clear. The company has a unique market position, which should be used to improve results even further over the next years.
Spain	Significantly above	Significantly above	Below	Dissatisfactory results achieved in a highly difficult market. The company has a new management with greater focus on operations, which has already started to influence the company shortly after its appointment.
Portugal	Significantly above	Significantly above	Significantly below	Weak development in EBITA. The effects of the acquisition of ABX failed to be seen. The company should improve results in 2010.
Estonia	Significantly below	Significantly below	Significantly below	The company was hit hard by the economic problems in the country. Yet the results achieved are acceptable.
Latvia	Significantly below	Significantly below	Significantly below	The country was among the most exposed areas in Europe in 2009, which rubbed off on the results of the company. Slow improvement of results is expected.
Lithuania	Significantly below	Significantly below	Significantly below	Like the other Baltic countries, the country was hit by the economic downturn. Seen in isolation, profitability is good. Like the two other Baltic companies, the company has a leading market position, which gives rise to future optimism.
Russia	Significantly above	Significantly above	Significantly below	Dissatisfactory development, which ought to improve in 2010. The new, considerably improved size of the company should lead to improved results.
Poland	On level	Significantly above	Significantly above	Extraordinarily good and pronounced development. Strong and targeted management which returned the highest EBITA margin of the Division. Group Management recognises the fine results.
Kaliningrad, Belarus and Ukraine	Below	Above	Significantly above	Good development in all interesting markets. Particularly Ukraine performed well.
Czech Republic	Significantly below	Significantly below	Significantly below	Decline compared to previous years, but still acceptable absolute level. The company has a good base and should be able to approach previous years' performance level.
Central and South Eastern Europe[1]	Below	Below	Below	Acceptable results. High contribution ratio triggers optimism about higher EBITA in future.

1. Hungary, Slovakia, Greece, Bulgaria, Slovenia, Croatia, Serbia, Turkey and Morocco

REVENUE AND OPERATING PROFIT BEFORE SPECIAL ITEMS (EBITA) BY MARKETS

	Revenue		Contribution margin		Operating profit before special items (EBITA)		Contribu-tion ratio	EBITA margin
(DKKm)	01.01.08-31.12.08	01.01.09-31.12.09	01.01.08-31.12.08	01.01.09-31.12.09	01.01.08-31.12.08	01.01.09-31.12.09	01.01.09-31.12.09	01.01.09-31.12.09
Denmark	4,767	3,911	851	738	314	284	18.9	7.3
Sweden	4,073	3,080	751	584	227	133	19.0	4.3
Norway	1,195	1,143	214	211	71	69	18.5	6.0
Finland	1,413	1,002	172	160	17	22	16.0	2.2
Great Britain	1,879	1,533	376	304	111	70	19.8	4.6
Ireland	421	402	68	62	11	10	15.4	2.5
Germany	2,211	2,247	297	352	(26)	(27)	15.7	-1.2
Austria	313	286	55	59	5	3	20.6	1.0
The Netherlands	852	682	151	145	28	25	21.3	3.7
Belgium	951	704	188	155	62	17	22.0	2.4
France	743	1,228	180	257	11	(42)	20.9	-3.4
Italy	577	890	92	234	(12)	12	26.3	1.3
Spain	375	770	64	142	(36)	(38)	18.4	-4.9
Portugal	155	221	28	37	2	(2)	16.7	-0.9
Estonia	365	267	59	49	16	10	18.4	3.7
Latvia	278	206	35	26	11	4	12.6	1.9
Lithuania	259	201	40	32	13	7	15.9	3.5
Russia	57	178	11	44	-	(3)	24.7	-1.7
Poland	508	524	88	103	26	43	19.7	8.2
Kaliningrad, Belarus and Ukraine	101	86	19	20	2	3	23.3	3.5
Czech Republic	272	214	44	35	12	8	16.4	3.7
Central and South Eastern Europe[1]	728	663	164	154	17	16	23.2	2.4
Total	22,493	20,438	3,947	3,903	882	624	19.1	3.1
Group	467	377	57	42	6	(3)	-	-
Amortisation of customer relationships	-	-	-	-	(14)	(24)	-	-
Elimination	(3,154)	(2,425)	(11)	(31)	-	-	-	-
Net	19,806	18,390	3,993	3,914	874	597	21.3	3.2

1. Hungary, Slovakia, Greece, Bulgaria, Slovenia, Croatia, Serbia, Turkey and Morocco

2009 results

The increased pressure from customers to reduce prices due to decreasing activity and volumes has lead to lower revenue compared with 2008. The Road Division has shifted a considerable part of this price pressure onto its subcontractors, thereby ensuring a reasonable operating profit.

Particularly the automotive industry saw a major decrease in transport volumes, and the Division has therefore struggled to better utilise some of the customised equipment customised for that industry.

The Nordic countries Denmark, Sweden and Norway continued to be the high-earning countries, whereas Poland fostered the most prominent development in 2009. This market now ranks as number five after the Scandinavian countries and Great Britain when measured on profitability. Belgium saw the largest decrease and for 2009 it contributes only 25% of the 2008 results.

Outlook for 2010

There are high expectations that the branches in Spain, France and Germany will not suffer any financial losses in 2010, which will have a very positive impact on total Division results.

The Division pursued a very aggressive pricing policy in the transport market in 2009 to achieve the sales volume required to produce transport services at competitive prices. The aggressive policy is expected to continue in 2010.

In addition, the Division restructured its global sales organisation to be able to service and attract more large, international customers.

In 2010, the Road Division expects to continue its efforts to develop and implement the necessary IT tools to obtain better capacity utilisation and more efficient administration.

Søren Schmidt
Chief Operation Officer
Road Division

Air & Sea Divisional review

Global network with improved stability and services

Activities

The Air & Sea Division specialises in the handling of airfreight and seafreight between global destinations. The Division focuses on the movement of cargo by air and sea both as seafreight consolidations (LCL), full container loads (FCL), airfreight consolidations and direct airfreight (back-to-back) shipments. The Division also has a Project Department which handles non-conventional types of air and seafreight, including air and ship charters, turn-key projects and out-of-gauge and heavy-lift shipments. The Air & Sea Division transports approx. 625,000 TEUs of seafreight and approx. 175,000 tons of airfreight each year.

Organisational structure

The Air & Sea Division has a flat and decentralised organisational structure, emphasising empowerment and direct communication channels at all levels, and a national management of the Air & Sea company in each country where the Division is represented. The national managements are responsible for operating activities and administration in their relevant countries. All national companies have their own independent budgets, which are monitored closely by the relevant national managements and the Division Management.

By its decentralised structure, DSV Air & Sea is able to develop its national companies in consideration of market conditions, culture and language. In addition, the national organisations are close to the local customers and able to quickly make local decisions when needed.

The Division has close internal collaboration and dialogue across the countries to develop the common customer portfolio and provide high-quality services.

Focus is on creating uniform procedures to achieve high productivity, efficiency and quality. Even though the Division has a decentralised structure, most of the transported volume is managed by the same transport management system.

Goals

For a long time, the long-term goal of the Air & Sea Division has been to achieve a critical mass on key markets and thereby to become better equipped to meet the need for global transport solutions. By the acquisition of ABX LOGISTICS (ABX) in 2008, the Division reached this goal and created the foundation for future organic growth.

Concerning IT, the Division intends to use as few systems as possible to obtain uniform procedures, a high level of transparency and reduced IT operating costs. The Division continued this development in 2009 by reducing the number of IT systems considerably. IT is to be a contributing factor in the Division's efforts to offer customers even better products and services.

The plan for 2010 is to continue consolidating the Division, focus on operating costs and realise additional synergies. The Division will focus on achieving a correct composition of the customer portfolio, streamlined production and automated business processes.

Market developments

The Air & Sea markets have been affected by the global economic situation. Especially the low freight rates, declining seafreight volumes and a steep drop in airfreight volumes impacted on the activities of the Division. The first nine months of the year were characterised by historically low rates, which influenced all the regions in which DSV Air & Sea operates, resulting in a pronounced negative effect on Division revenue.

In the last quarter of 2009, freight rates showed an upward trend, mainly because shipping lines and airline companies reduced their capacity to achieve higher freight rates. In addition, shipping lines are sailing at lower speed on several freight routes to reduce fuel costs. This development combined with increasing transported volumes, particularly during the peak season from September to November, resulted in a market with higher freight rates and lack of capacity. The shift from historically low freight rates to the present level has influenced the prices that the Division obtained from its customers. The sales staff and Management of DSV Air & Sea keep a constant focus on these prices to make sure that they follow market rates at all times.

From a business perspective, the market conditions in Q4 of 2009 implied that the branches in the Far East in particular worked hard to ensure timely dispatch of shipments. Moreover, they also made efforts to ensure additional capacity when needed to comply with agreements in place.

The situation of reduced capacity and generally increasing freight rates in the market has continued in 2010.

Focus areas in 2009

In 2009, the Division had considerable focus on the integration of ABX. The countries in which both ABX and DSV were represented spent a lot of time and resources on ensuring the realisation of synergies in relation to employees, leases, procurement and consolidation of sales volumes in general. The common objectives of the countries were to achieve the best possible synergies while maintaining a high service level for the customers.

The global network of the Air & Sea Division has now grown to 62 countries, which altogether provides greater stability and better services for our customers.

CONDENSED INCOME STATEMENT

(DKKm)	2008[1]	2009[1]
Revenue	13,584	14,062
Direct costs	10,586	10,538
Contribution margin	2,998	3,524
Other external expenses	692	720
Staff costs	1,326	1,734
Operating profit before amortisation, depreciation and special items (EBITDA)	980	1,070
Amortisation, depreciation and impairment of intangibles, property, plant and equipment, excluding customer relationships	65	80
Amortisation and impairment of customer relationships	9	35
Operating profit before special items (EBITA)	**906**	**955**

1. Inter-division adjustments and transfers of activities have been made for both 2008 and 2009.

CONDENSED BALANCE SHEET

(DKKm)	31.12.08	31.12.09
Goodwill and customer relationships	4,348	4,548
Other intangibles, property, plant and equipment	1,885	1,659
Other non-current assets	124	-
Total non-current assets	**6,357**	**6,207**
Receivables	5,022	3,746
Cash and intercompany balances	1,070	2,061
Total current assets	**6,092**	**5,807**
Total assets	**12,449**	**12,014**
Equity	977	2,001
Interest-bearing long-term debt	364	271
Other non-current liabilities, including provisions	951	707
Non-current liabilities	**1,315**	**978**
Interest-bearing short-term debt, including intercompany debt	6,121	5,824
Other short-term debt	4,036	3,211
Total current liabilities	**10,157**	**9,035**
Total equity and liabilities	**12,449**	**12,014**

ROIC including goodwill and customer relationships came to 14.3% (2008: 20.8%). The calculation of ROIC included DKK 4,603 million of goodwill and customer relationships (2008: DKK 4,887 million). The item consists of the Division's goodwill, customer relationships and goodwill allocated from DSV. Number of employees: 5,925.

In 2009, the Division expanded the management systems which enable the individual countries to monitor and measure their performance, both in relation to previous periods and on a monthly basis. The systems also make it possible to compare results with those of other countries in the same region.

2009 results

Relative to 2008, the Division results were affected by the fact that ABX activities were recognised for the entire period, which changed the countries' proportionate contribution to the Division results. Many countries contributed by having a positive development in 2009, an increasing

MANAGEMENT'S REVIEW – AIR & SEA DIVISIONEN

Country	2009 revenue compared with 2008	2009 contribution margin compared with 2008	2009 operating profit before special items (EBITA) compared with 2008	Comments/focus
USA	Significantly below	On level	Below	Despite highly volatile market conditions, the company retained its high margin, accordingly generating really fine results.
Italy	Significantly above	Significantly above	Significantly above	The effects of the acquisition of ABX are clear. The company generated excellent results in every way. The company has a favourable market position and is well positioned for future growth. Group Management recognises the efforts of the national management.
Denmark	Significantly below	Significantly below	Significantly below	Dissatisfactory results achieved in highly competitive conditions. Necessary initiatives launched in 2009, which ought to become visible in 2010.
Project Dept. Denmark	Below	Above	On level	Good and stable development. Fine results.
Norway	Significantly below	Significantly below	Significantly below	Following the record year 2008, the company is nearly back to 2007 levels, which is definitely satisfactory. The high EBITA margin remains unchanged, which promises well for the future.
Sweden	Significantly below	Significantly below	Significantly below	Disappointing development in a big, important market. There is definitely room for improvement.
Finland	Significantly below	Below	On level	Good results; considerably higher EBITA margin, which should be maintained.
Great Britain	Significantly below	Significantly below	Significantly below	Development in EBITA a little disappointing, but improved EBITA margin gives the company a good basis for future developments.
Ireland and Northern Ireland	Significantly below	Significantly below	Significantly above	Fine development in EBITA and EBITA margin.
Germany	Above	Significantly above	Above	Fine development in a difficult, but very interesting market. New national management did a splendid job.
The Netherlands	Significantly below	Below	Significantly above	Pronounced improvement of EBITA despite the lower activity level. Fine results.
Belgium	Significantly above	Significantly above	Significantly below	EBITA failed to entirely reflect the new and increased activities of the company. The average EBITA margin of the Division should be the target of the company.
France	Significantly below	On level	Significantly above	Nice development, although it slowed down a bit in the second half of 2009. The company has a high quality, and Management is optimistic about improved results in 2010.
Spain	On level	Significantly above	Significantly above	Modest results achieved in a difficult domestic market. Results ought to improve.
Turkey	Significantly above	Significantly above	Significantly above	Nice development. The company now has the necessary critical mass and should therefore go for improving the EBITA margin of the company.
Central Europe[1]	Significantly above	Significantly above	Significantly above	Pronounced and substantial improvement, mainly because of the acquisition of ABX.
Canada	Above	Significantly above	Significantly above	Nice progress. In all areas. Previous problems are deemed to have been solved. Strong performance!
China	Above	Significantly above	Significantly above	Very nice results influenced to some extent by ABX. The company has achieved a good size and is seeing quick progress.
Hong Kong	Above	Significantly above	Significantly above	Very nice development. The ABX integration was well handled. The company continues to be well positioned for further progress.
Australia	On level	Significantly above	Below	Acceptable results in a difficult market. EBITA margin ought to improve a little.
Other Far East[2]	Significantly above	Significantly above	Significantly above	Very strong development in several countries which all deserve praise for their great efforts.
Central and South America[3]	Significantly above	Significantly above	Significantly above	Good development.

1. Poland, Hungary, Portugal, Czech Republic, Austria, Switzerland, Belarus, Ukraine, Bulgaria and Nigeria
2. Indonesia, Thailand, Singapore, Malaysia, the Philippines, Korea, Taiwan, Vietnam, India, Bangladesh, United Arab Emirates, Japan and New Zealand
3. Mexico, Argentina, Venezuela and Chile

REVENUE AND OPERATING PROFIT BEFORE SPECIAL ITEMS (EBITA) BY MARKETS

	Revenue		Contribution margin		Operating profit before special items (EBITA)		Contribution ratio	EBITA margin
(DKKm)	01.01.08-31.12.08	01.01.09-31.12.09	01.01.08-31.12.08	01.01.09-31.12.09	01.01.08-31.12.08	01.01.09-31.12.09	01.01.09-31.12.09	01.01.09-31.12.09
USA	2,142	1,804	439	441	214	188	24.4	10.4
Italy	1,605	2,958	387	666	90	191	22.5	6.5
Denmark	1,725	1,010	331	221	112	27	21.9	2.7
Project Dept. Denmark	825	768	98	108	48	50	14.1	6.5
Norway	333	239	81	66	35	26	27.6	10.9
Sweden	400	274	70	52	21	11	19.0	4.0
Finland	270	145	40	37	12	12	25.5	8.3
Great Britain	1,160	764	204	153	56	39	20.0	5.1
Ireland and Northern Ireland	222	174	43	35	9	12	20.1	6.9
Germany	1,583	1,686	260	355	49	56	21.1	3.3
The Netherlands	549	358	94	89	15	32	24.9	8.9
Belgium	83	161	27	62	5	3	38.5	1.9
France	783	563	149	146	10	12	25.9	2.1
Spain	463	461	79	107	(3)	5	23.2	1.1
Turkey	185	264	21	27	2	3	10.2	1.1
Central Europe etc.[1]	595	711	133	196	5	30	27.6	4.2
Canada	144	155	35	43	10	20	27.7	12.9
China	798	859	141	173	69	86	20.1	10.0
Hong Kong	486	529	88	121	55	77	22.9	14.6
Australia	341	333	63	77	18	16	23.1	4.8
Other Far East[2]	929	1,203	180	255	64	84	21.2	7.0
Central and South America[3]	66	179	11	37	-	5	20.7	2.8
Total	**15,687**	**15,598**	**2,974**	**3,467**	**896**	**985**	**22.2**	**6.3**
Group	76	67	75	72	30	4	-	-
Amortisation of customer relationships	-		-	-	(20)	(34)	-	-
Elimination	(2,179)	(1,603)	(51)	(15)	-	-	-	-
Net	**13,584**	**14,062**	**2,998**	**3,524**	**906**	**955**	**25.1**	**6.8**

1. Poland, Hungary, Portugal, Czech Republic, Austria, Switzerland, Belarus, Ukraine, Bulgaria and Nigeria
2. Indonesia, Thailand, Singapore, Malaysia, the Philippines, Korea, Taiwan, Vietnam, India, Bangladesh, United Arab Emirates, Japan and New Zealand
3. Mexico, Argentina, Venezuela and Chile

proportion of the Division profit being earned in the Far East (including Australia), which provided 28% of the Division profit in 2009 (23% in 2008).

The Division achieved very strong results in Italy in 2009. China, Hong Kong and other Far East also achieved good results, showing growth despite the general market situation. The USA managed to maintain a high level of earnings in a difficult market. Developments in the Danish Air & Sea activities were influenced by severely decreasing volumes and rather late adaptation of the company's cost level to the present activity level.

Outlook for 2010

In general, the Air & Sea Division expects the trend of moderately increasing sales volumes and increasing freight rates to continue in 2010. The increase in sales volumes is expected to be more controlled than the drop seen in the last quarter of 2008, which continued into 2009. The lack of capacity that characterised the market situation is also expected to continue in 2010, and more human resources will therefore be spent on providing capacity for the expected increase in sales volumes. The acquisition of ABX was a great benefit to the Air & Sea Division, which today covers a far greater geographical area than before the acquisition. The geographical areas expecting the largest positive development in the coming years are Italy, Germany, Spain, North America, the Far East and Central Asia.

The Air & Sea Division is ready to handle a rapid rise in sales volumes without having to make any significant human resource investments. This is expected to have a positive impact on the bottom line.

Jørgen Møller
President
Air & Sea Division

Solutions
Divisional review

Focus on reliability and flexibility

Activities

The service portfolio of DSV Solutions encompasses tailor-made logistics solutions across the full supply chain from design through freight management, customs clearance, warehousing and distribution and value-added services to information management and e-business support. The use of state-of-the-art technology and experienced and competent employees is fundamental to the Solutions Division as reliability, familiarity with customers' needs and a high service level are key to the commercial success of the Division.

Reliability is key to delivering on our promises because this allows customers to reduce inventories and thus save capital. DSV Solutions is service-driven and dedicated to living up to customers' expectations. Therefore we offer customers supply chain visibility at all levels of execution, and performance reports are under constant review by customers and us.

DSV Solutions simultaneously orchestrates and manages transactions and the physical flows in the supply chain within the DSV network. Full data integration, process synchronisation and reporting allow the Division to identify and eliminate non-value adding activities.

The Division focuses on organic growth within five industries, in which the concepts can easily be tailored to meet customer needs. Customers know that they can rely on a financially sound partnership with DSV Solutions.

Based on best practice, we offer five strong industry concepts to our customers:

- Automotive
- Components & spare parts
- Hi-tech
- Health care & protection
- Retail

The business concept of the DSV Group implies comprehensive outsourcing, and the Group aims to generate no more than 5% of the revenue volume itself. Outsourcing is also an essential part of the business concept of DSV Solutions, which maintains constant focus on making the cost structure as variable as possible.

Organisational structure

DSV Solutions operates a flat organisational structure, emphasising empowerment and direct communication channels at all levels. The decentralised structure of the Solutions Division reflects the demand from individual markets and countries for industry specialisation and flexibility to respond seamlessly to changes in demand and supply.

Country and site managements are responsible for their own account management, operations and administration. All local offices have budget responsibility and are closely monitored by country and Division managements. The central support activities of the Division are Business Development, Project Management & Engineering, Process Control and Systems & IT.

The Solutions Division builds lean processes, operates best practices in all business procedures and works as much as possible with the other divisions of the Group.

Goals

The Solutions Division aims to be the market leader in its field by developing, optimising and supplying agile supply chain solutions, thereby offering customers competitive advantages that will help them optimise their businesses.

DSV Solutions focuses on long-term relationships with customers based on reliability and flexibility. The Division is dedicated to undertaking its business with respect for our customers, staff, partners and the environment.

Proven technical infrastructure and robust tools are the foundation on which we have built our IT systems. They also ensure quality of services and reduce running costs. Driven by customers' needs, we implement best operating practices company-wide, based on a framework of principles and tools. DSV Solutions offers all customers a global network and multi-channel execution throughout the supply chain.

The Solutions Division creates value for our customers by constantly re-developing and improving our industry concepts to execute supply chains in the most cost efficient way, allowing customers to increase market shares.

The full service portfolio offered together with DSV Road and DSV Air & Sea supports customers' decision to outsource all their logistics activities to DSV Solutions. DSV's one-stop shopping model allows customers to reduce their fixed overheads and focus on their core business.

Market developments

In 2009, market prices and volumes decreased further, and many customers tendered their logistics tasks to reduce the associated costs. To free up as much working capital as possible, many big enterprises reduced their inventories significantly, which resulted in excess storage capacity.

DSV Solutions is seeing that stock-carrying costs have become a focus area for most customers. This implies focus not only on reducing capital investments and direct warehouse costs, but also on reducing costs associated with the risk of price drops or stock obsolescence. Inventory levels have therefore become a key performance indicator in many companies. Low freight rates and availability of pro-

CONDENSED INCOME STATEMENT

(DKKm)	2008[1]	2009[1]
Revenue	5,275	5,788
Direct costs	4,054	4,227
Contribution margin	1,221	1,561
Other external expenses	383	522
Staff costs	486	659
Operating profit before amortisation, depreciation and special items (EBITDA)	352	380
Amortisation, depreciation and impairment of intangibles, property, plant and equipment, excluding customer relationships	104	135
Amortisation and impairment of customer relationships	36	49
Operating profit before special items (EBITA)	**212**	**196**

1. Inter-division adjustments and transfers of activities have been made for both 2008 and 2009.

CONDENSED BALANCE SHEET

(DKKm)	31.12.08	31.12.09
Goodwill and customer relationships	860	998
Other intangibles, property, plant and equipment	1,176	1,227
Other non-current assets	107	238
Total non-current assets	**2,143**	**2,463**
Receivables	966	1,009
Cash and intercompany balances	582	1,099
Total current assets	**1,548**	**2,108**
Total assets	**3,691**	**4,571**
Equity	390	352
Interest-bearing long-term debt	449	1,032
Other non-current liabilities, including provisions	221	213
Non-current liabilities	**670**	**1,245**
Interest-bearing short-term debt, including intercompany debt	1,780	2,027
Other short-term debt	851	947
Total current liabilities	**2,631**	**2,974**
Total equity and liabilities	**3,691**	**4,571**

ROIC including goodwill and customer relationships came to 7.6% (2008: 8.6%). The calculation of ROIC included DKK 1,467 million of goodwill and customer relationships (2008: DKK 1,381 million). The item consists of the Division's goodwill, customer relationships and goodwill allocated from DSV. Number of employees: 5,497.

duction capacity across the world have allowed customers to carry significantly reduced inventory levels.

Focus areas in 2009

Recent years have been used to develop CargoWrite, a new and advanced operations system. The implementation efforts commenced in Q4 2009. Based on prior experience, a roll-out tool will be developed to ensure uniform implementation of CargoWrite across Europe over the next four years.

The Solutions Division has also implemented another initiative: the Multi National Customer Program (MNCP), which is to generate more business in other countries with existing customers. The Solutions Division has opted to test this initiative on selected key customers. Selected account managers have been appointed for the specific task of generating additional sales through the MNCP in 2010.

2009 results

Due to market conditions, revenue of DSV Solutions, adjusted for the acquisition of ABX, dropped in 2009 compared with 2008. 2009 revenue did not fully meet expectations. The revenue drop was caused by both decreasing sales volumes and rate erosion. The decrease in the automotive industry in particular had a direct impact on revenue this year.

Many cost reduction initiatives were implemented to compensate for reduced storage revenue, including the fact that a significant part of the Division's staff was made redundant. Despite those initiatives, EBITA dropped compared with 2008 and was behind budget.

Naturally, the results of the Solutions Division were affected by the activities taken over in connection with the integration of ABX, and Italy in particular saw more activities.

MANAGEMENT'S REVIEW – SOLUTIONS DIVISION

Country	2009 revenue compared with 2008	2009 contribution margin compared with 2008	2009 operating profit before special items (EBITA) compared with 2008	Comments/focus
Denmark	Significantly below	Significantly below	Significantly below	Somewhat dissatisfactory trend in results, which is mainly due to non-optimal utilisation of capacity.
Sweden	Below	Above	Significantly above	Fine results; national management deserves great praise.
Norway	Below	On level	Significantly below	Stable development. Results should improve in 2010.
Finland	Below	Significantly above	Significantly above	Very fine results, which were positively influenced by one-off items. Shared management of Road and Solutions functions as intended.
Germany	Below	On level	Significantly below	Somewhat dissatisfactory trend in results, which is mainly due to non-optimal utilisation of capacity.
Italy	Significantly above	Significantly above	Significantly above	Pronounced improvement after the acquisition of ABX. The company has a good market position and performed very well in 2009.
Great Britain	Below	On level	On level	Good results; EBITA margin ought to improve in future.
Ireland	Above	Above	Significantly below	Somewhat disappointing development. Newly acquired activities do not yet make a positive contribution.
Benelux	On level	On level	Significantly below	Fine and high results, which were negatively influenced by losses within the automotive industry in Belgium and non-optimal capacity utilisation in the Netherlands. The de-stocking phenomenon hit the Dutch company hard in 2009.
Other Europe[1]	Below	Below	Significantly below	Somewhat disappointing development which failed to meet expectations. Only France performed better than last year.

1. France, Poland, Romania, Russia and Spain

REVENUE AND OPERATING PROFIT BEFORE SPECIAL ITEMS (EBITA) BY MARKETS								
	Revenue		Contribution margin		Operating profit before special items (EBITA)		Contribution ratio	EBITA margin
(DKKm)	01.01.08-31.12.08	01.01.09-31.12.09	01.01.08-31.12.08	01.01.09-31.12.09	01.01.08-31.12.08	01.01.09-31.12.09	01.01.09-31.12.09	01.01.09-31.12.09
Denmark	429	343	106	84	18	15	24.5	4.4
Sweden	375	330	69	77	17	27	23.3	8.2
Norway	167	147	24	25	6	5	17.0	3.4
Finland	129	121	39	56	13	30	46.3	24.8
Germany	1,357	1,281	185	175	(8)	(34)	13.7	-2.7
Italy	147	973	24	345	6	55	35.5	5.7
Great Britain	275	256	81	84	9	9	32.8	3.5
Ireland	195	211	51	58	14	10	27.5	4.7
Benelux	1,753	1,731	524	540	163	112	31.2	6.5
Other Europe[1]	603	561	141	125	20	4	22.3	0.7
Total	**5,430**	**5,954**	**1,244**	**1,569**	**258**	**233**	**26.4**	**3.9**
Group	1	30	1	30	(11)	8	-	-
Amortisation of customer relationships	-	-	-	-	(35)	(45)	-	-
Elimination	(156)	(196)	(24)	(38)	-	-	-	-
Net	**5,275**	**5,788**	**1,221**	**1,561**	**212**	**196**	**27.0**	**3.4**

1. France, Poland, Romania, Russia and Spain

However, even under the current difficult financial circumstances, some countries performed well. The national branches in Sweden, Finland and Great Britain did well relative to expectations, whereas the Benelux countries were hit hard by decreasing volumes in the hi-tech and automotive industries. In Finland, results were positively influenced by one-off items.

Outlook for 2010

Management expects a rather difficult year due to the ongoing changes in the cost structure of the majority of the Division's customers. Customers will stay focused on new stock-carrying cost reductions, thus the pressure on all supply chain cost elements will continue.

The new sales systems implemented during the year in combination with initiatives to reduce costs provide DSV Solutions with a basis for expecting better results for 2010.

Anton van Beers
Managing Director
Solutions Division

Shareholder information

The DSV share in 2009

The share capital is listed on NASDAQ OMX Copenhagen under the abbreviation DSV and the ISIN code DK0060079531. The DSV share was among the most traded shares on NASDAQ OMX Copenhagen with a average daily trading volume of 1,272,440 shares, corresponding to DKK 86 million each day.

On 5 May 2009, DSV A/S carried out a capital increase involving the issuance of 19,000,000 new shares with a nominal value of DKK 1 each. At 31 December 2009, the share capital equalled a nominal value of DKK 209,150,000, and 209,150,000 shares with a denomination of DKK 1 and one vote each had been issued.

At year-end, the closing price of the DSV share on NASDAQ OMX Copenhagen was DKK 94.00. Compared with the 2008 year-end closing price of DKK 56.50, the DSV share increased by DKK 37.50 or 66% in 2009. During the same period, the OMXC20 Index of NASDAQ OMX Copenhagen increased by 36%.

At year-end 2009, the market capitalisation of DSV was DKK 19.7 billion, inclusive of the value of treasury shares.

Dividends

The Supervisory Board proposes an ordinary dividend of DKK 0.25 per share for 2009, or DKK 52.3 million in total.

Share buy-back

No shares were bought back during the financial year of 2009; on the contrary, DSV sold some of its treasury shares in connection with the capital increase. At 31 December 2009, the Company held 450,827 shares as treasury shares, corresponding to 0.2% of the share capital.

If the Supervisory Board is authorised to buy back shares, see below, the Company expects to launch a share buy-back scheme immediately after the Annual General Meeting and to buy back shares for DKK 100 million, or 1,000,000 shares, using the safe harbour method.

The Company acquires treasury shares to hedge the Company's incentive programmes and to adjust its capital structure.

No treasury shares have been acquired as from the reporting date until the date of this Annual Report.

Incentive programmes

At the Board meeting on 4 March 2010, the Supervisory Board of DSV authorised the Executive Board of DSV, in accordance with the Articles of Association of the Group, to allocate 2,000,000 share options at the closing price registered on 31 March 2010.

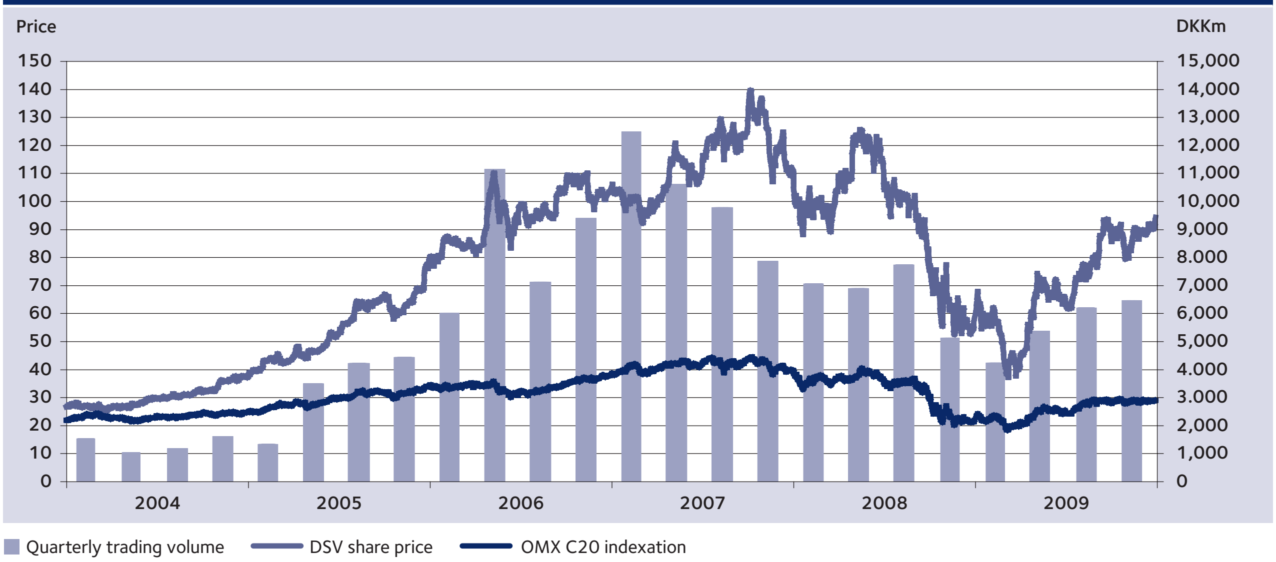
Authority

The Supervisory Board of the Company has a permanent authority to increase the Company's share capital. At 31 December 2009, the number of shares which may be issued under this authority was 81,000,000 shares. The authority is valid until 1 May 2012.

At the Annual General Meeting on 26 March 2010, a resolution will be proposed to authorise the Supervisory Board of the Company for a period of five years after the Annual General Meeting to buy back shares in the Company of a nominal amount not exceeding DKK 25 million. The purchase price may not deviate by more than 5% from the most recently quoted market price of the shares at the date of acquisition.

A resolution will be proposed at the Annual General Meeting on 26 March 2010 to authorise the Supervisory Board of the Company to decide to raise loans against the issuance of convertible debt instruments (convertible loans) and/or to issue warrants and also to decide on the related capital increase. This authority applies until

SHARE PRICE DEVELOPMENT



26 March 2015 and comprises shares of a total nominal amount of up to DKK 25 million.

This authority may be exercised by means of one or more issues. Company shareholders will have no pre-emptive rights if the Supervisory Board exercises such authority.

Share issues

On 5 May 2009, DSV A/S carried out a capital increase involving the issuance of 19,000,000 new shares and the sale of 6,300,000 existing treasury shares with a nominal value of DKK 1 each at a price of DKK 57 per share. Proceeds from the issue were DKK 1.4 billion net of issuance costs and were used to repay interest-bearing debt.

Shareholder composition, registered shareholders

At 31 December 2009, DSV A/S had a total of 153,969,248 registered shares, corresponding to 74% of the share capital.

SHAREHOLDER INFORMATION, REGISTERED SHAREHOLDERS

Category	Proportion of share capital (%)
Financial enterprises, trusts and pension funds	40.89
Private individuals	2.32
DSV	0.20
Other	30.21
Not registered	26.38
Total	100.00

At 31 December 2009, DSV had 40,780 registered shareholders. The largest 100 of these shareholders owned 43.87% of the entire share capital.

SHAREHOLDERS - GEOGRAPHICAL DISTRIBUTION

Category	Proportion of share capital (%)
Denmark	33
Foreign countries	41
Not registered	26
Total	100

SHAREHOLDERS TO BE DISCLOSED UNDER SECTION 28B OF THE DANISH PUBLIC COMPANIES ACT AT 31 DECEMBER 2009

Shareholder	Proportion of share capital (%)
ATP, Hillerød, Denmark	5.88

LIST OF ANALYSTS

Dealer	
ABG Sundal Collier	J.P. Morgan
Alm. Brand Bank A/S	ING Group N.V.
Carnegie Danmark	Jyske Bank A/S
Danske Markets	LD Markets
Deutche Bank AG	Nomura International plc
SEB Enskilda Equities	Nordea Markets
Handelsbanken Capital Markets	Sydbank A/S
HSBC Bank plc	UBS AG

Investor relations policy

DSV focuses on generating sound financial results and continuing the positive development of the Group for the benefit of all investors.

DSV aims to maintain a high and uniform level of information, the top priority being an open and active dialogue with investors and analysts to ensure that all available information is reflected in the expectations for DSV at all times.

DSV holds investor meetings for analysts and investors in connection with e.g. the release of interim reports. The presentation of interim reports is webcast to ensure that all stakeholders can obtain the same high level of information about DSV. Furthermore, DSV's Management holds roadshows in Denmark and abroad to the widest possible extent.

The communication between DSV and analysts, investors and other stakeholders is subject to special restrictions for a period of six weeks prior to the publication of annual reports and five weeks prior to the release of interim reports.

All announcements are distributed electronically to subscribers of DSV's email updates. New subscribers can sign up at www.dsv.com.

In addition, DSV publishes a news magazine, DSV Moves, on a quarterly basis.

DSV aims to make the investor relations pages at www.dsv.com a natural venue and a complete source of information for current and potential investors.

Annual reports, interim reports and other company announcements to NASDAQ OMX Copenhagen as well as press releases issued by DSV during the last five years are available on the DSV website.

Financial calendar

The financial calendar lists the expected dates for publication of stock exchange announcements relating to the financial year ending 31 December 2010:

FINANCIAL CALENDAR

Date	Start of quiet period	Stock exchange announcement
26 March 2010	22 January 2010	Annual General Meeting
29 April 2010	26 March 2010	Q1 2010 Report
30 July 2010	25 June 2010	H1 2010 Report
29 October 2010	24 September 2010	Q3 2010 Report

Moreover, DSV will hold a capital market day on 11 May 2010.

Corporate governance

The DSV Management emphasises the exercise of sound corporate management and focus on investor relations. The Supervisory Board continuously discusses corporate governance to ensure that DSV relates to developments in corporate governance on an ongoing basis.

On 6 October 2005, NASDAQ OMX Copenhagen published revised Recommendations for corporate governance (the latest version is dated 10 December 2008), which affect the disclosure requirements for listed companies. The 'comply-or-explain' principle is a fundamental element of the Recommendations, requiring a company either to comply with the Recommendations or explain why it does not comply with them.

The Supervisory Board has reviewed the Recommendations issued by NASDAQ OMX Copenhagen and finds that DSV complies with them to a very wide extent.

The deviations from the revised Recommendations are explained below.

Retirement age

The Supervisory Board assesses regularly whether the individual member can still actively contribute. The Supervisory Board thus finds that the ability to discharge the duties as a Board member depends on the individual person.

Composition of the Supervisory Board

One of the five members elected by the Annual General Meeting, Kurt K. Larsen, is not independent according to the definition in the Recommendations as he has been an executive officer of the Group within the past five years. The Board finds that Kurt K. Larsen gained unique competencies and experience through many years of service with DSV, and the Board wishes to continue to benefit from that.

Special tasks

The Supervisory Board may establish committees for special tasks. So far the Supervisory Board found no reason to establish any permanent ones, one reason being the limited number of members. Such special tasks are therefore undertaken by the entire Board.

For a detailed description of DSV's position on the revised Recommendations, see the corporate website at WWW.DSV.COM, where the remuneration policy of DSV is also available.

Risk factors

General risks

The risks of the DSV Group relate to its exposure to the economic development in society. The asset-light business model ensures a certain degree of operational flexibility, which makes it possible to adapt the Group's capacity to the current demand situation. In connection with major deviations, the Group must adjust both direct production costs and fixed costs. The process of adjusting direct costs is faster than adjusting fixed costs.

Consolidation in the transport sector

The transport sector is subject to a continuous consolidation process. This process is driven by globalisation and the consequent increase in cross-border trade.

The strategy of DSV is to participate actively in this consolidation process, which implies integration and financing risks in connection with future acquisitions. Historically, the Group has grown considerably through several acquisitions, most recently the acquisition of ABX in 2008, and has managed to integrate the acquirees successfully over time.

Partners

It is essential to DSV to maintain good working relations with our partners. The Air & Sea Division has partners in the countries where it does not have its own offices. Changes in relation to partners may affect the international activities of the organisation.

Staff

DSV is a service provider and therefore affected by the Group's ability to attract and retain qualified and committed staff.

IT

IT is essential for providing transport services on a daily basis.

Operations have become increasingly dependent on IT in recent years, and operational disturbances may have a crucial impact on the Group's operations. Therefore, the Group has invested heavily in an improved IT production environment. The investment programme will continue. It is based on internal analyses of the IT dependency of the individual business areas.

The ability to integrate, develop and implement new IT systems is key to the Group's continued optimisation of business processes. The Group's ability to implement new business processes is being developed and assessed on an ongoing basis. The area is deemed to be critical in order to maintain the Group's competitiveness in future.

Financial risks

Financial risks are described in note 27.

Corporate governance statement

The Supervisory and Executive Boards have the overall responsibility for risk management and internal control in connection with the presentation of financial statements, including compliance with the relevant legislation in connection with the financial reporting.

The Supervisory and Executive Boards consider the tone at the top to be crucial to good risk management and internal control in connection with the accounting process, and therefore the attitude of Management to risk management is regularly highlighted.

Risk management and internal control of DSV in connection with the accounting process may create great, but not absolute certainty that material errors will be avoided in connection with the financial reporting.

Management of DSV assesses on a regular basis material risks and internal control in connection with the activities of the Group as well as any impact thereof on the financial reporting. DSV falls within the scope of the revised Recommendations for corporate governance.

The risk management and internal control procedures of DSV in connection with the accounting process are based on the internationally recognised COSO Financial Controls Framework.

Control environment

The Supervisory Board assesses at least once a year the organisational structure of the Group and the human resources allocated to essential fields, including fields of relevance to the accounting process.

The Supervisory and Executive Boards lay down and approve all general policies, procedures and controls in essential fields, including fields related to the accounting process. The basis for this is a clear organisational structure, clear reporting lines, authorisation procedures and efficient separation of functions.

Policies and manuals, etc., have been adopted within essential fields in connection with the financial reporting, including an accounting and reporting manual, finance, credit and authorisation policies and an IT strategy.

The Supervisory Board monitors the efficiency of the internal control and risk management systems of DSV. The Executive Board has set up a central controlling function to control subsidiary reporting.

Risk assessment

The Supervisory and Executive Boards make an overall assessment of risks in connection with the accounting process at least once a year.

The largest risk of material errors in connection with the financial reporting is found in accounting items based on accounting estimates. Note 1 to the financial statements specifies the fields and transactions implying the greatest risk of material errors.

In connection with acquisitions, an overall risk assessment of the relevant acquiree is carried out, and the essential business and internal control procedures in connection with the financial reporting are evaluated as part of the due diligence process and immediately after the date of acquisition.

An ongoing dialogue between the Supervisory Board and the Executive Board ensures timely focus on risks identified, including risks in connection with the financial reporting.

Control activities

The control activities are designed to address the risks identified. The purpose of the control activities is to verify that the policies, manuals, procedures, etc., laid down by Management are followed and that errors and omissions are prevented, discovered and remedied. Minimum requirements of controls, etc., that must be observed by all Group companies have been laid down on the basis of the risks identified. The activities include procedures for authorisation, approval, reconciliation, result and liquidity analyses, separation of functions, etc. Control visits are paid to subsidiaries to assess the control environment of subsidiaries and to verify that Group policies, etc., are observed. The outcome of the control visits are reported to Division and Group Managements.

Information and reporting

DSV has established formal information and Group reporting systems covering budget reporting and monthly reporting, including deviation reports. Reporting comprises the financial information relevant to Management, including on results, balance sheet and cash situation.

Accounting and reporting instructions intended to ensure compliance with rules and legislation as well as other policies of relevance to the internal control are updated at least once a year. Detailed procedures and control systems have been established to ensure timely notification of NASDAQ OMX Copenhagen pursuant to applicable rules.

The DSV Management emphasises open communication and information throughout the organisation within the framework of the current stock exchange legislation to ensure in the best possible manner that each individual is aware of his/her responsibility within the organisation and accordingly is able to perform his/her tasks and controls.

Monitoring

Each month, comprehensive consolidated accounting data for the entire Group is submitted to the DSV Management. This data is analysed and monitored by Division and Group Managements. Moreover, Group Management receives weekly liquidity reports, which are thoroughly analysed.

In connection with the weekly reporting and at meetings of the Supervisory Board, the Executive Board presents the current status of essential risk factors to the Supervisory Board. Any relevant adjustment of conduct in connection with risk reporting and risk management is discussed at weekly meetings between the Executive Board and the Chairman of the Supervisory Board. These discussions include, but are not limited to, risks relating to the financial reporting.

The Supervisory Board oversees the Executive Board to ensure that it responds effectively in case of weaknesses or defects detected by internal control systems or external audits and that any agreed initiatives to improve risk management and internal control in connection with the accounting process are implemented as planned.

Corporate social responsibility statement

DSV is a global supplier of transport and logistics services with offices in more than 60 countries. It is essential to DSV to continuously meet strategic challenges in a financially and socially responsible manner and to follow the national legislation of the individual countries and communities in which the Group operates. So far, this work has mainly focused on local initiatives, policies and rules and continuously improved communication between Group Management and the individual Divisions and countries of the Group.

DSV intends to continue and in a few areas expand the scope of these initiatives in a more formal and structured manner in future. DSV has therefore opted to join the United Nations Global Compact. Accordingly, the future work of DSV on corporate social responsibility (CSR) will be based on the ten principles of the Global Compact listed below. The ten principles are based on universally accepted principles and conventions within the fields of human rights, labour standards, environment and anti-corruption.

PRINCIPLES
Human rights
1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Businesses should make sure that they are not complicit in human rights abuses
Labour standards
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Businesses should uphold the elimination of all forms of forced and compulsory labour
5. Businesses should uphold the effective abolition of child labour
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation
Environment
7. Businesses should support a precautionary approach to environmental challenges
8. Businesses should undertake initiatives to promote greater environmental responsibility
9. Businesses should encourage the development and diffusion of environmentally friendly technologies
Anti-corruption
10. Businesses should work against corruption in all its form, including extortion and bribery

DSV made great efforts in 2009 to draw up guidelines for the CSR initiatives of the Group and to plan the work within the various areas. In future, DSV will issue specific policies and directions for all managers and employees in relation to these ten principles.

Currently, a specific corporate social responsibility policy for DSV and rules of business ethics for Group Management and all employees of the Group are being drafted. During 2010, DSV will focus on spreading and implementing this policy and these rules of business ethics thoughout the Group.

In 2009, DSV had a Group environmental policy and several internal guidelines for how Group companies manage transactions and agreements between company managements and their related parties.

As in previous years, DSV also focused greatly on environmental issues and staff conditions.

Environment

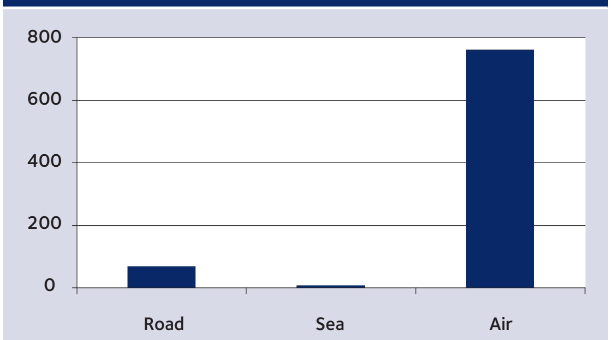
In 2009, DSV continued mapping its activities with the greatest impact on the environment. This mapping implied a comprehensive analysis of the transport data relating to all DSV activities to be able to calculate the exact emissions from the individual Divisions. This analysis was based on 2008 transport data. Due to the lack of corresponding data for previous years, no comparative figures have been prepared. Future emission figures will be compared with those of the previous period.

An assessment of the aggregate carbon impact of all DSV activities in 2008 resulted in 2.53 million tonnes of CO_2. 59% of all emissions were caused by the activities of the Road Division, including emissions from transporting trailers by sea from one region or country in Europe to another, whereas 38% of all emissions were caused by the activities of the Air & Sea Division, 66% of which is attributable to airfreight transportation and the rest to sea transportation of containerised freight.

The remaining 3% of the aggregate emissions are mainly attributable to the energy consumed by DSV's own offices, terminals and warehouses.

Energy efficiency, and accordingly also carbon emissions, varies considerably among the means of transport used by the subcontractors of DSV for the transport of customers' freight. As can be seen from the figure below, container ships are among the most energy efficient means of transporting freight, leading to emissions of about 8.4 grams of CO_2 each time 1 tonne of freight is carried 1 km. The figure also shows that aeroplanes cause much higher emission rates for a quantity of freight.

CO_2 EMISSIONS (G/TONNE-KM)



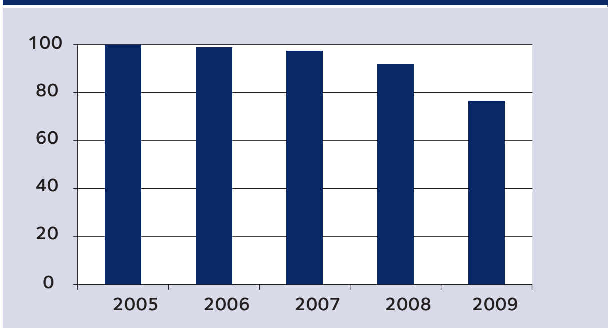
DSV will continue its efforts to reduce the environmental impact from its activities. When emissions from all DSV activities in 2009 have been calculated, Management expects to be able to fix specific targets for the reduction of the total environmental impact of the Group.

Road transport

In 2009, data was collected on fuel consumption among the subcontractors who transport cargo for DSV's Road Division on European roads every day. Altogether, data relating to more than 11,000 trucks has been collected.

In 2009, the average diesel consumption of DSV's own trucks and those owned by subcontractors showed a significant improvement on 2008. Due to the direct connection between fuel consumption of trucks and the discharge of CO_2, the carbon emissions in terms of grams per kilometre driven in connection with DSV road transport have also been reduced. This can be seen from the figure below. The main reasons for the positive development are the renewal of the fleet of trucks to improve fuel efficiency and continued focus among subcontractors on the fuel consumptions of trucks.

DEVELOPMENT IN CO_2 EMISSIONS (GRAMS PER KILOMETRE) FROM TRUCKS*



* 2005 = index 100

Staff

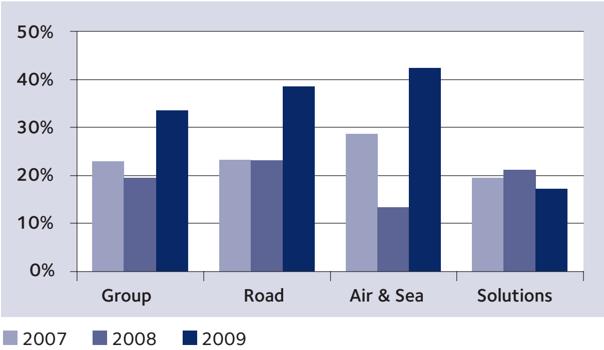
STAFF TURNOVER

2009 was also a year with major staff changes. Hence, staff turnover increased considerably in 2009, mainly caused by the integration of ABX LOGISTICS (ABX). Consequently, the Group's total staff has been reduced by approx. 20% since the integration of ABX in October 2008. This is the reason for the extraordinarily high staff turnover in 2009, the total staff turnover increasing to 33.5%.

The number of employees was adjusted not only as a consequence of the integration of ABX, but also due to the global economic decline.

Staff turnover increased mainly among white-collar employees, whereas the Solutions Division, which mostly employs hourly workers, saw a considerable reduction in staff turnover.

STAFF TURNOVER

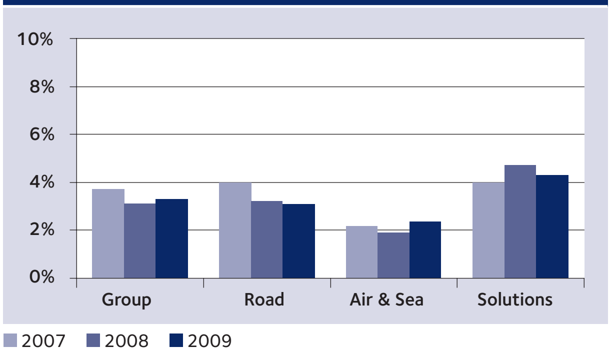


ABSENCE DUE TO ILLNESS

Considering the higher staff turnover, a corresponding proportional increase in absence due to illness seemed likely. That was not the case in 2009, though, as the aggregate rate of absence due to illness only increased from 3.1 in 2008 to 3.3 in 2009. This corresponds to a situation where each DSV employee is absent from work because of illness for less than 8 days each year.

Salaried employees and hourly workers of the Air & Sea Division continue to have the lowest rates of absence due to illness among all Group employees.

ABSENCE DUE TO ILLNESS



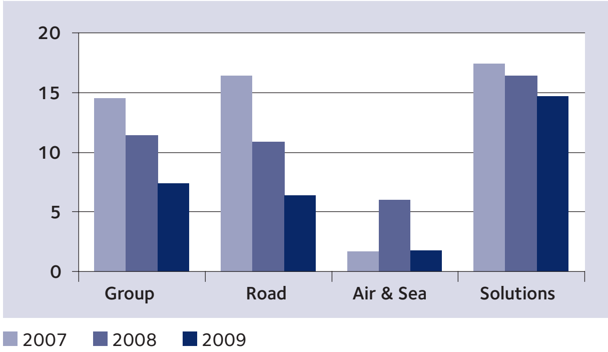
INDUSTRIAL ACCIDENTS

Group Management is pleased with the considerable drop in the rate of industrial accidents for all employees of the DSV Group. All Divisions and both staff groups experienced a lower rate of industrial accidents.

The largest decrease was seen in the Road Division, particularly among the hourly workers of the Division. The Air & Sea Division also recorded a significant drop, which was due in part to the gradual transfer of activities to the other two Divisions of the Group over the year.

The DSV Management acknowledges the constant focus on reducing the rate of industrial accidents at DSV and urges everybody to continue the good efforts.

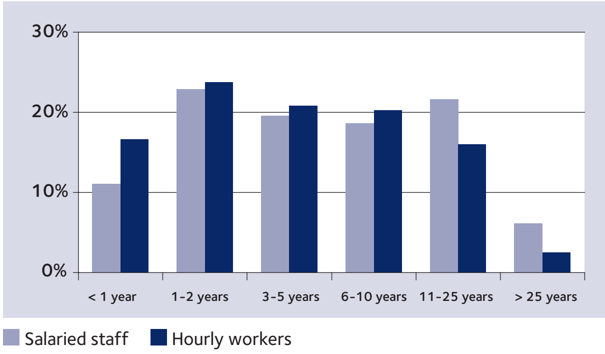
RATE OF INDUSTRIAL ACCIDENTS PER MILLION WORKING HOURS



SENIORITY

Seniority was last measured by DSV in 2007. As a consequence of the integration of ABX and the global economic downturn, the number of new employees is lower compared with previous periods. This is obvious from the table below as the proportion of employees with a seniority of less than one year dropped from 24% in 2007 to 13% in 2009. At the same time, the proportion of employees with more than 10 years' seniority increased from 20% in 2007 to almost 25% in 2009.

DSV STAFF BY SENIORITY



SOCIAL INDICATORS

	2008	2009
Staff (full-time)		
Group	25,056	21,280
Salaried staff	15,815	13,378
Hourly workers	9,241	7,902
Staff turnover (%)		
Group	19.4	33.5
Salaried Staff	17.4	39.7
Hourly workers	22.5	23.6
Absence due to illness (%)		
Group	3.1	3.3
Salaried staff	2.6	2.7
Hourly workers	4.0	4.3
Rate of industrial accidents (per million working hours)		
Group	11.4	7.4
Salaried Staff	3.0	1.3
Hourly workers	23.5	18.1

DEFINITION OF INDICATORS

Staff
Full-time staff at year-end.

Staff turnover
Number of staff leaving the Group during the year relative to the average number of staff calculated on the basis of monthly surveys of the actual number of staff at the end of the month..

Rate of absence
Number of days of absence due to illness relative to the number of working days during the year adjusted for maternity/paternity leave, agreed holidays and national public holidays..

Rate of industrial accidents
Number of reported industrial accidents resulting in more than one day of absence per million working hours during the year.

KAJ CHRISTIANSEN ANNETTE SADOLIN JENS H. LUND ERIK B. PEDERSEN KURT K. LARSEN PER SKOV JENS B. ANDERSEN

EXECUTIVE BOARD

Jens Bjørn Andersen
CEO, DSV A/S
Born: 22 March 1966
Member of the Executive Board since: 2008
Options held: 228,000

Jens H. Lund
CFO, DSV A/S
Born: 8 November 1969
Member of the Executive Board since: 2002
Options held: 270,000

SUPERVISORY BOARD

Kurt K. Larsen
Chairman
Born: 17 September 1945
Member of the Executive Board: 1991-2008
Board member since: 2008
Elected until: 2010
Options held: 355.000
Supervisory board positions:
Polaris Private Equity III
Brøndbyernes IF Fodbold A/S
Special competencies:
- General management experience
- CEO of DSV A/S 2005-2008
- Group CEO of DSV A/S 1991-2005

Erik B. Pedersen
Deputy Chairman
Born: 13 June 1948
Board member since: 1989
Elected until: 2010
Special competencies:
- General management experience
- Experience from sector-specific production
- Independent haulier since 1976

Kaj Christiansen
Member
Born: 20 February 1944
Board member since: 1995
Elected until: 2010
Special competencies:
- General management experience
- Experience from sector-specific production
- Independent haulier 1978-2001

Per Skov
Member
Born: 28 September 1941
Board member since: 2000
Elected until: 2010
Supervisory board positions:
Chairman: Utility Development A/S and NX Holding A/S. Deputy Chairman: Trygheds-gruppen smba. Ordinary member: Tryg Vesta A/S, Tryg Forsikring A/S, Dagrofa A/S, Kemp & Lauritzen A/S, Nordea Liv & Pension and Livsforsikringselskab A/S.
Special competencies:
- General management experience from AP Møller, Lauritz Knudsen and FDB (CEO 1989-1998) and from the supervisory boards of Danish and international companies
- Financial management experience

Annette Sadolin
Member
Born: 4 January 1947
Board member since: 2009
Elected until: 2010
Supervisory board positions:
Chairman: Østre Gasværk Theatre. Deputy Chairman: Danish Standards. Ordinary member: Topdanmark A/S, Skodsborg Kurhotel og Spa A/S, Lindab International AB and Ratos AB, Sweden, Ny Carlsberg Glyptotek, and DSB A/S.
Special competencies
- General management experience from GE, the reinsurance industry
- Acquisition and divestments of enterprises
- Former executive officer of GE Frankona, Munich, Germany
- Former CEO of Employers Reinsurance International
- Master of Laws (LLM)

Four out of five Supervisory Board members are independent according to the revised Recommendations for corporate governance. The fifth Supervisory Board member, Kurt K. Larsen (Chairman), was a member of the Executive Board of the Company, and the condition of independence is thus not met.

Management's statement

The Supervisory Board and the Executive Board have prepared the 2009 Annual Report. The Annual Report was considered and adopted today.

The Annual Report has been presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish annual reporting requirements for listed companies.

We consider the accounting policies used appropriate and the accounting estimates made reasonable, and in our opinion the consolidated financial statements and the financial statements of the Company provide the relevant information for assessing the financial position of the Group and the Company. In our opinion the consolidated financial statements and the financial statement of the Company give a true and fair view of the assets, liabilities and financial position of the Group and the Company and the results of the Group's and the Company's operations and cash flows for the period 1 January-31 December 2009.

In our opinion the Management's review in the preceding pages gives a true and fair presentation of the development in the activities and the financial position of the Group and the Company, the results for the year and of the Group's and the Company's financial position in general. Further, in our opinion the Management's review describes the most significant risks and uncertainties that may affect the Group and the Company.

We recommend that the Annual Report be adopted by the Annual General Meeting.

Brøndby, 4 March 2010

Executive Board

Jens Bjørn Andersen
CEO

Jens H. Lund
CFO

Supervisory Board

Kurt K. Larsen
Chairman

Erik B. Pedersen
Deputy Chairman

Kaj Christiansen

Per Skov

Annette Sadolin

Independent auditors' report

To the shareholders of DSV A/S

We have audited the consolidated financial statements and the financial statements of DSV A/S for the financial year 1 January to 31 December 2009, which comprise a summary of significant accounting policies, the income statement, comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement for the year then ended and notes for the company as well as the group. The financial statements and the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

The supervisory and executive boards' responsibility for the financial statements and the consolidated financial statements

The supervisory and executive boards are responsible for the preparation and fair presentation of these financial statements and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements and consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on the financial statements and the consolidated financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements and the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the supervisory and executive boards, as well as evaluating the overall presentation of the financial statements and the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements and the consolidated financial statements give a true and fair view of the company's and the group's financial position at 31 December 2009 and of the results of the company's and the group's operations and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the management's review

The supervisory and executive boards are also responsible for the preparation of a management's review that includes a fair description in accordance with Danish disclosure requirements for listed companies.

The audit has not included the management's review. Pursuant to the Danish Financial Statements Act, we have, however, read the management's review. We have not performed any further procedures in addition to the audit of the financial statements and the consolidated financial statements.

On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements and the consolidated financial statements.

Copenhagen, 4 March 2010

Ernst & Young
GODKENDT REVISIONSPARTNERSELSKAB

Søren Strøm
State Authorised Public Accountant

Benny Lynge Sørensen
State Authorised Public Accountant

Consolidated financial statements

INCOME STATEMENT			
(DKKm)	Note	2008	2009
Revenue	2	37,435	36,085
Direct costs		29,260	27,187
Contribution margin		8,175	8,898
Other external expenses	3	1,843	1,988
Staff costs	4, 5	3,994	4,671
Operating profit before amortisation, depreciation and special items (EBITDA)		2,338	2,239
Amortisation, depreciation and impairment of intangibles, property, plant and equipment	6	402	536
Operating profit before special items (EBITA)		1,936	1,703
Special items, income	7	437	5
Special items, costs	7	359	693
Operating profit (EBIT)		2,014	1,015
Share of associates' profit (loss) after tax	14	(3)	(8)
Financial income	8	121	202
Financial expenses	9	522	749
Profit before tax		1,610	460
Tax on profit for the year	10	377	269
Profit for the year		**1,233**	**191**
Profit for the year is attributable to:			
Shareholders of DSV A/S		1,227	185
Minority interests		6	6
Earnings per share:	11		
Earnings per share of DKK 1 (DKK)		6.7	0.9
Diluted earnings per share of DKK 1 (DKK)		6.6	0.9

STATEMENT OF COMPREHENSIVE INCOME			
(DKKm)	Note	2008	2009
Profit for the year		1,233	191
Other comprehensive income			
Foreign currency translation adjustments, foreign enterprises		(44)	104
Value adjustment of hedging instruments for the year		(202)	(245)
Value adjustment of hedging instruments transferred to financials		(41)	207
Actuarial gains (losses)		(42)	(103)
Tax on other comprehensive income	10	60	86
Other comprehensive income after tax		(269)	49
Total comprehensive income		**964**	**240**
Statement of comprehensive income is allocated to:			
Shareholders of DSV A/S		962	235
Minority interests		2	5
Total		**964**	**240**

BALANCE SHEET, ASSETS			
(DKKm)	Note	2008	2009
Non-current assets			
Intangibles	12	8,436	8,721
Property, plant and equipment	13	5,093	4,975
Investments in associates	14	7	9
Other securities and receivables	15	149	96
Deferred tax asset	16	257	379
Total non-current assets		13,942	14,180
Current assets			
Assets held for sale	17	82	211
Operating current assets			
Trade and other receivables	18	9,185	7,399
Corporation tax		–	23
Cash		516	367
Total operating current assets		9,701	7,789
Total current assets		9,783	8,000
Total assets		23,725	22,180

BALANCE SHEET, LIABILITIES			
(DKKm)	Note	2008	2009
Equity			
Share capital		190	209
Reserves		3,618	5,292
DSV A/S shareholders' share of equity		3,808	5,501
Minority interests		49	29
Total equity	19	3,857	5,530
Liabilities			
Non-current liabilities			
Deferred tax	16	429	449
Pensions and similar obligations	20	810	884
Provisions	21	379	562
Financial liabilities	22	7,084	6,637
Total non-current liabilities		8,702	8,532
Current liabilities			
Liabilities relating to assets held for sale	17	35	17
Other current liabilities			
Provisions	21	288	373
Financial liabilities	22	2,973	620
Trade and other payables	23	7,802	7,108
Corporation tax		68	–
Total other current liabilities		11,131	8,101
Total current liabilities		11,166	8,118
Total liabilities		19,868	16,650
Total equity and liabilities		23,725	22,180

CASH FLOW STATEMENT			
(DKKm)	Note	2008	2009
Profit before tax		1,610	460
Adjustment, non-cash operating items etc.			
Amortisation, depreciation and impairment losses	6	402	536
Share-based payments		25	25
Special items		(401)	(7)
Changes in provisions		(73)	(62)
Share of profit of associates		3	8
Financial income	8	(121)	(202)
Financial expenses	9	522	749
Cash flow from operating activities before changes in net working capital and tax		1,967	1,507
Changes in net working capital		(228)	985
Financial income, paid		121	202
Financial expenses, paid		(474)	(717)
Cash flow from operating activities before tax		1,386	1,977
Corporation tax, paid		(491)	(275)
Cash flow from operating activities		**895**	**1,702**
Acquisition of intangibles		(225)	(137)
Sale of intangibles		12	1
Acquisition of property, plant and equipment		(838)	(470)
Sale of property, plant and equipment		466	140
Divestment of subsidiaries and activities	25	962	(12)
Acquisition of subsidiaries and activities	25	(3,507)	(29)
Change in other financial assets		11	21
Cash flow from investing activities		**(3,119)**	**(486)**
Free cash flow		**(2,224)**	**1,216**
Proceeds from non-current liabilities incurred		3,565	1,022
Repayments on loans and credits		(646)	(3,733)
Other financial liabilities incurred		(181)	(89)
Shareholders:			
Dividends distributed		(50)	-
Purchase/sale of treasury shares		(581)	377
Capital increase		2	1,050
Cash flow from financing activities		**2,109**	**(1,373)**
Cash flow for the year		(115)	(157)
Foreign currency translation adjustments		248	8
Cash at 1 January		383	516
Cash at 31 December		**516**	**367**

The cash flow statement cannot be directly derived from the balance sheet and income statement.

Specification 1: Statement of adjusted free cash flow	2008	2009
Free cash flow	(2,224)	1,216
Net acquisition of subsidiaries and activities	2,545	41
Normalisation of net working capital of subsidiaries and activities acquired	303	-
Adjusted free cash flow	**624**	**1,257**

Specification 2: Statement of enterprise value of acquirees	2008	2009
Net acquisition of subsidiaries and activities	2,545	41
Interest-bearing debt	1,821	-
Enterprise value of acquirees	4,366	41
Normalisation of net working capital of subsidiaries and activities acquired	303	-
Enterprise value of acquirees, including normalisation of net working capital	**4,669**	**41**

STATEMENT OF CHANGES IN EQUITY – 2008

(DKKm)	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Proposed dividends	DSV A/S shareholders' share of equity	Minority interests	Total equity
Equity at 1 January 2008	202	29	(77)	3,253	50	3,457	192	3,649
Total comprehensive income for the year	–	(189)	(40)	1,191	–	962	2	964
Share-based payments	–	–	–	16	–	16	–	16
Dividends distributed	–	–	–	–	(50)	(50)	(2)	(52)
Purchase and sale of treasury shares, net[1]	–	–	–	(581)	–	(581)	–	(581)
Capital reduction	(12)	–	–	12	–	–	–	–
Acquisition/sale of minority interests	–	–	–	–	–	–	(143)	(143)
Dividends on treasury shares	–	–	–	4	–	4	–	4
Total changes in equity in 2008	(12)	(189)	(40)	642	(50)	351	(143)	208
Equity at 31 December 2008	190	(160)	(117)	3,895	–	3,808	49	3,857

STATEMENT OF CHANGES IN EQUITY – 2009

(DKKm)	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Proposed dividends	DSV A/S shareholders' share of equity	Minority interests	Total equity
Equity at 1 January 2009	190	(160)	(117)	3,895	–	3,808	49	3,857
Total comprehensive income for the year	–	(34)	104	113	52	235	5	240
Share-based payments	–	–	–	30	–	30	–	30
Purchase and sale of treasury shares, net[1]	–	–	–	376	–	376	–	376
Capital increase	19	–	–	1,033	–	1,052	–	1,052
Acquisition/sale of minority interests	–	–	–	–	–	–	(25)	(25)
Total changes in equity in 2009	19	(34)	104	1,552	52	1,693	(20)	1,673
Equity at 31 December 2009	209	(194)	(13)	5,447	52	5,501	29	5,530

1. Sale of treasury shares relates to the exercise of share options in connection with incentive programmes and the sale in connection with the capital increase.

Notes

LIST OF NOTES

NOTE 1 – SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

For the preparation of the Annual Report of DSV A/S, Management makes various accounting estimates and assessments and determines the assumptions to be used as the basis for the recognition and measurement of assets and liabilities and the income and costs reported. The estimates made and assumptions used are based on historical experience and other factors deemed by Management to be reasonable in the circumstances, but in the nature of things such experience and factors are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may arise. Moreover, the organisation is subject to risks and uncertainties that may result in outcomes deviating from those estimates.

Management deems the following estimates and the pertaining assessments to be essential for the preparation of the consolidated financial statements.

Forwarding in progress

Revenue comprises the freight forwarded and the services provided in the financial year as well as changes in the value of forwarding in progress. Direct costs comprise costs paid to generate the revenue for the year.

At the close of periods, including at year-end, estimates and assessments are made regarding forwarding in progress, including accrual of income and pertaining direct costs. These assessments are based on historical experience and ongoing follow-up on provisions for forwarding in progress relative to subsequent invoicing. Management assesses on the basis of this experience that the assessment and estimates of forwarding in progress and the pertaining revenue and costs have been correctly determined.

Acquisitions

In connection with the acquisition of other enterprises, the assets, liabilities and contingent liabilities of the acquirees must be recognised according to the purchase method. Management makes several estimates of the assets, liabilities and contingent liabilities acquired in connection with the determination of their market value.

Estimates also comprise valuation of intangibles acquired, such as customer relationships, where the valuation is based on an expected future cash flow from the customer relationships, the most significant assumptions being revenue development, profit margin, customer loyalty and theoretically calculated tax and contributions to other assets. The post-tax discount rate used reflects the risk-free interest rate plus specific and future risks relating to the customer relationships.

Depending on the nature of the items, the total pre-acquisition balance sheet may be subject to some uncertainty and may be adjusted within the following 12-month period. Please refer to note 25 for a detailed description and specification of the amounts of the estimates made.

The non-allocated purchase price is recognised in the balance sheet as goodwill, which is allocated to the cash-generating units of the Group. In that connection, Management estimates the cash-generating units acquired and the consequential goodwill allocation. In the assessment of Management, the allocation made is correct in consideration of the uncertainty connected with the determination of the cash-generating units acquired. Please refer to note 12 for a detailed description and specification of amounts of goodwill as well as the allocation to cash-generating units.

Goodwill impairment test

The annual goodwill impairment test implies an assessment of how the cash-generating units of the Group to which the goodwill relates will be able to generate a sufficient, positive net cash flow in future to support the value of goodwill and other net assets in the relevant part of the enterprise. Management makes a number of significant estimates in connection with the impairment test, including of the expected cash flow a number of years ahead, and determines the discount rate. The uncertainty related to the estimates is reflected in the discount rate applied. Please refer to note 12 for a detailed description of the goodwill impairment test.

Provisions and contingencies

Management assesses provisions, contingent assets and liabilities and the likely outcome of pending and threatened legal proceedings on an ongoing basis. The outcome of such proceedings depends on future events, which are obviously uncertain. Management involves external legal experts and existing case law for its assessment of the probable outcome of material legal proceedings, tax issues, etc. Please refer to notes 21 and 24 for a detailed description and specification of amounts of provisions and contingencies.

Pensions

For the determination of the Group's pension obligations, it is necessary to make several assessments and estimates to determine the Group's obligations related to defined benefit plans. They include the expected developments in wage/salary level, interest yield, inflation and mortality. For determining the obligation, the Group makes use of external and independent actuaries, which is considered to reduce the uncertainty of the statements. Please refer to note 20 for a detailed description and specification of pension amounts.

Deferred tax assets

The Group recognises deferred tax assets, including the tax base of tax loss carryforwards, if Management deems that the tax assets can be utilised in the foreseeable future against future positive taxable income. Assessment is carried out annually and is based on budgets and business plans for the following years, including planned business initiatives. Please refer to note 16 for a detailed description of the deferred tax assets.

Leases

The Group has concluded leases on buildings and other equipment on ordinary lease terms. Based on a separate assessment of the individual lease at its effective date, Management finds that some of them must be considered financial or operating leases.

Special items

Special items are used in connection with the presentation of the profit or loss for the year to delimit such items from the other items of the income statement. It is crucial to Management in connection with the use of special items that they are significant items not directly attributable to the operating activities of the Group and that they consist of restructuring costs relating to fundamental structural, procedural and managerial reorganisations as well as any related gains and losses on disposals. Moreover, other significant non-recurring items are classified under this item. Management makes a careful assessment of reorganisations to ensure a correct distinction between Group operating activities and reorganisations of the Group that will improve the earnings potential of the Group in future and hence are presented under special items. Please refer to note 7 for a detailed specification and description of special items.

Financial instruments

When entering into contracts for financial instruments, Management assesses whether the instrument is an effective hedge of recognised assets and liabilities, expected future cash flows or financial investments. The effectiveness of recognised hedge instruments is assessed on a monthly basis, and any ineffectiveness is recognised in the income statement.

NOTE 2 – REVENUE

(DKKm)	2008	2009
Sale of services	37,330	35,949
Other income	105	136
Total revenue	**37,435**	**36,085**

NOTE 3 – FEES TO AUDITORS ELECTED BY THE ANNUAL GENERAL MEETING

(DKKm)	2008	2009
Audit, auditors elected by the Annual General Meeting[1]	22	19
Tax advice, auditors elected by the Annual General Meeting[1]	3	3
Other services, auditors elected by the Annual General Meeting[1]	5	5
Total fees to auditors elected by the Annual General Meeting	**30**	**27**
Others, audit	1	2
Others, total fees	**1**	**2**
Total fees	**31**	**29**

1. Auditors elected by the Annual General Meeting 2009: Ernst & Young (2008: Ernst & Young).

NOTE 4 – STAFF COSTS

(DKKm)	2008	2009
Salaries and wages etc.	5,090	5,470
Defined contribution pension plans, see note 20	226	227
Defined benefit pension plans, see note 20	20	38
Other expenses for social security	690	892
Share-based payments	25	25
	6,051	6,652
Transferred to direct costs	(2,057)	(1,981)
Total staff costs	**3,994**	**4,671**
Average number of employees	20,723	22,441
Number of employees at year-end	25,056	21,280

Remuneration for the Executive Board	Kurt K. Larsen[2]		Jens Bjørn Andersen[3]		Jens H. Lund		Total	
(DKKm)	2008	2009	2008	2009	2008	2009	2008	2009
Fixed salary	1.3	-	1.8	5.2	2.5	3.0	5.6	8.2
Defined contribution pension plans	1.7	-	-	0.4	0.2	0.2	1.9	0.6
Bonus[1]	10.5	-	1.5	1.5	1.0	1.0	13.0	2.5
Share-based payments	1.5	-	0.7	0.9	0.9	1.0	3.1	1.9
Total remuneration for the Executive Board	**15.0**	**-**	**4.0**	**8.0**	**4.6**	**5.2**	**23.6**	**13.2**

1. The 2008 bonus amount relating to Kurt K. Larsen includes ordinary bonus, a bonus for the acquisition of ABX LOGISTICS and a stay-on bonus.
2. Kurt K. Larsen resigned as CEO on 1 August 2008.
3. Jens Bjørn Andersen was appointed CEO as from 1 August 2008.

The members of the Executive Board are subject to a notice period of up to 18 months.
For information on the exercise of share options by the Executive Board, please refer to note 5.

Remuneration for the Supervisory Board of the Parent (DKK'000)	2008	2009
Kurt K. Larsen, Chairman (elected 2008)	312	750
Palle Flackeberg, Chairman (resigned 2008)	438	-
Erik B. Pedersen, Deputy Chairman	375	375
Kaj Christiansen	250	250
Hans Peter Drisdal Hansen (resigned 2009)	250	83
Egon Korsbæk (resigned 2008)	250	-
Per Skov	250	250
Annette Sadolin (elected 2009)	-	167
Total remuneration for the Supervisory Board of the Parent	**2,125**	**1,875**

NOTE 5 – INCENTIVE PROGRAMMES

DSV has launched incentive programmes consisting of options with a view to motivating and retaining staff, senior staff and members of the Executive Board. The incentive programmes launched are also intended to make staff and shareholders identify with the same interests.

Current programmes

Programme	Number of employees	Options granted	Exercise price	Market value at date of grant
2005	483	998,000	44.50	7.9
2006 – tranche I	767	1,500,000	82.00	24.3
2006 – tranche II	1	100,000	65.00	0.3
2007	818	1,500,000	97.50	29.2
2008	825	1,660,000	103.25	33.4
2009	984	1,941,000	41.10	17.6

Continued employment with DSV at the date of exercise is a condition for exercise of the options granted.

All exercise prices have been fixed on the basis of the quoted market value at the date of grant.

The option schemes can be utilised by the employees by cash purchase of shares only. The liability relating to incentive programmes is partly hedged by the Company's treasury shares.

A total of 1,176 employees held options at 31 December 2009.

Current incentive programmes at 31 December 2009

	Exercise period	Supervisory Board	Executive Board	Senior staff	Total	Average exercise price per option
Outstanding options of 2005 scheme	26.04.09 - 26.04.10	60,000	54,000	268,100	382,100	44.50
Outstanding options of 2006 scheme	30.03.10 - 30.03.11	80,000	64,000	1,032,100	1,176,100	82.00
Outstanding options of 2006 scheme	01.04.09 - 31.03.10	-	-	30,000	30,000	65.00
Outstanding options of 2007 scheme	01.04.10 - 30.03.12	80,000	75,000	1,153,000	1,308,000	97.50
Outstanding options of 2008 scheme	01.04.11 - 27.03.13	90,000	135,000	1,292,000	1,517,000	103.25
Outstanding options of 2009 scheme	02.04.12 - 31.03.14	45,000	170,000	1,654,000	1,869,000	41.10
Outstanding at 31 December 2009		355,000	498,000	5,429,200	6,282,200	75.83
Exercise period open at 31 December 2009		60,000	54,000	298,100	412,100	45.99

The weighted average remaining life at 31 December 2009 was 2.8 years. The aggregate market value was DKK 180 million, of which options amounting to DKK 16 million were held by Executive Board members and options amounting to DKK 9.1 million were held by a Supervisory Board member.

Kurt K. Larsen received options in 2008 and earlier in his capacity as CEO. It was agreed in connection with his resignation as CEO on 1 August 2008 that he should undertake certain day-to-day managerial tasks for a transitional period of two years, i.a. in connection with the acquisition and integration of ABX LOGISTICS. The options granted in 2009 relate to these tasks.

Calculation of market values

Scheme	Volatility	Risk-free interest rate	Expected dividends	Expected remaining life (years)
2009 scheme at date of grant	33.0%	2.97%	0.5%	3.25
Schemes outstanding at reporting date	34.6%	2.40%	0.5%	1.55

Market values are calculated according to the Black & Scholes model, volatility being estimated based on the historical volatility over a three-year period and adjusted for unusual circumstances during the period.

Development in outstanding options

	Supervisory Board	Executive Board	Senior staff	Total	Average exercise price per option
Outstanding at 1 January 2008	-	360,000	3,431,500	3,791,500	78.00
Granted in 2008	-	150,000	1,510,000	1,660,000	103.25
Exercised in 2008	-	-	(1,000)	(1,000)	82.00
Adjustment[1]	310,000	(182,000)	(128,000)	-	-
Options waived/expired	-	-	(264,200)	(264,200)	83.80
Outstanding at 31 December 2008	310,000	328,000	4,548,300	5,186,300	82.00
Granted in 2009	45,000	170,000	1,726,000	1,941,000	41.10
Exercised in 2009	-	-	(527,100)	(527,100)	42.34
Adjustment	-	-	2,000	2,000	-
Options waived/expired	-	-	(320,000)	(320,000)	81.28
Outstanding at 31 December 2009	355,000	498,000	5,429,200	6,282,200	75.83

1. Adjustment in connection with Kurt K. Larsen's resignation from the Executive Board and election for the Supervisory Board and Jens Bjørn Andersen's appointment as a member of the Executive Board.

The average share price of exercised options at the date of exercise was DKK 79.79 per share.

NOTE 6 – AMORTISATION, DEPRECIATION AND IMPAIRMENT OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT

(DKKm)	2008	2009
Amortisation and depreciation		
IT software	56	78
Customer relationships	71	106
Buildings	104	138
Other plant and operating equipment	220	228
Net gain on sale of assets	(49)	(14)
Total amortisation and depreciation of intangibles, property, plant and equipment	402	536
Impairment		
Goodwill[1]	19	–
Total impairment of intangibles, property, plant and equipment	19	–
Total amortisation, depreciation and impairment of intangibles, property, plant and equipment	421	536
Costs are recognised under the following items in the income statement:		
Amortisation, depreciation and impairment of intangibles, property, plant and equipment	402	536
Special items	19	–
Total	421	536

1. Impairment of goodwill relates to restructuring of ABX LOGISTICS.

NOTE 7 – SPECIAL ITEMS

(DKKm)	2008	2009
Special items, income		
Profit on divestment of activities and enterprises including adjustments relating to previous years	437	5
Special items, total income	437	5
Special items, costs		
Restructuring costs	359	683
Loss from change in pension plans	–	5
Other special items	–	5
Special items, total costs	359	693
Special items, net	78	(688)

Restructuring costs mainly relate to adaptation of capacity at the integration of ABX LOGISTICS. These costs primarily consist of termination benefits and costs under terminated leases.

NOTE 8 – FINANCIAL INCOME

(DKKm)	2008	2009
Interest income	63	150
Expected return on pension assets, see note 20	58	52
Total financial income	121	202

No gains have been transferred during the year from financial assets 'available for sale' to the income statement.

NOTE 9 – FINANCIAL EXPENSES

(DKKm)	2008	2009
Interest expenses	388	627
Calculated interest relating to pension obligations, see note 20	78	94
Foreign currency translation adjustments, net	56	28
Total financial expenses	522	749

No provisions have been discounted because the resulting effect is immaterial. For that reason no element of interest from such provisions has been recognised under financial income.

No losses have been transferred during the year from financial assets 'available for sale' to the income statement.

NOTE 10 – TAX

	2008	2009
The tax for the year is disaggregated as follows:		
Tax on profit for the year	377	269
Tax on other changes in equity	9	(6)
Tax on other comprehensive income	(60)	(86)
Total tax for the year	326	177
The tax on profit for the year is calculated as follows:		
Current tax	414	300
Deferred tax	(14)	(36)
Adjustment of tax relating to previous years	(23)	5
Total tax on profit for the year	377	269
The tax on profit for the year breaks down as follows:		
Calculated 25% tax on profit for the year before tax	402	115
Adjustment of calculated tax in foreign Group enterprises relative to 25%	49	(13)
Change in deferred tax as a result of change in corporation tax rate	(2)	1
Tax effect of:		
Non-deductible expenses/non-taxable income	1	38
Non-deductible losses/non-taxable gains on shares	(97)	1
Adjustment of tax relating to previous years	(23)	5
Value adjustment of tax assets, net	64	124
Other adjustments	(17)	(2)
Total	377	269
Effective tax rate	23.4%	58.5%

Tax on other comprehensive income

	Before tax	Tax income/ expense	After tax	Before tax	Tax income/ expense	After tax
(DKKm)		2008			2009	
Foreign currency translation adjustments, foreign enterprises	(44)	-	(44)	104	-	104
Value adjustment of hedging instruments	(243)	54	(189)	(38)	4	(34)
Actuarial gains (losses)	(42)	6	(36)	(103)	22	(81)
Other adjustments	-	-	-	-	60	60
Total	(329)	60	(269)	(37)	86	49

NOTE 11 – EARNINGS PER SHARE

(DKKm)	2008	2009
Profit for the year	1,233	191
Share of consolidated profit for the year attributable to minority interests	6	6
DSV A/S shareholders' share of profit for the year	1,227	185
Amortisation of customer relationships	71	106
Share-based payments	25	25
Special items, net	(78)	688
Tax effect thereof	(114)	(205)
Adjusted profit for the year	**1,131**	**799**
Total average number of shares ('000)	196,879	202,643
Average number of treasury shares ('000)	(12,690)	(2,943)
Average number of shares ('000)	184,189	199,700
Average dilutive effect of outstanding incentive programmes ('000)	766	3,548
Diluted average number of shares ('000)	**184,955**	**203,248**
Earnings per share of DKK 1 (DKK)	6.7	0.9
Diluted earnings per share of DKK 1 (DKK)	6.6	0.9
Diluted adjusted earnings per share of DKK 1 (DKK)	6.1	3.9

NOTE 12 – INTANGIBLES

(DKKm)	Goodwill	IT software	Customer relationships	Other intangibles	Intangibles in progress	Total
Cost at 1 January 2008	4,434	317	592	2	80	5,425
Additions relating to acquisition of enterprises	3,241	15	468	2	–	3,726
Additions for the year	–	184	–	1	46	231
Disposals at cost	(393)	(36)	–	–	(1)	(430)
Reclassification	–	(8)	–	–	–	(8)
Foreign currency translation adjustments	(102)	(2)	(9)	2	–	(111)
Total cost at 31 December 2008	**7,180**	**470**	**1,051**	**7**	**125**	**8,833**
Total amortisation and impairment at 1 January 2008	10	184	115	2	–	311
Amortisation and impairment for the year	19	56	71	–	–	146
Amortisation of assets disposed of	(19)	(29)	–	1	–	(47)
Reclassification	–	(8)	–	–	–	(8)
Foreign currency translation adjustments	–	(3)	(1)	(1)	–	(5)
Total amortisation and impairment at 31 December 2008	**10**	**200**	**185**	**2**	**–**	**397**
Carrying amount at 31 December 2008	**7,170**	**270**	**866**	**5**	**125**	**8,436**
Of which, assets under finance leases	–	26	–	–	–	26
Cost at 1 January 2009	7,180	470	1,051	7	125	8,833
Additions relating to acquisition of enterprises	265	–	–	–	–	265
Additions for the year	–	17	1	1	112	131
Disposals at cost	(16)	(13)	–	–	–	(29)
Reclassification	–	152	–	(2)	(138)	12
Foreign currency translation adjustments	72	–	7	(1)	–	78
Total cost at 31 December 2009	**7,501**	**626**	**1,059**	**5**	**99**	**9,290**
Total amortisation and impairment at 1 January 2009	10	200	185	2	–	397
Amortisation and impairment for the year	–	78	106	–	–	184
Amortisation of assets disposed of	–	(15)	–	–	–	(15)
Reclassification	–	2	–	–	–	2
Foreign currency translation adjustments	–	–	–	1	–	1
Total amortisation and impairment at 31 December 2009	**10**	**265**	**291**	**3**	**–**	**569**
Carrying amount at 31 December 2009	**7,491**	**361**	**768**	**2**	**99**	**8,721**
Of which, assets under finance leases	–	15	–	–	–	15

All intangibles other than goodwill are deemed to have limited useful lives.

Capitalised IT software is mainly internally developed software.

NOTE 12, CONTINUED – INTANGIBLES

Breakdown of goodwill and customer relationships by divisions

The original cost of goodwill and customer relationships is DKK 8,851 million (2008: DKK 8,593 million). The original cost has been applied for calculating ROIC. Goodwill and customer relationships have been allocated to the legal entities in the individual countries in the Road, Air & Sea and Solutions Divisions, respectively.

(DKKm) 2008	Goodwill		Customer relationships		Total		%	
	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount
Road	2,153	1,925	162	123	2,315	2,048	27%	25%
Air & Sea	4,373	4,254	515	474	4,888	4,728	57%	59%
Solutions	1,016	991	374	269	1,390	1,260	16%	16%
Total	7,542	7,170	1,051	866	8,593	8,036	100%	100%

(DKKm) 2009	Goodwill		Customer relationships		Total		%	
	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount
Road	2,621	2,414	163	118	2,784	2,532	31%	31%
Air & Sea	4,090	4,001	519	377	4,609	4,378	53%	53%
Solutions	1,081	1,076	377	273	1,458	1,349	16%	16%
Total	7,792	7,491	1,059	768	8,851	8,259	100%	100%

Goodwill impairment test

As at 31 December 2009, the carrying amount of goodwill was tested for impairment.

The impairment test is made of the Group's cash-generating units based on management structure and internal management control. Such determination is generally made at division level, i.e. for Road, Air & Sea and Solutions.

The impairment test for the cash-generating units compares the recoverable amount, equivalent to the discounted value of the expected future net cash flow, with the carrying amount of the individual cash-generating unit.

The expected future net cash flow is based on budgets and business plans approved by Management for the year 2010 and projections for subsequent years up to and including 2014. Important parameters are revenue development, contribution margin, EBITA margin, future capital expenditure and growth expectations for the terminal period, based on assessments of the individual division.

The calculation of the discounted net cash flow applies discount rates reflecting the risk-free interest rate with the addition of the risks related to the individual cash-generating units, including geographical location, financial risk and the size of the cash-generating units.

The most important assumptions applied in impairment tests are the following:

	Road		Air & Sea		Solutions	
	2008	2009	2008	2009	2008	2009
Expected annual revenue growth (weighted average)	4.0%	2.0%	5.8%	5.0%	5.0%	2.7%
Expected EBITA margin (weighted average)	4.3%	4.6%	6.7%	6.9%	5.7%	5.5%
Expected growth in terminal period (%)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Discount rate before tax (%)	10.5%	11.9%	10.5%	12.0%	10.3%	11.8%

Management determined the expected annual revenue growth and the expected EBITA margin based on conservative assumptions of expected market developments.

Expected growth in the terminal period is deemed not to exceed the long-term average growth rate of the industry.

Based on the impairment tests carried out, it was concluded that no basis for impairment existed at 31 December 2009.

Management assesses that the probable changes in the fundamental assumptions will not make the carrying amount of goodwill exceed the recoverable amount.

Impairment test of intangibles in progress

Intangibles in progress have been tested for impairment, and it was concluded that no basis for impairment existed at 31 December 2009.

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

(DKKm)	Land and buildings	Other plant and operating equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2008	3,581	1,585	174	5,340
Additions relating to acquisition of enterprises	1,612	218	1	1,831
Additions for the year	122	264	345	731
Disposals at cost	(585)	(439)	(242)	(1,266)
Transferred to assets held for sale	(55)	-	-	(55)
Reclassification	53	42	(99)	(4)
Foreign currency translation adjustments	(166)	(64)	11	(219)
Total cost at 31 December 2008	**4,562**	**1,606**	**190**	**6,358**
Total depreciation and impairment at 1 January 2008	641	904	-	1,545
Depreciation for the year	104	220	-	324
Depreciation of assets disposed of	(233)	(333)	-	(566)
Transferred to assets held for sale	1	-	-	1
Reclassification	(19)	29	-	10
Foreign currency translation adjustments	(4)	(45)	-	(49)
Total depreciation and impairment at 31 December 2008	**490**	**775**	**-**	**1,265**
Carrying amount at 31 December 2008	**4,072**	**831**	**190**	**5,093**
Of which, assets under finance leases	845	108	-	953
Cost at 1 January 2009	4,562	1,606	190	6,358
Additions relating to acquisition of enterprises	(23)	(2)	-	(25)
Additions for the year	94	173	221	488
Disposals at cost	(73)	(166)	-	(239)
Transferred to assets held for sale	(250)	(2)	-	(252)
Reclassification	94	12	(120)	(14)
Foreign currency translation adjustments	72	9	6	87
Total cost at 31 December 2009	**4,476**	**1,630**	**297**	**6,403**
Total depreciation and impairment at 1 January 2009	490	775	-	1,265
Depreciation for the year	139	228	-	367
Depreciation of assets disposed of	(30)	(110)	-	(140)
Transferred to assets held for sale	(71)	-	-	(71)
Reclassification	(22)	4	-	(18)
Foreign currency translation adjustments	18	7	-	25
Total depreciation and impairment at 31 December 2009	**524**	**904**	**-**	**1,428**
Carrying amount at 31 December 2009	**3,952**	**726**	**297**	**4,975**
Of which, assets under finance leases	809	70	-	879

No changes in significant estimates have been made in respect of property, plant and equipment.

At 31 December 2009, DSV had contractual liabilities of DKK 31 million for property, plant and equipment in progress.

NOTE 14 – INVESTMENTS IN ASSOCIATES

(DKKm)	2008	2009
Cost at 1 January	16	19
Additions for the year	3	10
Disposals for the year	–	–
Transferred to other securities	–	–
Cost at 31 December	**19**	**29**
Value adjustments at 1 January	(9)	(12)
Value adjustments for the year	(3)	(8)
Value adjustments at 31 December	**(12)**	**(20)**
Carrying amount at 31 December	**7**	**9**
Summarised aggregate financial information on associates:		
Revenue	143	296
Profit (loss) for the year	(1)	(12)
Total assets	99	184
Total liabilities	79	125
DSV Group's share of profit (loss) for the year	(3)	(8)
DSV Group's share of equity	7	9
Goodwill at 31 December	–	–
Total carrying amount at 31 December	**7**	**9**

A list of all associates of the DSV Group is provided in the overview of the Group structure on page 73.

NOTE 15 – OTHER SECURITIES AND RECEIVABLES

(DKKm)	2008	2009
Other securities	39	11
Deposits	82	77
Other receivables	28	8
Other securities and receivables	**149**	**96**

Investments in other securities are classified as 'available for sale'. They mainly relate to unlisted shares and other equity investments recognised at cost as reliable measurement of their fair value is impossible. No value adjustments recognised in equity have been made during the year.

Other receivables mainly relate to loans granted. The terms of the loans are up to 15 years, and they will be fully repaid in 2023.

NOTE 16 – DEFERRED TAX

(DKKm)	2008	2009
Deferred tax at 1 January	(28)	172
Value adjustments, foreign subsidiaries	2	-
Deferred tax for the year	(14)	(36)
Adjustment of tax concerning previous years	(11)	52
Tax on equity items	3	(16)
Additions relating to acquisition of enterprises	227	(86)
Disposals relating to divestment of enterprises	(3)	4
Other adjustments	(4)	(20)
Deferred tax at 31 December	**172**	**70**
Deferred tax asset		
Intangibles	10	26
Property, plant and equipment	13	(101)
Financial assets	-	(3)
Current assets	10	5
Provisions	45	92
Other liabilities	1	-
Tax loss carryforwards	178	360
Deferred tax asset	257	379
Deferred tax liability		
Intangibles	265	294
Property, plant and equipment	303	265
Financial assets	5	-
Current assets	(30)	(22)
Provisions	(57)	(43)
Other liabilities	15	(21)
Tax loss carryforwards	(72)	(24)
Deferred tax liability	429	449
Breakdown of deferred tax		
Deferred tax asset	(257)	(379)
Deferred tax liability	429	449
Deferred tax at 31 December	**172**	**70**
Deferred tax assets not recognised in the balance sheet		
Temporary differences	10	3
Tax loss[1]	533	687
Total deferred tax assets not recognised	**543**	**690**

1. Of the tax loss, DKK 531 million may be carried forward indefinitely, but it is uncertain whether the tax loss can be utilised.

Of the tax loss, DKK 156 million may be carried forward for a limited period, but it is uncertain whether the tax loss can be utilised. Most of the time-limited tax loss can be carried forward for up to 10 years.

The deferred tax asset therefore cannot be measured reliably due to uncertainty about the time aspect of its use.

Change in temporary differences during the year

(DKKm) 2008	Balance at 1 January	Foreign currency translation adjustments	Additions relating to acquisition of enterprises	Disposals relating to divestment of enterprises	Recognised in net profit for the year	Recognised in equity, net	Other adjustments	Balance sheet at 31 December
Intangibles	109	(6)	112	-	40	-	-	255
Property, plant and equipment	176	(9)	115	(3)	11	-	-	290
Financial assets	-	-	-	-	5	-	-	5
Current assets	(16)	1	(15)	-	(20)	10	-	(40)
Provisions	(84)	4	(3)	(1)	(7)	(7)	(4)	(102)
Other liabilities	(33)	2	18	1	26	-	-	14
Tax loss carryforwards	(180)	10	-	-	(80)	-	-	(250)
Total	**(28)**	**2**	**227**	**(3)**	**(25)**	**3**	**(4)**	**172**

NOTE 16, CONTINUED – DEFERRED TAX

(DKKm) 2009	Balance at 1 January	Foreign currency translation adjustments	Additions relating to acquisition of enterprises	Disposals relating to divestment of enterprises	Recognised in net profit for the year	Recognised in equity, net	Other adjustments	Balance sheet at 31 December
Intangibles	255	3	–	–	10	–	–	268
Property, plant and equipment	290	2	–	–	74	–	–	366
Financial assets	5	1	–	–	(3)	–	–	3
Current assets	(40)	–	–	–	28	–	(15)	(27)
Provisions	(102)	(1)	–	–	(5)	(22)	(5)	(135)
Other liabilities	14	(1)	–	–	(28)	(6)	–	(21)
Tax loss carryforwards	(250)	(4)	(86)	4	(60)	12	–	(384)
Total	172	–	(86)	4	16	(16)	(20)	70

NOTE 17 – ASSETS AND LIABILITIES HELD FOR SALE

(DKKm)	2008	2009
Assets held for sale		
Property, plant and equipment	82	211
Total assets held for sale at 31 December	82	211
Liabilities relating to assets held for sale		
Deferred tax	–	15
Finance leases	–	2
Purchase price payable	35	–
Total liabilities relating to assets held for sale at 31 December	35	17

Assets held for sale relate to properties expected to be sold within the next 12 months. These properties are attributable to the Road and Air & Sea Divisions.

No significant gains or losses have been recognised on assets or liabilities held for sale.

NOTE 18 – TRADE AND OTHER RECEIVABLES

(DKKm)	2008	2009
Trade receivables	7,356	6,098
Accrued revenue	530	513
Other receivables etc.	1,076	654
Prepayments	223	134
Trade and other receivables at 31 December	9,185	7,399

Due to the short credit period, the carrying amount of receivables is deemed to correspond to fair value.

Impairment losses relating to doubtful trade receivables		
Impairment at 1 January	174	424
Change in impairment during the year	320	22
Realised losses for the year	(70)	(78)
Impairment at 31 December	424	368

In a number of situations, DSV receives security for credit sales, and the security provided is included in the assessment of the necessity to write down doubtful trade receivables for impairment. Such securities may be provided in the form of financial guarantees or charges. Security has been provided for a total of DKK 2,162 million of total trade receivables.

Overdue trade receivables not written off break down as follows:		
Overdue for 1-30 days	1,293	787
Overdue for 31-120 days	697	403
Overdue for more than 120 days	21	61

The maximum credit risk is reflected in the carrying amount of the individual financial assets of the balance sheet.

DSV does not have any considerable credit risk from receivables because the exposure is spread on many customers. Moreover, receivables are rated on an ongoing basis as set out in the Group credit policy, and the credit risk from large trade receivables is hedged by credit insurance. The credit quality is deemed to be homogenous to a very great extent because of the large number of customers.

NOTE 19 – EQUITY

(DKKm)	2008	2009
Share capital		
Development in share capital:		
Beginning of year	201.5	190.2
Capital increase	–	19.0
Capital reduction	(11.3)	–
Year-end	190.2	209.2

The share capital was increased by a nominal amount of DKK 19,000,000 on 30 April 2009 based on a Supervisory Board resolution to this effect. Following the increase, the share capital of DSV had a nominal value of DKK 209,150,000, corresponding to 209,150,000 shares with a nominal value of DKK 1. No share confers any special rights upon its holder. No restrictions apply to the transferability of the shares or to voting rights. The share capital is fully paid up. Costs related to the capital increase included as a reduction of equity amounted to DKK 35.9 million.

Treasury shares	Shares of DKK 1		Nominal value		% of share capital	
	2008	2009	2008	2009	2008	2009
Beginning of year	13,112,727	7,277,927	13,112,727	7,277,927	6.5	3.8
Purchases	5,516,200	–	5,516,200	–	2.8	–
Sales	(1,000)	(6,827,100)	(1,000)	(6,827,100)	–	(3.6)
Capital reduction	(11,350,000)	–	(11,350,000)	–	-5.5	–
Treasury shares at year-end	7,277,927	450,827	7,277,927	450,827	3.8	0.2

In connection with the capital increase on 30 April 2009, existing shares (treasury shares) of a nominal value of DKK 6,300,000 were also sold.

Treasury shares are bought back to hedge the Company's incentive programmes. The market value of treasury shares at 31 December 2009 was DKK 42 million (2008: DKK 411 million).

Dividends
Distribution of dividends to the shareholders of DSV A/S has no tax consequences for DSV A/S.

Distribution is not subject to any particular restrictions.

The dividend per share of DKK 1 is DKK 0.25 (2008: DKK 0.00 per share).

NOTE 20 – PENSIONS AND SIMILAR OBLIGATIONS

(DKKm)	2008	2009
Present value of defined benefit plans	1,785	1,931
Fair value of pension plan assets	975	1,047
Pensions and similar obligations at 31 December	**810**	**884**
Development in present value of defined benefit obligations		
Obligations at 1 January	1,478	1,785
Foreign currency translation adjustments	(169)	45
Pension costs concerning current financial year	20	38
Calculated interest concerning obligations	78	94
Actuarial gains (losses)	(140)	173
Adjustment due to change in pension plans	–	5
Benefits paid	(42)	(211)
Additions relating to acquisition of enterprises	560	2
Obligations at 31 December	**1,785**	**1,931**
Specification of present value of defined benefit obligations at year-end		
Present value of obligations hedged in full or in part	1,116	1,230
Present value of non-hedged obligations	669	701
Present value of defined benefit obligations	**1,785**	**1,931**
Development in fair value of pension plan assets		
Pension plan assets at 1 January	1,073	975
Foreign currency translation adjustments	(137)	31
Expected return on pension plan assets	58	52
Actuarial gains (losses)	(182)	68
Payments received	76	66
Benefits paid	(46)	(154)
Additions relating to acquisition of enterprises	133	9
Pension plan assets at 31 December	**975**	**1,047**

DSV expects to pay DKK 130 million into the assets of the plans in 2010.

	2008	2009
Pension costs recognised in income statement		
Pension costs concerning current financial year	20	38
Calculated interest concerning obligations	78	94
Expected return on pension plan assets	(58)	(52)
Adjustment due to change in pension plans	–	5
Total recognised for defined benefit plans	40	85
Total recognised for defined contribution plans	226	227
Total recognised in income statement	**266**	**312**
Costs are recognised under the following items in the income statement:		
Staff costs	246	265
Special items, net	–	5
Financial income	(58)	(52)
Financial expenses	78	94
Total costs recognised	**266**	**312**
The following cumulative actuarial gains (losses) have been recognised in the statement of comprehensive income since 1 January 2004:		
Cumulative actuarial gains (losses)	(139)	(244)
Social security costs relating to actuarial gains (losses)	(9)	(7)
Cumulative actuarial gains (losses) including social security costs recognised in the statement of comprehensive income	**(148)**	**(251)**

NOTE 20, CONTINUED – PENSIONS AND SIMILAR OBLIGATIONS

(DKKm)	2008	2009
Breakdown of pension plan assets:		
Shares	23%	27%
Bonds	11%	17%
Properties	2%	2%
Insurance contracts	64%	54%
Total	100%	100%
Return on pension plan assets		
Expected return on pension plan assets	58	52
Actuarial gains (losses) on pension plan assets	(182)	68
Total actual return on pension plan assets	(124)	120

Actuarial assumptions

The actuarial assumptions applied in calculations and valuations vary from country to country owing to national economic and social conditions. In the European countries, which have the most significant pension plans, the following assumptions are applied:

	Spread	Weighted average	Spread	Weighted average
	2008		2009	
Discount rate	4,25 % - 6,00 %	5.70%	4,00 % - 5,60 %	5.33%
Expected return on pension plan assets	4,25 % - 5,85 %	5.62%	4,25 % - 5,85 %	5.59%
Future rate of wage/salary increases	2,00 % - 3,75 %	2.73%	2,50 % - 3,75 %	2.93%
Future inflation	1,75 % - 2,50 %	2.03%	1,75 % - 3,40 %	2.34%

The expected return on pension plan assets is determined on the basis of asset composition and general expectations of the economic development.

Five-year overview	2005	2006	2007	2008	2009
Pension obligations	688	1,638	1,478	1,785	1,931
Pension plan assets	(340)	(1,079)	(1,073)	(975)	(1,047)
Inadequate cover	348	559	405	810	884
Changes in pension obligations as per experience	-	(11)	(24)	(11)	6
Changes in pension plan assets as per experience	-	(59)	-	88	(71)

In defined contribution pension plans, the employer must make a specific contribution (a fixed amount or a fixed percentage of the wage or salary). Defined contribution plans imply no risk to the Group as concerns the future development in yield, inflation, mortality and disability.

In defined benefit pension plans, the employer undertakes to pay a specific benefit (an old-age pension as a fixed amount or a fixed percentage of the final wage or salary on retirement). Defined benefit plans imply a risk to the Group as concerns the future development in yield, inflation, mortality and disability. The Group has defined benefit pension plans mainly in Great Britain, the Netherlands, Belgium, Germany, Sweden and Italy.

The pension obligations of certain Group enterprises are hedged by insurance. Foreign enterprises with no or only partial insurance cover (defined benefit plans) measure the unhedged pension obligations actuarially at the present value at the reporting date. The Parent only has defined contribution pension plans.

NOTE 21 – PROVISIONS

(DKKm)	Restructuring costs	Provisions for disputes and legal actions	Onerous contracts	Other	Total
Provisions at 1 January 2009	311	160	48	148	667
Additions relating to acquisition of enterprises	109	96	10	32	247
Applied for the year	(224)	(66)	(22)	(24)	(336)
Provisions for the year	281	35	13	28	357
Provisions at 31 December 2009	477	225	49	184	935
Expected time frame of the provisions:					
Current liabilities	265	20	21	67	373
Non-current liabilities	212	205	28	117	562
Provisions at 31 December 2009	477	225	49	184	935

NOTE 21, CONTINUED – PROVISIONS

No provisions have been discounted because the resulting effect is immaterial.

Restructuring costs mainly relate to capacity adaptations at the integration of ABX LOGISTICS and mainly consist of termination benefits and costs under terminated leases. Restructuring costs have primarily been recognised in the income statement under special items.

Onerous contracts are primarily onerous contracts taken over in connection with the acquisition of ABX LOGISTICS, consisting of lease agreements with rent above market value as well as contracts concluded with customers and leases under which unavoidable costs exceed earnings.

Other provisions predominantly relate to demolition liabilities, complaints and disputes concerning suppliers.

Provisions for disputes and legal actions are mainly contingent liabilities taken over at the acquisition of enterprises.

Provisions are basically expected to be utilised within 3-5 years.

NOTE 22 – FINANCIAL LIABILITIES

(DKKm)	2008	2009
Loans and credit facilities	9,051	6,409
Finance leases	932	821
Other non-current liabilities	74	27
Total financial liabilities	**10,057**	**7,257**
Financial liabilities as recognised in the balance sheet:		
Non-current liabilities	7,084	6,637
Current liabilities	2,973	620
Financial liabilities at 31 December	**10,057**	**7,257**

Loans and credit facilities	Expiry	Fixed/floating interest rate	Carrying amount	
(DKKm)			2008	2009
Bank loans DKK	2013-2014	Floating	2,150	1,473
Bank loans EUR	2012-2014	Floating	5,439	4,285
Mortgage loans	2010-2014	Floating/fixed	954	123
Overdraft facility	2010	Floating	508	528
Loans and credit facilities at 31 December			**9,051**	**6,409**

Bank loans are subject to standard trade covenants, see note 27

The fair value of floating-rate loans are deemed to correspond to the carrying amount. The fair value of loans and credit facilities was DKK 6,409 million (2008: DKK 9,051 million).

The weighted average effective interest rate was 3.0% (2008: 4.6%).

Finance leases

Obligations relating to assets under finance leases break down as follows:

(DKKm)	Lease payments		Interest		Carrying amount	
	2008	2009	2008	2009	2008	2009
0-1 years	135	237	(40)	(36)	95	201
1-5 years	510	310	(122)	(101)	388	209
> 5 years	641	577	(192)	(166)	449	411
Total	**1,286**	**1,124**	**(354)**	**(303)**	**932**	**821**

The fair value of obligations relating to assets under finance leases corresponds to the carrying amount. The fair value has been estimated as the present value of future cash flows at the market interest rate for corresponding leases.

The most important finance leases relate to terminals. Such leases typically have a term of 10-15 years. Finance leases concluded have either an extension option or a purchase option.

NOTE 23 – TRADE AND OTHER PAYABLES

(DKKm)	2008	2009
Trade payables	3,855	3,755
Deferred income relating to forwarding in progress	1,361	1,120
Other payables	2,586	2,233
Trade and other payables at 31 December	**7,802**	**7,108**

The fair value of trade and other payables equal the carrying amount. Trade payables fall due within 1 year.

NOTE 24 – COLLATERALS, CONTINGENT ASSETS AND LIABILITIES AND OTHER FINANCIAL LIABILITIES ETC.

(DKKm)	2008	2009
Collaterals:		
Carrying amount of land and buildings etc. provided as collateral to mortgage banks[1]	907	217
Total collaterals	**907**	**217**

1. Mortgage loans amounted to DKK 107 million at 31 December 2009.

	2008	2009
Other financial liabilities:		
DSV A/S has entered into IT service contracts with terms of 3-7 years and a notice period of 6 months. The minimum payments during the notice period amount to:	74	153
DSV A/S has guaranteed for subsidiaries' outstanding balances with banks and liabilities to leasing companies, suppliers and public authorities etc. in the amount of:	2,185	2,798
Subsidiaries have guaranteed for outstanding balances with banks and liabilities to leasing companies, suppliers and public authorities etc. in the amount of:	5,491	4,383
Total other financial liabilities	**7,750**	**7,334**
Operating leases:		
Operating lease obligations relating to land and buildings (including terminals) fall due:		
0-1 years	767	782
1-5 years	1,858	1,624
> 5 years	1,466	1,295
Total	**4,091**	**3,701**
Operating lease obligations relating to operating equipment fall due:		
0-1 years	374	352
1-5 years	442	386
> 5 years	3	1
Total	**819**	**739**
The following is recognised in the income statement:		
Operating leases relating to property	811	943
Operating leases relating to operating equipment	509	539
Total	**1,320**	**1,482**

The Group leases properties under operating leases. Such leases typically have a term of 7-15 years with an option to extend after expiry of the lease term.

The Group leases operating equipment under operating leases. Such leases typically have a term of 0-6 years with an option to extend after expiry of the lease term. There are no purchase options/obligations for assets held under operating leases.

Various competition authorities have carried out inspections in recent years of a number of international transport companies. These inspections relate to alleged violations of competition law within the transport sector. As an international transport provider, the DSV Group has also received requests and inquiries from competition authorities. However, Management expects none of those cases to significantly affect the financial position of the Group.

As an international transport provider, the DSV Group is regularly involved in tax cases. The effect of those tax cases is recognised based on Management's estimate of the expected outcome.

Contingent assets

As an international transport provider, the DSV Group is regularly involved in tax cases. The effect of those tax cases is recognised based on Management's estimate of the expected outcome.

Other than the non-recognised tax assets mentioned in note 16, the Group has no material contingent assets.

NOTE 25 – ACQUISITION AND DIVESTMENT OF ENTERPRISES AND ACTIVITIES

Enterprises acquired in 2008	Carrying amount according to IFRS before date of acquisition		Adjustment at fair value		Fair value at date of acquisition		
(DKKm)	ABX LOGISTICS	Other	ABX LOGISTICS	Other	ABX LOGISTICS	Other	Total
Intangibles	20	–	411	54	431	54	485
Property, plant and equipment	1,430	35	366	–	1,796	35	1,831
Financial assets	51	(1)	–	–	51	(1)	50
Deferred tax	15	2	–	–	15	2	17
Receivables	3,880	184	18	(2)	3,898	182	4,080
Cash	874	52	–	–	874	52	926
Total assets	6,270	272	795	52	7,065	324	7,389
Deferred tax	14	–	218	12	232	12	244
Other provisions	757	20	46	5	803	25	828
Financial liabilities	1,815	6	–	–	1,815	6	1,821
Trade payables	1,953	106	7	–	1,960	106	2,066
Other current liabilities	1,153	55	–	–	1,153	55	1,208
Total liabilities	5,692	187	271	17	5,963	204	6,167
Net assets	578	85	524	35	1,102	120	1,222
Minority interests	(30)	–	–	–	(30)	–	(30)
Total net assets	548	85	524	35	1,072	120	1,192
Goodwill					2,972	269	3,241
Cash acquisition cost, including transaction costs, before cash of acquirees					4,044	389	4,433
Cash of acquirees					(874)	(52)	(926)
Cash acquisition cost, including transaction costs					3,170	337	3,507
Interest-bearing debt assumed					1,815	6	1,821
Enterprise value of acquirees					4,985	343	5,328

Names of enterprises and activities acquired, 2008	Country	Division	Date of recognition	Proportion of acquired share capital
ABX LOGISTICS NV/SA	Belgium	All	1 October 2008	100%
ABX LOGISTICS (Australia) Pty. Ltd.	Australia	Air & Sea	1 November 2008	Remaining 60% acquired
Waagan Transport Group AS	Norway	Road	1 October 2008	100%
Unicargo AS	Norway	Road	1 November 2008	100%
Termoline Oy	Finland	Road	1 April 2008	100%
DSV Air & Sea Pvt. Ltd	India	Air & Sea	1 June 2008	Remaining 28% acquired
Roadferry Ltd.	Great Britain & Ireland	Road & Solutions	1 March 2008	100%
Elan Transport International S.A.	Morocco	Road	1 January 2008	Remaining 37% acquired
Airlift/Sealift International Limited	Great Britain	Air & Sea	1 April 2008	100%

NOTE 25, CONTINUED – ACQUISITION AND DIVESTMENT OF ENTERPRISES AND ACTIVITIES

Acquisition of enterprises and activities in 2009	Carrying amount according to IFRS before date of acquisition	Adjustment at fair value		Fair value at date of acquisition		
(DKKm)	2009	2008[1]	2009	2008[1]	2009	Total
Intangibles	–	–	–	–	–	–
Property, plant and equipment	–	(25)	–	(25)	–	(25)
Financial assets	–	(5)	–	(5)	–	(5)
Deferred tax	–	90	–	90	–	90
Receivables	–	(40)	–	(40)	–	(40)
Total assets	**–**	**20**	**–**	**20**	**–**	**20**
Deferred tax	–	4	–	4	–	4
Other provisions	–	247	–	247	–	247
Trade payables	–	3	–	3	–	3
Other current liabilities	–	18	–	18	–	18
Total liabilities	**–**	**272**	**–**	**272**	**–**	**272**
Net assets	–	(252)	–	(252)	–	(252)
Minority interests	16	–	–	–	16	16
Total net assets	**16**	**(252)**	**–**	**(252)**	**16**	**(236)**
Goodwill				252	13	265
Cash acquisition cost, including transaction costs, before cash of acquirees				–	29	29
Cash of acquirees				–	–	–
Cash acquisition cost, including transaction costs				–	29	29
Interest-bearing debt assumed				–	–	–
Enterprise value of acquirees				**–**	**29**	**29**

1. Adjustments relating to 2008 are due to adjustments of the preliminary determinations of fair value as at the date of acquisition presented in the 2008 Annual Report Adjustments relate mainly to the acquisition of ABX LOGISTICS NV/SA and are recognised under the relevant items and included in additions relating to acquirees.
No adjustment has been made of comparative figures because the amounts are deemed to be immaterial.

Names of enterprises and activities acquired, 2009	Country	Division	Date of recognition	Proportion of acquired share capital
Vectra OOD	Bulgaria	Road	15 October2009	Remaining 25% acquired
ABX Logistics (Bangladesh) Ltd.	Bangladesh	Air & Sea	1 July 2009	Remaining 12.5% acquired
DSV Air & Sea Co. Ltd.	Taiwan	Air & Sea	1 January 2009	Remaining 20% acquired
ABX Pan Globe Logistics Inc.	The Philippines	Air & Sea	1 April 2009	Remaining 7% acquired
Norfolkline AB	Sweden	Road	1 July 2009	Activity acquired

Divestment of enterprise in 2008	Carrying amount at date of divestment
(DKKm)	Tollpost Globe AS
Intangibles	374
Property, plant and equipment	345
Financial assets	2
Receivables	303
Cash	40
Total assets	**1,064**
Minority interests	173
Deferred tax	3
Financial liabilities	19
Trade payables	191
Other current liabilities	132
Total liabilities	**518**
Net assets	546
Profit on divestments	437
Cash selling price before cash of divested enterprise	983
Cash of divested enterprise	21
Cash selling price	962
Interest-bearing debt etc.	–
Enterprise value of divested enterprise	**962**

NOTE 25, CONTINUED – ACQUISITION AND DIVESTMENT OF ENTERPRISES AND ACTIVITIES

Divestment of enterprises and activities in 2009	Carrying amount at date of divestment
(DKKm)	Other
Intangibles	14
Property, plant and equipment	11
Financial assets	(5)
Receivables	20
Cash	(9)
Total assets	31
Minority interests	9
Deferred tax	(4)
Trade payables	15
Other current liabilities	39
Total liabilities	59
Net assets	(28)
Profit on divestments	7
Cash selling price before cash of divested enterprises	(21)
Cash of divested enterprises	(9)
Cash selling price	(12)
Interest-bearing debt etc.	-
Enterprise value of divested enterprises	(12)

Names of enterprises and activities divested, 2009	Country	Division	Date of recognition	Proportion of shares sold
DSV Domestic Oy	Finland	Road	15 May 2009	100%
MGM Lines Srl.	Italy	Air & Sea	21 July 2009	21%
Textil-Aufbereitung Weser-Nord GmbH	Germany	Solutions	1 January 2009	100%

Information on individual transactions
In 2008 and 2009, the Group acquired a number of enterprises and activities. Details on the acquisition of ABX LOGISTICS are shown separately above under 2008. The remaining acquisitions made in 2008 and 2009 are not otherwise of a size requiring separate disclosure.

Due to the continuous adjustment of purchase considerations, the amounts recognised in relation to acquisitions are subject to change.

Disposal of operating entities as a result of acquisitions of enterprises
In connection with the acquisition of ABX LOGISTICS in 2008, it was decided to dispose of Textil-Aufbereitung Weser-Nord GmbH. No other existing or acquired entities were disposed of following the acquisition of an enterprise in 2008 and 2009.

Costs of business combinations
Transaction costs are included in the cash acquisition cost and comprise fees to lawyers, financial advisers, accountants and other experts as well as other directly attributable costs. In 2009, the transaction costs were DKK 0 million (2008: DKK 38 million).

Identification of intangibles
In connection with the acquisition of enterprises and activities in 2008 and 2009, DSV measured identifiable intangibles in the form of customer relationships, which were recognised in the acquisition balance sheet at their fair value. The value of customer relationships at the acquisition of ABX LOGISTICS in 2008 was calculated at DKK 413 million.

Other adjustments at fair value
Other than the value of customer relationships, adjustments of intangibles in 2008 and 2009 relate to adjustment of software at fair value.

Adjustments of property, plant and equipment in 2008 and 2009 relate to adjustments of property, plant and equipment at fair value.

Adjustments of other provisions in 2008 and 2009 relate to demolition liabilities and pending legal actions and claims raised against ABX LOGISTICS. The provision was made on the basis of an individual assessment of each action. Please refer to note 24, which discusses pending actions under contingent liabilities.

Goodwill
Following recognition of identifiable assets, liabilities and contingent liabilities at their fair value, the goodwill related to the acquisitions has been measured at DKK 265 million (2008: DKK 3,241 million). The difference represents the value of assets whose fair value cannot be reliably measured, including the value of the staff and know-how taken over, expected synergies from combining the enterprises acquired and the existing DSV activities, and the value of gaining access to new markets. The valuation of these assets is either subject to great uncertainty or beyond DSV's control; accordingly, the fair values are deemed not be be reliable.

Negative goodwill
No negative goodwill has arisen as the fair value of the net assets of the enterprises taken over is higher than the acquisition cost.

Change in treatment of previous acquisitions
An adjustment of DKK 252 million has been made to goodwill relating to business combinations in 2008 owing to adjustment of purchase considerations and other adjustments to the opening balance sheet.

NOTE 25, CONTINUED – ACQUISITION AND DIVESTMENT OF ENTERPRISES AND ACTIVITIES

Impact on income statement from acquisition of enterprises:	2008	2009
Share of revenue and profit for the year for acquirees from the date of acquisition until 31 December		
Revenue	3,901	20
Operating profit before amortisation, depreciation and special items (EBITDA)	192	1
Profit for the year	48	1
Group in which enterprises and activities acquired were measured as if they had been owned on a full-year basis		
Revenue	48,984	36,125
Operating profit before amortisation, depreciation and special items (EBITDA)	2,718	2,235

NOTE 26 – DERIVATIVE FINANCIAL INSTRUMENTS

External hedging instruments at 31 December 2008

(DKKm)	Contractual value	Maturity	Fair value	Of which, recognised in income statement	Of which, recognised in equity
Currency instruments	1,732	2009	202.2	202.2	-
Interest rate instruments	7,691	2009-2014	(250.8)	(45.9)	(204.9)
Total			(48.6)	156.3	(204.9)

External hedging instruments at 31 December 2009

(DKKm)	Contractual value	Maturity	Fair value	Of which, recognised in income statement	Of which, recognised in equity
Currency instruments	2,850	2010	(38.0)	(23.6)	(14.4)
Interest rate instruments	7,280	2010-2014	(355.0)	(78.6)	(276.4)
Total			(393.0)	(102.2)	(290.8)

Foreign currency risk hedging

The Group mainly uses forward exchange transactions to hedge foreign currency risks. The main currencies hedged are SEK, NOK, GBP and USD. The Group has a low currency risk. The forward exchange transactions used to hedge net investments and satisfying the conditions of hedge accounting are recognised directly in equity. Other fair value adjustments are recognised in the income statement under financial income or expenses.

Interest rate risk hedging

The Group uses interest rate swaps and interest rate caps to hedge interest rate risks. Thereby floating-rate loans are refinanced as fixed-rate loans. Interest rate swaps and interest rate caps satisfying the conditions of hedge accounting are recognised directly in equity. Interest rate swaps and interest rate caps not satisfying the conditions of hedge accounting as well as accrued interest are recognised directly in the income statement under financial income or expenses.

The weighted average effective interest rate for existing interest rate instruments was 4.06% at the reporting date (2008: 4.19%).

As regards financial instruments measured at fair value, the valuation is based on other observable factors than prices quoted on active markets (level 2). Interest rate swaps and interest rate caps are valued according to generally recognised valuation methods based on relevant observable data.

Agreements on the use of derivative financial instruments are only concluded with parties whose credit rating from Standard & Poors is AA or higher.

NOTE 27 – FINANCIAL RISKS

DSV's international activities imply that the results and balance sheet are affected by various financial risks. The general purpose of the financial risk management is to restrict the short-term negative impact on earnings and cash flows caused by financial market developments, thereby improving the predictability of financial results. The Group does not speculate in financial risks. Group financial management is therefore only aimed at managing existing financial risks, a task undertaken at central level by the Group's Treasury Department. The general scope is determined in the corporate finance policy adopted by the Supervisory Board. The general policies were not revised in 2009.

Foreign currency risks

The Group's foreign subsidiaries are not affected where costs and income are settled in local currencies. This applies to most of the Group's activities. Moreover, a great proportion of the income and expenses of the Group is settled in euro. The aggregate foreign currency risk is therefore limited.

DSV seeks to eliminate foreign currency risks related to revenue settled in foreign currencies in both Danish and foreign subsidiaries by hedging currency exposures centrally via the Treasury Department. Hedging is made on a net basis by raising foreign currency loans, drawing on foreign currency overdraft facilities or applying forward exchange transactions and currency options.

The Group is also affected by changes in exchange rates because results and equity of the foreign subsidiaries are translated into Danish kroner at year-end based on average exchange rates for operating activites and year-end exchange rates for the balance sheet. It is assessed on a regular basis whether hedging should be carried out in relation to the Parent's total net investments in subsidiaries. The Group policy is to reduce net investments in Group subsidiaries on an ongoing basis by distributing the subsidiaries' profits as dividends.

In general, the Group does not hedge positions in euro as it expects the official Danish fixed exchange-rate policy against the euro to continue.

NOTE 27, CONTINUED – FINANCIAL RISKS

EXCHANGE RATES		31 December		Annual average	
Country	Currency	2008	2009	2008	2009
Euroland	EUR	745.06	744.15	746.00	744.63
Great Britain	GBP	764.78	823.17	939.73	836.26
Norway	NOK	75.72	89.42	91.02	85.39
Sweden	SEK	68.04	72.28	77.70	70.18
USA	USD	528.48	519.01	509.86	535.51

Exposure in major foreign currencies breaks down as follows:

Currency risk (DKKm)	Change in exchange rate	Impact on revenue		Impact on EBITA	
		2008	2009	2008	2009
GBP	+/- 5%	147	114	9	6
NOK	+/- 5%	77	66	5	5
SEK	+/- 5%	204	157	13	9
USD	+/- 5%	91	75	11	10
Total	+/- 5%	519	412	38	30

The effect of foreign currency translation on revenue and EBITA has been calculated on the basis of the effect of a 5% change in average rates for 2008 and 2009.

Interest rate risks

The major interest rate risk relates to the long-term loans raised by the Parent to finance previous acquisitions. These loans are raised as long-term commitments with a variable rate of interest, but refinanced to fixed-rate loans by using interest rate swaps or interest rate caps with a duration of up to 60 months. The Group has also undertaken an interest rate risk in connection with the finance and operating leases concluded. The relevant interest rates are fixed on an ongoing basis for periods of 24 to 48 months.

It is the policy of DSV that the average period of fixed interest rates on all net bank loans must be at least 8 and not more than 30 months at any time.

Interest rate sensitivity at 31 december 2009	
Duration of the Group's bank and mortgage loan hedges	19 months
A change of 1 percentage point in the interest rate of the bank and mortgage loans of the Group will affect Group financials each year by	DKK 3 million

Credit risks

The Group's credit risks relate mainly to its debtors. The Group has issued an internal credit limit for each individual debtor. Insurance policies for the majority of the Group's insurable receivables are taken out with a credit insurance company. The financial crisis has increased the internal focus on credit risk management.

Liquidity risks

The Group's Treasury Department is responsible for ensuring that there is always sufficient liquidity to meet the Group's liabilities.
DSV ensures the existence of sufficient cash resources through short-term credit facilities and long-term credit lines from the main banks of the Group. In May 2009, DSV repaid DKK 1,490 million using proceeds from the capital increase on 5 May 2009 and from the sale of treasury shares. In Q3 2009, DSV renewed part of its long-term loans with the Company's current banks. The total duration of the Group's long-term loan commitments and the amonut drawn on its credit facilities at 31 December 2009 are shown in the table below.

List of commitments and amount drawn on long-term credit facilities at 31 december 2009

Loan facilities	Amount (DKKm)	Expiration of loan commitments	Duration (years)	Not utilised
Long-term loan I[1]	744	25/3/12	2.2	-
Long-term loan II[2]	744	31/3/13	3.2	-
Long-term loan IIi	1,444	20/12/13	4.0	372
Long-term loan IV	2,838	19/9/14	4.7	-
Total and weighted duration	5,770		4.0	372

1. On 4 February 2010, the facility was extended until 19 September 2014.
2. On 4 February 2010, the facility was increased to DKK 945 million, DKK 201 million of which has not been drawn.

The loan agreements of the Group are subject to covenants to ensure coherence between the earnings of the Group and the debts that the Company may assume. The major covenants of the Group are related to the ratio of net interest-bearing debt to EBITDA (operating profit before amortisation, depreciation and special items) and the Group's solvency ratio. Quarterly reporting on the development of these covenants is made to the Company's banks. All covenants were observed in 2009.

NOTE 27, CONTINUED – FINANCIAL RISKS

Liabilities and financial assets of the Group forming part of the cash management fall due as listed below:

(DKKm) 2008	Carrying amount	Contractual cash flows	0-1 years	1-5 years	> 5 years
Loans and credit facilities	9,051	9,943	1,718	6,843	1,382
Finance leases	932	1,286	135	510	641
Trade payables	3,855	3,855	3,855	-	-
Interest-rate derivatives	251	251	64	187	-
Total liabilities	14,089	15,335	5,772	7,540	2,023
Trade receivables	7,356	7,356	7,356	-	-
Cash and cash equivalents	516	516	516	-	-
Currency derivatives	202	202	202	-	-
Total assets	8,074	8,074	8,074	-	-

(DKKm) 2009	Carrying amount	Contractual cash flows	0-1 years	1-5 years	> 5 years
Loans and credit facilities	6,409	7,469	814	6,655	-
Finance leases	821	1,124	237	310	577
Trade payables	3,755	3,755	3,755	-	-
Currency derivatives	38	38	38	-	-
Interest-rate derivatives	355	355	184	171	-
Total liabilities	11,378	12,741	5,028	7,136	577
Trade receivables	6,098	6,098	6,098	-	-
Cash and cash equivalents	367	367	367	-	-
Total assets	6,465	6,465	6,465	-	-

Analyses of due dates are based on contractual cash flows, including estimated interest payments. The amounts calculated have not been discounted for which reason it cannot necessarily be reconciled to the balance sheet.

NOTE 28 – CAPITAL MANAGEMENT

The target for the capital structure of DSV is to achieve financial stability for the purpose of reducing the corporate cost of capital and to have sufficent financial flexibility to meet the strategic goals.

The capital structure of DSV is assessed on an ongoing basis. The gearing ratio, i.e. net interest-bearing debt to EBITDA (operating profit before amortisation, depreciation and special items), was 3.1 at 31 December 2009. The targeted capital structure of the Group is a ratio of net interest-bearing debt to EBITDA of 1.5-2.5, which implies continued focus on a reduction of the Group's net interest-bearing debt. The Group expects to meet this target in 2010. The target capital structure remains unchanged relative to 2008.

For further information on capital management, please refer to the Management's review on page 8.

NOTE 29 – RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

DSV has no related parties with controlling interests. Related parties of DSV with significant influence comprise associates as mentioned in the overview of the Group structure and members of the associates' supervisory boards, executive boards and senior staff as well as the family members of those persons. Related parties also comprise companies, in which the aforementioned persons have significant interests.

The Group had the following transactions with related parties:

(DKKm)	2008	2009
Sale of services		
Associates and joint ventures	26	105
Total sale of services	26	105
Purchase of services		
Associates and joint ventures	34	90
Consultancy fees to member of Supervisory Board	–	2
Enterprises related to members of Supervisory Board	1	–
Total purchase of services	35	92

Please refer to note 4 on staff costs and note 5 on incentive programmes concerning remuneration for and share-based payments to Management.

Transactions with related parties have been made on an arm's length basis.

The Group had the following outstanding balances with related parties at 31 December:

(DKKm)	2008	2009
Receivables		
Associates and joint ventures	15	20
Receivables at 31 December	15	20
Liabilities		
Associates and joint ventures	6	7
Liabilities at 31 December	6	7

NOTE 30 – SHARES HELD BY EXECUTIVE AND SUPERVISORY BOARD MEMBERS

Shares held by Executive and Supervisory Board members	Shares at beginning of year	Shares purchased in 2009	Shares sold in 2009	Shares at year-end	Market value (DKKm)
Jens Bjørn Andersen	37,500	–	–	37,500	3.5
Jens H. Lund[1]	32,270	–	–	32,270	3.0
Kurt K. Larsen	392,590	–	200,000	192,590	18.1
Erik B. Pedersen	600,000	–	20,000	580,000	54.5
Kaj Christiansen	59,000	–	–	59,000	5.5
Per Skov	14,400	10,000	–	24,400	2.3
Annette Sadolin	–	–	–	–	–
Total	1,135,760	10,000	220,000	925,760	86.9

1. Shares at beginning of year have been adjusted by 525 shares releative to the shares at year-end in the 2008 Annual Report.

Hans Peter Drisdal Hansen resigned from the Supervisory Board in 2009. At the beginning of 2009, Hans Peter Drisdal Hansen held 8,360 shares.

NOTE 31 – SEGMENT INFORMATION

Activities (DKKm) 2008

Condensed income statement	Road Division	Air & Sea Division	Solutions Division	Parent, elimination etc.	Total
Revenue	19,806	13,584	5,275	-	38,665
Intercompany sales	(819)	(277)	(134)	-	(1,230)
Revenue	**18,987**	**13,307**	**5,141**	**-**	**37,435**
Amortisation, depreciation and impairment of intangibles, property, plant and equipment	137	74	140	51	402
Operating profit before special items (EBITA)	874	906	212	(56)	1,936
Special items	345	(202)	(28)	(37)	78
Financials, net	(217)	(140)	(127)	80	(404)
Profit (loss) before tax (EBT)	1,002	564	57	(13)	1,610
Condenced balance sheet					
Total gross investments	607	5,340	346	226	6,519
Total investments in associates	13	3	(9)	-	7
Total assets	8,692	11,596	3,104	333	23,725
Total liabilities	3,915	6,410	1,470	8,073	19,868

Geographical information	Europe	North America	Rest of world	Total
Revenue	33,889	1,829	1,717	37,435
Total intangibles, property, plant and equipment	13,289	32	208	13,529

Activities (DKKm) 2009

Condensed income statement	Road Division	Air & Sea Division	Solutions Division	Parent, elimination etc.	Total
Revenue	18,390	14,062	5,788	-	38,240
Intercompany sales	(1,134)	(755)	(266)	-	(2,155)
Revenue	**17,256**	**13,307**	**5,522**	**-**	**36,085**
Amortisation, depreciation and impairment of intangibles, property, plant and equipment	168	115	184	69	536
Operating profit before special items (EBITA)	597	955	196	(45)	1,703
Special items	(425)	796	(33)	(1,026)	(688)
Financials, net	(247)	(436)	(171)	299	(555)
Profit (loss) before tax (EBT)	(75)	1,315	(8)	(772)	460
Condenced balance sheet					
Total gross investments	387	272	81	119	859
Total investments in associates	6	3	-	-	9
Total assets	9,346	10,111	2,777	(54)	22,180
Total liabilities	5,395	4,144	2,103	5,008	16,650

Geographical information	Europe	North America	Rest of world	Total
Revenue	32,329	1,524	2,232	36,085
Total intangibles, property, plant and equipment	11,596	1,483	617	13,696

Segment identification is based on the internal financial reporting of the Group. Segment information and divisional reviews cannot be reconciled due to elimination of inter-division transactions.

Inter-segment transactions are made on an arm's length basis.

NOTE 32 – EVENTS AFTER THE REPORTING DATE

No material events have occurred after 31 December 2009.

NOTE 33 – ACCOUNTING POLICIES

The 2009 Annual Report of DSV has been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union and the supplementary Danish disclosure requirements for annual reports of listed companies, see the disclosure requirements of the NASDAQ OMX Copenhagen stock exchange for annual reports of listed companies and the IFRS Executive Order issued in pursuance of the Danish Financial Statements Act.

The Annual Report of the Parent, DSV A/S, is an integral part of the Consolidated Annual Report of DSV and is available on the CD-ROM enclosed and at www.dsv.com.

Basis for preparation

Amounts in the Annual Report are stated in Danish kroner and rounded to the nearest million.

The Annual Report has been prepared under the historical cost convention, with the exception that the following assets and liabilities are measured at fair value: derivatives, financial instruments held for trading and financial instruments classified as available for sale.

Non-current assets held for sale are measured at the lower of carrying amount before the change in classification and fair value less costs of disposal.

New accounting regulations

The following accounting standards and interpretations as approved by the European Union and relevant to the DSV Group have the following implications for the 2009 Annual Report:

- Amended IAS 1 'Presentation of Financial Statements', which implies changes in the presentation of the statement of comprehensive income.
- Amended IAS 23 'Borrowing Costs'. Borrowing costs attributable to the acquisition of qualifying assets are recognised as part of the cost of the relevant asset. In accordance with the provisions on the effective date of the amendment, this policy is applied for assets where conditions for this recognition are satisfied as from 2009.
- Amended IFRS 7 'Financial Instruments: Disclosures'. This amendment concerns disclosures about financial instruments and requires presentation of additional disclosures about financial instruments that are recognised at fair value, including fair value hierarchy and further disclosures about liquidity risks.
- 'Improvements to International Financial Reporting Standards 2008', which has lead to a change in terminology and presentation, but does not affect recognition or measurement.

The following new and amended accounting standards and interpretations published by the IASB have entered into force and have been approved by the European Union, but have been deemed irrelevant to the Group:

- Amended IFRS 2 'Share-Based Payment. Vesting Conditions and Cancellations'
- Amended IAS 32 'Financial Instruments: Presentation: Puttable Instruments and Obligations Arising on Liquidation'
- IFRIC 13 'Customer Loyalty Programmes'

The following new and amended accounting standards and interpretations published by the IASB have been approved by the European Union, but had not yet become mandatory at the date of this Annual Report.

- Amended IAS 27 'Consolidated and Separate Financial Statements'
- Amended IAS 39 'Financial Instruments: Recognition and Measurement'
- Amended IFRS 3 'Business Combinations'

The IASB has also published the following new and amended accounting standards and interpretations relevant to the Group, which have not yet been approved by the European Union:

- Amended IAS 24 'Related Party Disclosures'
- Amended IFRS 2 'Share-Based Payment: group cash-settled share-based payment transactions'
- IFRS 9 'Financial Instruments: Classification and Measurement'
- IFRIC 14 'Prepayments of a Minimum Funding Requirement'
- 'Improvements to International Financial Reporting Standards 2009'

DSV A/S expects to implement the new accounting standards and interpretations when they become mandatory in 2010 or later.

The implementation of these accounting standards and interpretations is expected not to result in material changes in recognition and measurement of the amounts of the consolidated Annual Report. IFRS 3 is expected to influence the financial reporting only to a limited extent as future acquisition costs will be charged to the income statement.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements include the Parent, DSV A/S, and the subsidiaries over which DSV A/S exercises control of the financial and operating policies to achieve an investment return or other advantages from their activities. Control is obtained by possessing or holding, whether directly or indirectly, more than 50% of voting rights or by otherwise controlling the relevant enterprise.

Enterprises not controlled by the Group, but over which the Group has significant influence, are considered associates. Significant influence is usually obtained by possessing or holding, whether directly or indirectly, more than 20% of the voting rights, but less than 50%. When assessing whether DSV A/S controls or has significant influence over an enterprise, potential voting rights must be taken into account.

The consolidated financial statements have been prepared by consolidating the financial statements of the Parent and the individual subsidiaries, computed in accordance with the accounting policies of the Group, and by eliminating intra-Group income, costs, shareholdings, accounts and dividends as well as realised and unrealised gains from intra-Group transactions. Unrealised gains from transactions with associates are eliminated proportionately to the ownership share. Unrealised losses are eliminated in the same way as unrealised gains to the extent that no impairment losses are recorded.

Investments in subsidiaries are eliminated by the fair value of the subsidiaries' proportionate share of identifiable net assets and recognised contingent liabilities at the date of acquisition.

Items of subsidiaries are fully recognised in the consolidated financial statements. Minority interests' share of the profit or loss for the year and equity of subsidiaries that are not wholly-owned is included in the consolidated profit or loss and equity, respectively, but is stated separately.

Business combinations

Newly acquired or established enterprises are recognised in the consolidated financial statements from the date of acquisition. Enterprises divested or otherwise ceasing to be subsidiaries or associates are recognised in the consolidated income statement until the date of disposal.

The date of acquisition is the date on which DSV A/S or one of its subsidiaries actually obtains control of the acquiree.

The date of disposal is the date on which DSV A/S or one of its subsidiaries actually surrenders control of the enterprise divested or otherwise ceasing to be a subsidiary or an associate.

The cost of acquirees consists of the fair value of the agreed payment with the addition of costs directly attributable to the acquisition. If parts of the payment are subject to future events, such parts of the payment are recognised in the cost to the extent that the events are probable and it is possible to make a reliable measurement of the payment.

Comparative figures have not been restated for enterprises recently acquired, divested or otherwise ceasing to be subsidiaries or associates.

On acquisition of enterprises over which the Parent obtains control, the purchase method is applied. Identifiable assets, liabilities and contingent liabilities of the acquirees are measured at fair value at the date of acquisition. Identifiable intangibles are recognised if they are separable or arise from a contractual right and it is possible to make a reliable measurement of the fair value. Deferred tax is recognised for the revaluation.

Positive differences (goodwill) between the cost of the enterprise and the fair value of identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangibles. Goodwill is not amortised, but tested for impairment annually. The first impairment test must be carried out before the end of the year of acquisition. On acquisition, goodwill is attributed to the cash-generating units on which the impairment test is subsequently based. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity whose functional currency differs from the presentation currency of the DSV Group are treated as assets and liabilities belonging to the foreign entity and are translated into the functional currency of the foreign entity using the exchange rate ruling at the date of acquisition.

If, at the date of acquisition, there is uncertainty connected with measurement of the identifiable assets, liabilities and contingent liabilities acquired, the first recognition is made on the basis of a preliminary calculation of fair value. If the allocation of acquisition price is considered temporary and it subsequently turns out that the identifiable assets, liabilities and contingent liabilities had another fair

NOTE 33, CONTINUED – ACCOUNTING POLICIES

value at the date of acquisition than first assumed, goodwill may be adjusted for up to 12 months following the date of acquisition. The effect of the adjustments is recognised in equity at the beginning of the financial year, and comparative figures are restated. After that, goodwill is only adjusted due to changes in estimated contingent purchase consideration unless a material error has occurred. Subsequent realisation of deferred tax assets of the acquiree not recognised at the date of acquisition entails recognition of the tax advantage in the income statement and simultaneous reduction of the carrying amount of goodwill to the amount that would have been recognised had the deferred tax asset been recognised as an identifiable asset at the date of acquisition.

Gains or losses on divestment of subsidiaries and associates or cessation of their status as such are stated as the difference between the selling price or price for the cessation and the carrying amount of net assets, including goodwill, at the date of disposal as well as selling costs or costs related to the cessation.

Acquisition of minority interests

On acquisition of minority interests (i.e. acquisitions made when the Group has obtained control), the net assets taken over will not be revalued to market value. The difference between cost and the carrying amount of minority interests at the date of acquisition is recognised as goodwill.

Foreign currency translation

A functional currency is determined for each reporting enterprise of the Group. The functional currency is the currency used in the primary financial environment in which the individual reporting enterprise operates. Transactions denominated in currencies other than the functional currency are considered foreign currency transactions.

On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rates ruling at the transaction dates. Exchange differences between the exchange rates at the individual transaction date and the date of payment are recognised in the income statement under financials.

Receivables, payables and other monetary items denominated in a foreign currency are translated at the exchange rates ruling at the reporting date. The difference between the exchange rates at the reporting date and the date on which the individual receivable or payable was recorded or the exchange rate used in the latest annual report is recognised in the income statement under financials.

On recognition in the consolidated financial statements of foreign enterprises whose functional currency differs from the presentation currency of DSV, income statements are translated at the exchange rates ruling at the transaction dates, and balance sheet items are translated at the exchange rates ruling at the reporting date. An average exchange rate for the individual months is used as the transaction-date exchange rate if this exchange rate does not significantly deviate from the exchange rate ruling at the transaction dates in question. Exchange differences arising on translation of the equity of foreign enterprises at the beginning of the year at the exchange rate ruling at the reporting date and on translation of the income statements from the exchange rates ruling at the transaction dates to the exchange rate ruling at the reporting date are recognised directly in other comprehensive income as a separate foreign currency translation reserve.

Foreign currency adjustments of intra-Group balances with foreign enterprises considered as part of the total net investment in the enterprise, which has a functional currency other than Danish kroner, are recognised directly in other comprehensive income in the consolidated financial statements as a separate foreign currency translation reserve. Similarly, exchange gains and losses on loans and derivative financial instruments which are designated as hedges of net investments in foreign enterprises and which effectively hedge against corresponding exchange gains and losses on the net investment in the enterprise are also recognised directly in other comprehensive income as a separate foreign currency translation reserve.

On recognition in the consolidated financial statements of associates whose functional currency differs from the presentation currency of DSV, the individual associate's share of the profit or loss for the year is translated using the average exchange rate, and its share of equity, including goodwill, is translated using the exchange rate ruling at the reporting date. Exchange differences arising on translation of DSV's share of foreign associates' equity at the beginning of the year at the exchange rates ruling at the reporting date and on translation of the individual associate's share of the profit for the year from the average exchange rate to the exchange rate ruling at the reporting date are recognised directly in other comprehensive income as a separate foreign currency translation reserve.

On full or partial disposal of foreign entities or repayment of balances considered as part of the net investment, the share of the accumulated foreign currency translation adjustments recognised in other comprehensive income and attributable to other comprehensive income is recognised in the income statement simultaneously with any gains or losses from the disposal.

Derivative financial instruments

Derivative financial instruments are recognised as from the trade date and measured at fair value. Positive and negative fair values of derivative financial instruments are included in other current receivables or other current payables. Positive and negative fair values are only offset if the Group has a right and an intention to settle several financial instruments net (by means of settlement of differences). The fair value of derivative financial instruments is calculated on the basis of market data and recognised valuation models.

Changes in the fair value of derivative financial instruments which are classified as and meet the criteria for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the value of the part of the asset or liability that has been hedged.

Changes in the part of the fair value of derivative financial instruments which are classified as and meet the criteria for recognition as a future cash flow hedge and which effectively hedge against changes in the value of the hedged item are recognised in other comprehensive income as a separate hedging reserve. When a hedged transaction is carried out, any gain or loss on such hedging transactions is transferred from equity and recognised in the same item as the hedged item. In connection with hedging of proceeds from future loans, gains or losses on such hedging transactions are, however, transferred from equity over the term of the loan.

Changes in the fair value of derivative financial instruments not fulfilling the criteria for treatment as hedge instruments are recognised on a continuing basis in the income statement under financials.

Income statement

Revenue

Revenue comprises the freight forwarded and the services provided in the financial year as well as changes in the value of forwarding in progress. All kinds of discounts, including cash discounts, are recognised in revenue. Revenue is measured exclusive of VAT and other tax collected on behalf of third parties.

Direct costs

Direct costs comprise costs paid to generate the revenue for the year. Direct costs include settlement of accounts with haulage contractors, shipping companies and airline companies, etc., other direct costs, including staff costs for own staff used for fulfilling orders, as well as other operating costs.

Other external expenses

Other external expenses include expenses relating to marketing, IT, rent, training and education, office premises, travelling and communications as well as other costs of disposal and administrative expenses.

Staff costs

Staff costs include wages and salaries, pensions, social security costs and other staff costs, but are exclusive of staff costs recorded as direct costs.

Special items

Special items include material income and expenses not directly attributable to the operating activities of the Group, consisting of restructuring costs relating to fundamental structural, procedural and managerial reorganisations as well as any related gains or losses on disposals. Moreover, other significant non-recurring items are classified under this item.

The items are stated separately to give a fairer view of the primary activities of the Group.

Profit from investments in associates

The proportionate share of the results after tax of associates is recognised in the consolidated income statement after elimination of the proportionate share of intra-Group profits/losses.

Financials

Financials include interest, exchange gains and losses on and impairment of securities, payables and foreign currency transactions as well as amortisation of financial assets and liabilities, including obligations under finance leases. Furthermore, realised and unrealised gains and losses on derivative financial instruments that cannot be classified as hedging contracts are included.

NOTE 33, CONTINUED – ACCOUNTING POLICIES

Tax on profit or loss for the year
Tax for the year comprises current tax and changes in deferred tax. The share attributable to the profit or loss for the year is recognised in the income statement, and the share attributable to entries directly under other comprehensive income is recognised directly in other comprehensive income.

If the Group is able to claim tax allowances when reporting its taxable income in Denmark or abroad due to share-based compensation plans, the tax effect of these plans is recognised under tax on profit for the year. If the total tax allowance exceeds the total accounting costs, the tax effect of the excess tax allowance is, however, recognised directly in other comprehensive income.

Balance sheet, assets

Intangibles

GOODWILL

On initial recognition, goodwill is recognised in the balance sheet at cost as described under 'Business combinations'. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. Determination of cash-generating units follows the management structure and internal management control. Such determination is generally made at division level, i.e. for Road, Air & Sea and Solutions.

CUSTOMER RELATIONSHIPS

On initial recognition, customer relationships are recognised in the balance sheet at fair value as described under 'Business combinations'. Subsequently, customer relationships are measured at fair value less accumulated amortisation and impairment losses. Customer relationships are amortised on a straight-line basis over the expected duration of these relations, which is estimated to be 10 years.

IT SOFTWARE

IT software bought or developed for internal use is measured at the lower of cost less accumulated amortisation and impairment losses and recoverable amount.

Cost is calculated as costs, salaries and amortisation directly or indirectly attributable to IT software. For IT software developed for internal use, borrowing costs directly attributable to the development of the individual asset are added to cost. Borrowing costs are only recognised as part of cost for projects initiated as from 1 January 2009.

After its commissioning, IT software is amortised on a straight-line basis over its estimated useful life. The amortisation period is 1-6 years.

Gains or losses from the disposal of IT software are calculated as the difference between the selling price less costs of disposal and the carrying amount at the date of sale. Gains or losses are recognised in the income statement under amortisation, depreciation and impairment losses.

Property, plant and equipment
Land and buildings, machinery, and other plant and operating equipment are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the acquisition price and costs directly associated with the acquisition until the time when the asset is ready for use. The cost of assets produced in-house comprises direct and indirect costs for materials, components, subcontractors, wages and salaries. The present value of estimated obligations for dismantling and disposing of the asset as well as restoration costs are added to cost if such costs are recognised as a provision. Borrowing costs directly attributable to the production of the individual asset are also added to cost. Borrowing costs are only recognised as part of cost for projects initiated as from 1 January 2009. If the individual parts of an asset have different useful lives, each part will be depreciated separately.

The cost of assets under finance leases is determined as the lower of the fair value of the assets and the present value of the future minimum lease payments. When the present value is calculated, the internal rate of return of the lease, or an alternative borrowing rate, is applied as the discount rate.

Subsequent costs, such as partial replacement of property, plant and equipment, are included in the carrying amount of the asset in question when it is probable that such costs will result in future economic benefits for the Group. The carrying amount of the replaced parts is derecognised from the balance sheet and recognised in the income statement. All other costs for general repairs and maintenance are recognised in the income statement when incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Terminals and administration buildings	40-60 years
Other buildings and building elements	10-25 years
Technical plant and machinery	6-10 years
Other plant and operating equipment	3-8 years
Land is not depreciated	

The depreciation basis takes into account the residual value of assets and is reduced by any impairment losses. The residual value is calculated on the date of acquisition and reassessed once a year. If the residual value exceeds the carrying amount of the asset, depreciation will no longer be provided.

If the depreciation period or the residual value is changed, the effect on future depreciation will be recognised as a change in accounting estimates.

Depreciation is recognised in the income statement under depreciation of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less costs of disposal and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under amortisation, depreciation and impairment losses.

Assets held for sale
Assets held for sale include non-current assets held for sale. Liabilities relating to assets held for sale are liabilities directly associated with such assets which will be transferred in connection with the transaction. Assets are classified as 'held for sale' if their carrying amounts will primarily be recovered through a sales transaction within one year according to a formal plan rather than through continued use.

Assets held for sale are measured at the lower of the carrying amount at the time of the classification as 'held for sale' and the fair value less costs of disposal. Assets are no longer depreciated from the time when they are classified as 'held for sale'.

Impairment losses occurring at the initial classification as 'held for sale' and gains or losses arising in connection with the subsequent measurement of the lower of carrying amount and fair value less costs of disposal are recognised in the income statement under the relevant items. Gains and losses are disclosed in the notes.

Assets and their associated liabilities are shown as separate lines in the balance sheet, and the main items are specified in the notes.

Investments in associates
Investments in associates are measured using the equity method.

Investments in associates are recognised in the balance sheet at the proportionate share of the associates' equity values in accordance with Group accounting policies with the deduction or addition of the proportionate share of unrealised intra-Group gains and losses and with the addition of the carrying amount of goodwill.

Associates having a negative equity value are measured at DKK 0. If the Group has a legal or constructive obligation to cover the negative balance of an associate, such an obligation will be recognised as a liability.

Receivables from associates are written down to the extent deemed irrecoverable.

Impairment of non-current assets
Goodwill is tested for impairment once a year, the first time before the end of the year of acquisition. Ongoing development projects are also tested for impairment annually.

The carrying amount of goodwill is tested for impairment at least once a year together with the other non-current assets of the division to which the goodwill is allocated and written down to the recoverable amount through the income statement if the carrying amount is higher. The recoverable amount is determined as the discounted value of the expected future net cash flow from the division to which the goodwill is associated. Goodwill impairment is recognised as a separate item in the income statement.

Deferred tax assets are tested annually and are only recognised if they are likely to be utilised.

NOTE 33, CONTINUED – ACCOUNTING POLICIES

The carrying amount of other non-current assets is assessed once a year to determine whether there is an indication of impairment. If so, the recoverable amount is calculated. The recoverable amount is the higher of the fair value of an asset less the expected disposal costs and the value in use. The value in use is calculated as the present value of expected future cash flow from the asset or the division of which the asset forms part.

Impairment losses are recognised if the carrying amount of an asset or a division exceeds the recoverable amount of the asset or division. Impairment losses are recognised in the income statement under amortisation, depreciation and impairment losses.

Impairment of goodwill is not reversed. Impairment of other assets is reversed if the assumptions and estimates on which the impairment is based have changed. Impairments are only reversed if the new carrying amount of the asset does not exceed the carrying amount that the asset would have had if it had not been written down.

Receivables

Receivables are measured at amortised cost. Provision is made for expected losses on an individual basis.

Equity

Dividends

Proposed dividends are recognised as a liability when adopted at the annual general meeting (date of declaration). Expected dividends for the year are shown as a separate item under equity.

Interim dividends are recognised as a liability as from the date of the resolution.

Treasury shares

Purchase and selling prices as well as dividends on treasury shares are recognised directly in equity under retained earnings. Capital reductions through the cancellation of treasury shares will reduce the share capital by an amount corresponding to the nominal value of the equity interest.

Proceeds from the sale of treasury shares in connection with the exercise of share options are recognised directly in equity.

Foreign currency translation reserve

The foreign currency translation reserve comprises gains and losses resulting from the translation of financial statements of foreign enterprises having a different functional currency than the presentation currency of the DSV Group (Danish kroner).

In the event of realisation of a net investment or part thereof, foreign currency translation adjustments will be recognised in the income statement.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions which satisfy the criteria for hedging future cash flows and where the hedged transactions have not yet been realised.

Incentive programmes

The incentive programmes of the DSV Group consist of share option schemes.

The value of the services provided by the employees in return for options is measured at the fair value of the options.

The fair value of equity-settled share-based programmes is measured at the grant date and recognised in the income statement under staff costs over the period until the options are vested. The offsetting item is recognised directly in equity.

On initial recognition of such share-based programmes, an estimate is made of the number of options that the employees are expected to earn. The estimated number of options is adjusted subsequently to reflect the actual number of options earned.

The fair value of the options granted is estimated on the basis of the Black & Scholes valuation model. The estimate is based on the terms and conditions applicable to the grant of options.

Balance sheet, liabilities

Pension and similar obligations

Obligations relating to defined contribution pension plans under which the Group pays regular pension contributions to independent pension funds are recognised in the income statement for the period in which they are earned, and contributions payable are recognised in the balance sheet under other current liabilities.

As regards defined benefit plans, an actuarial valuation of the value in use of future benefits payable under the plan is made once a year. The value in use is calculated on the basis of the assumptions of future development in wage/salary level, interest rates, inflation, mortality, etc. The value in use is only calculated for benefits to which the employees have become entitled during their employment with the Group. The capital value as valued by an actuary less the fair value of any assets under the plan is recognised in the balance sheet under pension obligations.

Pension costs of the year are recognised in the income statement based on actuarial estimates and financial expectations at the beginning of the year.

The differences between the expected development in pension assets and liabilities and the realised values are referred to as actuarial gains or losses and are recognised directly in other comprehensive income.

Changes in the benefits payable for employees' past services to the enterprise will result in an adjustment of the actuarial value in use, which is classified as past service costs. Past service costs are charged to the income statement immediately if the employees have already earned the right to the adjusted benefits. Otherwise, the benefits will be recognised in the income statement over the period in which the employees earn the right to the adjusted benefits.

If a pension plan constitutes a net asset, the asset will only be recognised if it corresponds to the future payouts under the plan or the future contributions to the plan will be reduced.

Other long-term employee benefits are also recognised by using an actuarial measurement. All actuarial gains and losses are, however, recognised directly in the income statement. Other long-term employee benefits include anniversary benefits.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable income of previous years and for prepaid tax.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. No recognition is made of deferred tax on temporary differences relating to amortisation or depreciation of goodwill, office properties and other items disallowed for tax purposes if, except at the acquisition of enterprises, such temporary differences arose on the date of acquisition without affecting the results or the taxable income. In cases where it is possible to calculate the tax value according to different tax rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation, either by elimination in tax on future earnings or by offsetting deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets and tax liabilities are offset if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and liabilities simultaneously.

Deferred tax is adjusted for elimination of unrealised intra-Group gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates of the relevant countries which will be effective at the reporting date under current legislation on which the deferred tax is expected to crystallise as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

NOTE 33, CONTINUED – ACCOUNTING POLICIES

Provisions

Provisions are recognised when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation, and it is probable that the Group will have to give up future economic benefits to meet the obligation.

Provisions are measured on the basis of Management's best estimate of the amount needed to settle the relevant obligation.

When provisions are measured, the costs necessary to settle the obligation are discounted to net present value if such discounting has a material impact on the measurement of the obligation. A pre-tax discount rate is used which reflects the general level of interest rates in society and the actual risks which are deemed to affect the provision in question. Changes in present values during the financial year are recognised under financial expenses.

Restructuring costs are recognised as provisions when a detailed, formal restructuring plan has been published on or before the reporting date and communicated to the parties affected by the plan. In connection with the acquisition of enterprises, provisions for restructuring of such enterprises are solely included in the calculation of goodwill if the acquirees are subject to an obligation at the date of acquisition.

Provisions are made for onerous contracts if the expected benefits to the Group are outweighed by the unavoidable costs under the contract.

If the Group is under an obligation to dismantle an asset or restore the site where the asset has been used, a provision is made corresponding to the present value of the expected future costs.

Financial liabilities

Bank loans and other loans are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost corresponding to the capitalised value, using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

The residual lease obligation under finance leases is capitalised and recognised as a financial liability.

Other liabilities, including trade payables, payables to associates as well as other payables, are measured at amortised cost, which corresponds to the net realisable value in all essentials.

Leases

In the financial statements, lease obligations are divided into obligations under finance leases and operating leases.

A lease is classified as a finance lease when, in all essentials, it transfers the risks and benefits of ownership of the leased asset. Other leases are classified as operating leases.

The treatment of assets under finance leases and the corresponding obligations in financial statements is described in the sections 'Property, plant and equipment' and 'Financial liabilities'.

Lease payments under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Deferred income

Deferred income includes payments received in relation to income for subsequent years.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of the acquisition and divestment of enterprises is shown as a separate item under cash flow from investing activities. The cash flow from acquired enterprises is recognised in the cash flow statement from the date of acquisition, and the cash flow from divested enterprises is recognised until the date of divestment.

Cash flow from operating activities

The cash flow from operating activities is recognised as a pre-tax amount, adjusted for non-cash operating items, working capital changes as well as interest and corporation tax paid.

Cash flow from investing activities

The cash flow from investing activities comprises payments relating to the acquisition and divestment of enterprises and activities, the purchase and sale of intangibles, property, plant and equipment and other non-current assets as well as the purchase and sale of securities not classified as cash and cash equivalents.

Free cash flow

The free cash flow is what remains after operating and investing activities.

Cash flow from financing activities

The cash flow from financing activities comprises changes in the amount or composition of the Group's share capital and related costs, including the purchase and sale of treasury shares as well as the raising of loans, repayments on interest-bearing debt and the payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposits.

Segment information

Information is provided on business segments and geographical markets. The segmentation is based on the risk factors affecting the Group and the internal financial management of the Group. Segment information has been prepared in accordance with the Group's accounting policies.

Income/expenses and assets/liabilities in the segments comprise the items directly attributable to the individual segment as well as the items that may be allocated to the individual segment on a reliable basis. Non-allocated items mainly comprise assets and liabilities as well as income and expenses relating to the Group's administrative functions, investing activities, corporation tax, etc.

The non-current assets in a segment comprise the non-current assets which are used directly for the operation of the segment, including intangibles and property, plant and equipment as well as investments in associates.

The current assets in a segment comprise the current assets which are used directly for the operation of the segment, including trade receivables, other receivables, prepayments and cash and bank deposits.

Segment liabilities comprise liabilities resulting from the operation of the segment, including trade payables and other payables. Segment liabilities also comprise interest-bearing liabilities.

NOTE 33, CONTINUED – ACCOUNTING POLICIES

Definition of financial highlights

Net interest-bearing debt
Interest-bearing debt at year-end less interest-bearing assets at year-end.

Adjusted free cash flow
The free cash flow adjusted for the acquisition and divestment of enterprises and for normalisation of net working capital.

Net working capital
The sum of inventories, receivables and other current operating assets less trade and other payables and other current operating liabilities.

Invested capital including goodwill and customer relationships
The sum of the net working capital with the addition of property, plant and equipment, intangibles including goodwill and customer relationships and assets held for sale less long-term provisions, pension obligations and negative goodwill.

Contribution ratio
Contribution margin multiplied by 100 and divided by revenue.

EBITDA margin
Operating profit before amortisation, depreciation, impairment of goodwill and special items multiplied by 100 and divided by revenue.

EBITA margin
Operating profit before impairment of goodwill and special items multiplied by 100 and divided by revenue.

EBIT margin
EBIT multiplied by 100 and divided by revenue.

ROIC including goodwill and customer relationships
Operating profit before impairment of goodwill and special items multiplied by 100 and divided by average invested capital including goodwill and customer relationships.

Effective tax rate
Tax on profit for the year divided by profit before tax.

Return on equity
The DVS A/S shareholders' share of the profit for the year multiplied by 100 and divided by average equity exclusive of minority interests.

Solvency ratio
Equity exclusive of minority interests multiplied by 100 and divided by total equity and liabilities.

Earnings per share
The DSV A/S shareholders' share of profit for the year divided by the average number of shares.

Diluted earnings per share
The DVS A/S shareholders' share of profit for the year divided by the average number of fully diluted shares.

Adjusted earnings
The DSV A/S shareholders' share of profit for the year, adjusted for amortisation and impairment of goodwill and customer relationships, costs related to share-based payments and special items. The tax effect of the adjustments has been taken into account.

Diluted adjusted earnings per share
Adjusted earnings per share divided by the average number of fully diluted shares.

Net asset value per share
Equity exclusive of minority interests divided by the number of shares at year-end.

Number of shares at year-end
Total number of shares outstanding at year-end, exclusive of treasury shares.

Number of shares issued at year-end
Total number of shares issued and outstanding at year-end, inclusive of treasury shares.

Average number of shares
Average number of shares outstanding during the year, exclusive of treasury shares.

Diluted average number of shares
Average number of shares outstanding during the year, inclusive of share options, but exclusive of out-of-the-money options.

The financial ratios have been calculated in accordance with "Recommendations & Financial Ratios 2005" published by the Danish Society of Financial Analysts.

Group structure

The overview of the Group structure shows active companies at 31 December 2009 by segment and not by legal structure.

GROUP STRUCTURE

			Division		
	Country	Ownership share	Road	Air & Sea	Solutions
Parent					
DSV A/S	Denmark	-			
Subsidiaries					
Europe					
ABX LOGISTICS Worldwide NV/SA	Belgium	100.0		x	
ABX Worldwide Holdings NV/SA	Belgium	100.0		x	
DSV Air&Sea NV	Belgium	100.0		x	
DSV Road NV	Belgium	100.0	x		
DSV Solutions (Automotive) NV	Belgium	100.0			x
DSV Solutions NV	Belgium	100.0			x
DSV Solutions Puurs NV	Belgium	100.0			x
ABX LOGISTICS Air & Sea Worldwide NV/SA	Belgium	100.0		x	
DSV Road EOOD	Bulgaria	100.0	x		
DSV Air & Sea OOD	Bulgaria	85.0		x	
DSV Insurance A/S	Denmark	100.0			
DSV Air & Sea A/S	Denmark	100.0		x	
DSV Air & Sea Holding A/S	Denmark	100.0		x	
DSV Road A/S	Denmark	100.0	x		
DSV Road Holding A/S	Denmark	100.0	x		
DSV Solutions A/S	Denmark	100.0			x
DSV Solutions Holding A/S	Denmark	100.0			x
DSV Transport AS	Estonia	100.0	x		
DSV Air & Sea Oy	Finland	100.0		x	
DSV Road Oy	Finland	100.0	x		
DSV Solutions Oy	Finland	100.0			x
Kiinteistö Oy Vantaan Ansatie 4	Finland	100.0			x
Uudenmaan Pikakuljetus OY	Finland	100.0	x		
DSV Air & Sea SAS	France	100.0		x	
DSV Road Holding S.A.	France	100.0	x		
DSV S.A.	France	100.0	x		
DSV Solutions S.A.	France	100.0			x
Frans Maas Holding France S.A.	France	100.0	x		
ING Reeif Wattrelos	France	100.0	x		
SCI des frères lumières	France	100.0	x		
DSV HELLAS S.A.	Greece	100.0	x		
DSV Air & Sea B.V.	The Netherlands	100.0		x	
DSV Road B.V.	The Netherlands	100.0	x		
DSV Road Holding NV	The Netherlands	100.0	x		
DSV Solutions (Dordrecht) B.V.	The Netherlands	100.0			x
DSV Solutions 2 B.V.	The Netherlands	100.0			x
DSV Solutions B.V.	The Netherlands	100.0			x
DSV Solutions Nederland B.V.	The Netherlands	100.0			x
Frans Maas International B.V.	The Netherlands	100.0	x		
Vastgoed Oostrum C.V.	The Netherlands	100.0			x
DSV Transport Ltd.	Belarus	100.0	x		
DSV Air & Sea Limited	Ireland	100.0		x	
DSV Road Limited	Ireland	100.0	x		
DSV Solutions Limited	Ireland	100.0			x
ABX Italy S.r.l.	Italy	100.0		x	
Logimek SRL	Italy	100.0			x
Saima Avandero SpA	Italy	99.1		x	
DSV Hrvatska d.o.o.	Croatia	100.0	x		
DSV Transport SIA	Latvia	100.0	x		
DSV Transport UAB	Lithuania	100.0	x		
DSV Road S.A.	Luxemburg	100.0	x		
XB Luxembourg Holdings 1 SA	Luxemburg	100.0		x	
XB Luxembourg Holdings 2 SARL	Luxemburg	100.0		x	
Campbell Freight Agencies Limited	Northern Ireland	100.0		x	
DSV Air & Sea AS	Norway	100.0		x	
DSV Road AS	Norway	100.0	x		
DSV Solutions AS	Norway	100.0			x
Sandtorp Thermotransport AS	Norway	100.0	x		
Waagan Bil AS	Norway	100.0	x		

GROUP STRUCTURE

	Country	Ownership share	Division		
			Road	Air & Sea	Solutions
Waagan Transport AS	Norway	100.0	x		
DSV Air & Sea Sp. z o.o.	Poland	100.0		x	
DSV Road Sp. z.o.o.	Poland	100.0	x		
DSV Solutions Sp.z o.o.	Poland	100.0			x
DSV Solutions, Lda.	Portugal	100.0			x
DSV SGPS, Lda.	Portugal	100.0	x		
DSV Transitarios, Lda.	Portugal	100.0	x		
DSV Solutions S.r.L.	Romania	100.0			x
DSV Road OOO	Russia	100.0	x		
DSV Solutions OOO	Russia	100.0			x
OOO DSV Transport	Russia	100.0	x		
DSV Logistics SA	Switzerland	100.0	x		
DSV Road d.o.o.	Serbia	100.0	x		
DSV Slovakia S.R.O.	Slovakia	100.0	x		
DSV Transport d.o.o.	Slovenia	100.0	x		
DSV Air & Sea S.A.U.	Spain	100.0		x	
DSV Holding S.L.	Spain	100.0	x		
DSV Road S.A.U.	Spain	100.0	x		
DSV Solutions S.A.U.	Spain	100.0			x
DSV Air & Sea Limited	Great Britain	100.0		x	
DSV Commercials Ltd.	Great Britain	100.0	x		
DSV Road Holding Ltd.	Great Britain	100.0	x		
DSV Road Ltd.	Great Britain	100.0	x		
DSV Solutions Ltd.	Great Britain	100.0			x
Furness Logistics UK Ltd.	Great Britain	100.0	x		
DFDS Transport Group AB	Sweden	100.0	x		
DSV Air & Sea AB	Sweden	100.0		x	
DSV Road AB	Sweden	100.0	x		
DSV Samson Transport AB	Sweden	100.0	x		
DSV Solutions AB	Sweden	100.0			x
Göinge Frakt EK	Sweden	100.0	x		
NTS European Distribution AB	Sweden	100.0	x		
DSV Air & Sea s.r.o.	Czech Republic	100.0		x	
DSV Road a.s.	Czech Republic	100.0	x		
DSV Air & Sea A.S.	Turkey	100.0		x	
DSV Road & Solutions A.S.	Turkey	97.5	x		
ABX Transport & Logistics GmbH	Germany	100.0	x		
Administration & Accounting Service GmbH	Germany	100.0	x		
Collico Verpackungslogistik und Service GmbH	Germany	100.0			x
DSV Air & Sea GmbH	Germany	100.0		x	
DSV Road GmbH	Germany	100.0	x		
DSV Solutions GmbH	Germany	100.0			x
DSV Solutions Group GmbH	Germany	100.0			x
DSV Stuttgart GmbH & Co. KG	Germany	100.0	x		
FMG Immobilien GmbH	Germany	100.0	x		
POP Gesellschaft für Prozesslogistik mbH	Germany	100.0			x
Jolkos Grundstücksverwaltungsgesellschaft mbH	Germany	94.0	x		
DSV Ukraine	Ukraine	100.0	x		
DSV Air & Sea (Hungary) Ltd.	Hungary	100.0		x	
DSV Hungaria Kft.	Hungary	100.0	x		
ABX LOGISTICS (Austria) GmbH	Austria	100.0	x		
DSV Österreich Spedition GmbH	Austria	100.0	x		
North and South America					
DSV Air & Sea Inc.	Canada	100.0		x	
DSV Air & Sea, S.A. de C.V.	Mexico	100.0		x	
ABX LOGISTICS (USA) Inc.	USA	100.0		x	
DSV Air & Sea Holding Inc.	USA	100.0		x	
DSV Air & Sea Inc.	USA	100.0		x	
DSV Air & Sea, CA	Venezuela	100.0		x	
Asia					
DSV Air & Sea Ltd.	Bangladesh	100.0		x	
ABX LOGISTICS (Bangladesh) Ltd.	Bangladesh	100.0		x	
DSV Air & Sea (LLC)	United Arab Emirates	100.0		x	
DSV Air & Sea Inc.	The Philippines	100.0		x	
ABX LOGISTICS (Hong Kong) Ltd.	Hong Kong	100.0		x	
DSV Air & Sea Ltd.	Hong Kong	100.0		x	

GROUP STRUCTURE

			Division		
	Country	Ownership share	Road	Air & Sea	Solutions
DSV Air & Sea Pvt. Ltd.	India	100.0		x	
PT. DSV Air & Sea	Indonesia	100.0		x	
DSV Air & Sea Co., Ltd.	Japan	75.9		x	
ABX LOGISTICS (Shenzhen) Co.Ltd.	China	100.0		x	
DSV Air & Sea Co., Ltd.	China	100.0		x	
DSV Logistics Co., Ltd.	China	100.0		x	
DSV Air & Sea Ltd.	Korea	75.0		x	
DSV Air & Sea Sdn. Bhd.	Malaysia	100.0		x	
DSV Logistics Sdn. Bhd.	Malaysia	100.0		x	
DSV Air & Sea Pte. Ltd.	Singapore	100.0		x	
DSV Air & Sea Co. Ltd.	Taiwan	100.0		x	
DSV Air & Sea Ltd.	Thailand	100.0		x	
DSV Air & Sea Co., Ltd.	Vietnam	100.0		x	
Other					
DSV Air & Sea Pty Ltd.	Australia	100.0		x	
DSV Transport Int'l S.A.	Morocco	100.0	x		
Terminal Handling Company	Morocco	100.0	x		
DSV Air & Sea Limited	New Zealand	100.0		x	
Associates					
ABX-Penske Air & Sea Logistica Ltda	Brazil	50.0		x	
DSV-GL Chile S.A.	Chile	40.0		x	
DSV-GL Latin America S.A.	Chile	40.0		x	
DSV Air & Sea LLC	Egypt	20.0		x	
DDT Brokerage Inc.	The Philippines	100.0		x	
GT Stevedores Oy	Finland	20.0	x		
FRANCE AIR GROUPAGE SA	France	49.6	x		
Auxilia Zorglogistiek B.V.	The Netherlands	33.0			x
Vastgoed Beek CV	The Netherlands	100.0	x		
MGM Lines Srl	Italy	30.0		x	
Saima Caspian LLP FE	Kazakhstan	50.0		x	
Saima Nigeria Ltd.	Nigeria	40.1		x	
Nationwide Clearing & Forwarding Ltd.	Nigeria	40.0		x	
DSV Air & Sea (PVT) Limited	Pakistan	20.0		x	
DSV-GL Peru S.A.	Peru	40.0		x	
Euroline System GmbH	Germany	50.0	x		
KM Logistik GmbH	Germany	35.0	x		
Fritz Amm GmbH Beteiligungsgesellschaft	Germany	44.0	x		
Amm GmbH & Co. KG Spedition	Germany	44.0	x		
FCL Logistik Verwaltungs- GmbH	Germany	25.0		x	
FCL Logistik GmbH & Co. KG	Germany	25.0		x	
Elix	Germany	25.0			x
ABX Honold Air & Sea GmbH	Germany	50.0		x	
ABX Honold Air & Sea (Verwaltungs) GmbH & Co. KG	Germany	50.0		x	

According to agreement, control of DDT Brokerage Inc. and Vastgoed Beek CV has been transferred to a third party, and the companies are therefore treated as associates.

DSV history

Since its founding in 1976, DSV has completed a number of mergers to retain its leading position within international transport and has therefore grown in size and strength. By the recent acquisition of ABX LOGISTICS (ABX), DSV strengthened its position in Europe even further and doubled the size of the Air & Sea Division.

The beginning

It all began in 1976 when Leif Tullberg and ten independent hauliers established DSV, De Sammensluttede Vognmænd af 13-7-1976 A/S. The company operated as a cartage department for the owners and only handled contracting haulage and deliveries.

Soon it became the vision of the Company to enter the international transport market. That was realised in 1989 with the acquisition of two competing export companies Borup Autotransport A/S and Hammerbro A/S, Bech Trans and followed by Samson Transport Co. A/S in 1997 and Svex Group A/S in 1999.

These acquisitions were essential because they changed the service and product focus of the Company, while creating the framework of an international future of the Company.

Stronger global position

The biggest step ever taken in the history of DSV was the acquisition of DFDS Transport Group in 2000, which gave rise to a new era and a new strategy.

It more than strengthened the global network of the Company; the Company also gained access to new market segments. In addition to road transport services in Scandinavia, Great Britain, the Baltic countries and Europe, the acquisition also gave DSV access to a comprehensive logistics organisation and a key position within airfreight and overseas transport to markets in the USA, Asia and the Pacific.

In 2005, the position of the Company within airfreight and seafreight was strengthened further by the take-over of J.H.Bachmann. The following year, DSV acquired Frans Maas and changed from being a Scandinavian player to being a true European player within road transport and logistics services.

By the recent acquisition of ABX, DSV has strengthened its position in Europe, particularly in Italy, Germany, France and Spain. Moreover, DSV has also gained a foothold in South America and is now represented in all continents.

Focus

To increase focus on the various services and customer segments, DSV divided its activities into three divisions in 2001: Road, Air & Sea and Solutions. Services are developed, assessed and customised to meet our customers' increasing demands for product solutions, prices and transit times.

DSV focuses on optimising activities within all three areas. DSV wants to position itself as a central player within international transport and logistics services and to remain open to advantageous opportunities and additional development of the organisation.

Milestones

2008
DSV acquired ABX and expanded its position among the leading transport and logistics businesses in Europe.

2006
DSV acquired Koninklijke Frans Maas Groep N.V. and became the third transport company to have its own road activities all over Europe.

2004
DSV divested DSV Miljø A/S (Environment Division) to focus on transport and logistics.

2001
DSV divested DPD parcel (Nordic countries) to Svenska Posten.

2000
DSV acquired DFDS Dan Transport Group A/S, thereby quadrupling the transport and logistics activities.

1997
DSV acquired Samson Transport Co. A/S, thereby tripling the transport and logistics activities of the Group.

1987
DSV was listed on NASDAQ OMX Copenhagen (previously the Copenhagen Stock Exchange).

1976
DSV, De Sammensluttede Vognmænd af 13-7 1976 A/S, was founded by ten independent hauliers.

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2009 Annual Report of DSV A/S – Parent

The Annual Report of DSV A/S (Parent) is an integral part of the 2009 Consolidated Annual Report of DSV

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Financial statements

INCOME STATEMENT

(DKKm)	Note	2008	2009
Revenue	2	342	417
Direct costs		–	1
Contribution margin		342	416
Other external expenses	3	215	211
Staff costs	4, 5	108	165
Operating profit before amortisation, depreciation and special items (EBITDA)		19	40
Amortisation, depreciation and impairment of intangibles, property, plant and equipment	6	47	63
Operating profit before special items (EBITA)		(28)	(23)
Special items	7	(43)	(15)
Operating profit (EBIT)		(71)	(38)
Financial income	8	446	1,720
Financial expenses	9	360	609
Profit before tax		15	1,073
Tax on profit for the year	10	1	60
Profit for the year		**14**	**1,013**
Proposed distribution of profit			
Proposed dividend per share of DKK 1 is DKK 0.25 (2008: DKK 0.00 per share).		–	52
Retained earnings		14	961
Total distribution		**14**	**1,013**

STATEMENT OF COMPREHENSIVE INCOME

(DKKm)	2008	2009
Profit for the year	14	1,013
Other comprehensive income		
Value adjustment of hedging instruments for the year	(216)	(251)
Value adjustment of hedging instruments transferred to financial expenses	–	176
Tax on other comprehensive income	54	124
Other comprehensive income after tax	(162)	49
Total comprehensive income	**(148)**	**1,062**

There are no minority interests.

BALANCE SHEET, ASSETS			
(DKKm)	Note	2008	2009
Non-current assets			
Intangibles	11	364	421
Property, plant and equipment	12	18	13
Investments in Group enterprises	13	2,833	2,833
Other receivables	14	8	8
Deferred tax asset	15	20	-
Total non-current assets		3,243	3,275
Current assets			
Receivables from Group enterprises and other receivables	16	10,832	11,972
Corporation tax		32	127
Cash		4	3
Total current assets		10,868	12,102
Total assets		14,111	15,377

BALANCE SHEET, LIABILITIES			
(DKKm)	Note	2008	2009
Equity			
Share capital		190	209
Reserves		2,482	4,632
Total equity	17	2,672	4,841
Liabilities			
Non-current liabilities			
Deferred tax	15	-	20
Financial liabilities	18	6,101	5,143
Total non-current liabilities		6,101	5,163
Current liabilities			
Financial liabilities	18	1,503	32
Short-term bank loans		288	282
Payables to Group enterprises and other payables	19	3,547	5,059
Total current liabilities		5,338	5,373
Total liabilities		11,439	10,536
Total equity and liabilities		14,111	15,377

CASH FLOW STATEMENT

(DKKm)	Note	2008	2009
Profit before tax		15	1,073
Adjustment, non-cash operating items etc.			
Amortisation, depreciation and impairment losses	6	47	63
Share-based payments		-	22
Financial income	8	(446)	(1,720)
Financial expenses	9	360	609
Cash flow from operating activities before changes in net working capital		(24)	47
Changes in net working capital		(2,894)	354
Financial income, paid		446	1,720
Financial expenses, paid		(332)	(586)
Cash flow from operating activities before tax		(2,804)	1,535
Corporation tax, paid		(13)	(71)
Cash flow from operating activities		**(2,817)**	**1,464**
Acquisition of intangibles		(406)	(120)
Sale of intangibles		-	3
Acquisition of property, plant and equipment		(23)	(1)
Sale of property, plant and equipment		-	3
Acquisition of subsidiaries and activities		(25)	-
Change in other financial assets		14	-
Cash flow from investing activities		**(440)**	**(115)**
Free cash flow		**(3,257)**	**1,349**
Proceeds from non-current liabilities incurred		4,397	1,022
Repayments on loans and credits		(646)	(3,457)
Shareholders:		-	-
Capital increase		-	1,052
Dividends distributed		(50)	-
Purchase/sale of treasury shares		(440)	33
Cash flow from financing activities		**3,261**	**(1,350)**
Cash flow for the year		**4**	**(1)**
Cash at 1 January		-	4
Cash at 31 December		**4**	**3**

The cash flow statement cannot be directly derived from the balance sheet and income statement.

STATEMENT OF CHANGES IN EQUITY – 2008					
(DKKm)	Share capital	Hedging reserve	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2008	202	29	3,027	50	3,308
Total comprehensive income for the year	-	(162)	14	-	(148)
Dividends distributed	-	-	-	(50)	(50)
Purchase and sale of treasury shares, net	-	-	(440)	-	(440)
Capital reduction	(12)	-	12	-	-
Dividends on treasury shares	-	-	2	-	2
Total changes in equity in 2008	(12)	(162)	(412)	(50)	(636)
Equity at 31 December 2008	190	(133)	2,615	-	2,672

STATEMENT OF CHANGES IN EQUITY – 2009					
(DKKm)	Share capital	Hedging reserve	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2009	190	(133)	2,615	-	2,672
Total comprehensive income for the year		(11)	1,021	52	1,062
Share-based payments	-	-	22	-	22
Purchase and sale of treasury shares, net	-	-	33	-	33
Capital increase	19	-	1,033	-	1,052
Total changes in equity in 2009	19	(11)	2,109	52	2,169
Equity at 31 December 2009	209	(144)	4,724	52	4,841

Notes – Parent

NOTE 1 – SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

For the preparation of the annual report of DSV A/S, Management makes various accounting estimates and assessments and determines the assumptions to be used as the basis for the recognition and measurement of assets and liabilities, contingent assets and liabilities and the income and costs reported. The estimates made and assumptions used are based on historical experience and other factors deemed by Management to be reasonable in the circumstances, but in the nature of things such experience and factors are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may arise. Moreover, the organisation is subject to risks and uncertainties that may result in outcomes deviating from these estimates.

Management deems the following estimates and the pertaining assessments to be essential for the preparation of the Annual Report of the Parent.

Investments in subsidiaries

Management assesses annually whether there is an indication of impairment of investments in subsidiaries. If so, the investments will be tested for impairment in the same way as Group goodwill. In the assessment of Management, there is no such indication at 31 December 2009, and therefore investments in subsidiaries have not been tested for impairment.

NOTE 2 – REVENUE

(DKKm)	2008	2009
Group charges	342	417
Total revenue	342	417

NOTE 3 – FEES TO AUDITORS ELECTED BY THE ANNUAL GENERAL MEETING

(DKKm)	2008	2009
Audit, auditors elected by the Annual General Meeting[1]	2	2
Other services, auditors elected by the Annual General Meeting[1]	–	1
Total fees to auditors elected by the Annual General Meeting	2	3
Others, audit	–	–
Others, total fees	–	–
Total fees	2	3

1. Auditors elected by the Annual General Meeting 2009: Ernst & Young (2008: Ernst & Young).

Fees to auditors elected by the Annual General Meeting are included under 'Other external expenses' in the income statement.

NOTE 4 – STAFF COSTS

(DKKm)	2008	2009
Remuneration for the Supervisory Board	2	2
Salaries etc.	98	154
Defined contribution pension plans	8	9
Total staff costs	**108**	**165**
Average number of employees	189	209

Remuneration for the Executive Board	Kurt K. Larsen [2]		Jens Bjørn Andersen [3]		Jens Lund		Total	
(DKKm)	2008	2009	2008	2009	2008	2009	2008	2009
Fixed salary	1.3	-	1.8	5.2	2.5	3.0	5.6	8.2
Defined contribution pension plans	1.7	-	-	0.4	0.2	0.2	1.9	0.6
Bonus[1]	10.5	-	1.5	1.5	1.0	1.0	13.0	2.5
Share-based payments	1.5	-	0.7	0.9	0.9	1.0	3.1	1.9
Total remuneration for the Executive Board	**15.0**	**-**	**4.0**	**8.0**	**4.6**	**5.2**	**23.6**	**13.2**

1. The 2008 bonus amount relating to Kurt K. Larsen includes ordinary bonus, a bonus for the acquisition of ABX LOGISTICS and a stay-on bonus.
2. Kurt K.. Larsen resigned as CEO on 1 August 2008.
3. Jens Bjørn Andersen was appointed CEO as from 1 August 2008.

The members of the Executive Board are subject to a notice period of up to 18 months.

For information on the exercise of share options by the Executive Board, please refer to note 5 of the consolidated financial statements.

Remuneration for the Supervisory Board of the Parent

(DKK'000)	2008	2009
Kurt K. Larsen, Chairman (elected 2008)	312	750
Palle Flackeberg, Chairman (resigned 2008)	438	-
Erik B. Pedersen, Deputy Chairman	375	375
Kaj Christiansen	250	250
Hans Peter Drisdal Hansen (resigned 2009)	250	83
Egon Korsbæk (resigned 2008)	250	-
Per Skov	250	250
Annette Sadolin (elected 2009)	-	167
Total remuneration for the Supervisory Board of the Parent	**2,125**	**1,875**

NOTE 5 – INCENTIVE PROGRAMMES

DSV A/S has issued share options to staff, senior staff and members of the Executive Board of the Company. Please refer to note 5 of the consolidated financial statements for a calculation of market values and a list of current programmes.

Current incentive programmes at 31 December 2009

	Exercise period	Supervisory Board	Executive Board	Senior staff	Total	Average exercise price per option
Outstanding options of 2009 scheme	02.04.12 - 31.03.14	45,000	170,000	71,000	286,000	41.10
Outstanding at 31 December 2009		**45,000**	**170,000**	**71,000**	**286,000**	**41.10**
Exercise period open at 31 December 2009		**-**	**-**	**-**	**-**	

The weighted average remaining life at 31 December 2009 was 4.25 years. The aggregate market value was DKK 15.8 million, of which options amounting to DKK 9.4 million were held by Executive Board members and options amounting to DKK 2.5 million were held by a Supervisory Board member.

It was agreed in connection with Kurt K. Larsen's resignation as CEO on 1 August 2008 that he should undertake certain day-to-day managerial tasks for a transitional period of up to two years, i.a. in connection with the acquisition and integration of ABX LOGISTICS. The options granted in 2009 relate to these tasks.

Development in outstanding options

	Exercise period	Supervisory Board	Executive Board	Senior staff	Total	Average exercise price per option
Outstanding at 31 December 2008	-	-	-	-	-	-
Granted in 2009	45,000	170,000	71,000	-	286,000	41.10
Exercised in 2009	-	-	-	-	-	-
Options waived/expired	-	-	-	-	-	-
Outstanding at 31 December 2009	**45,000**	**170,000**	**71,000**	**-**	**286,000**	**-**

DSV A/S granted no share options to employees of DSV A/S in 2008. Stock options granted to Group Management before 2009 were granted through Group subsidiaries.

NOTE 6 – AMORTISATION, DEPRECIATION AND IMPAIRMENT OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT

(DKKm)	2008	2009
Amortisation and depreciation		
Software	42	60
Other plant and operating equipment	10	6
Net gain on sale of assets	(5)	(3)
Total amortisation and depreciation of intangibles, property, plant and equipment	47	63

NOTE 7 – SPECIAL ITEMS

(DKKm)	2008	2009
Restructuring costs	(43)	(15)
Total special items, net	(43)	(15)

Restructuring costs mainly relate to termination benefits and impairment of IT equipment.

NOTE 8 – FINANCIAL INCOME

(DKKm)	2008	2009
Interest income	11	113
Interest income from Group enterprises	435	796
Foreign currency translation adjustments, net	–	11
Dividends from subsidiaries	–	800
Total financial income	446	1,720

NOTE 9 – FINANCIAL EXPENSES

(DKKm)	2008	2009
Interest expenses	252	489
Foreign currency translation adjustments, net	26	–
Interest expenses for Group enterprises	82	120
Total financial expenses	360	609

NOTE 10 – TAX

(DKKm)	2008	2009
The tax for the year is disaggregated as follows:		
Tax on profit for the year	1	60
Tax on other comprehensive income	(54)	(124)
Total tax for the year	(53)	(64)
The tax on profit for the year is calculated as follows:		
Current tax	23	38
Deferred tax	(19)	29
Adjustment of tax relating to previous years	(3)	(7)
Total tax on profit for the year	1	60
The tax on profit for the year breaks down as follows:		
Calculated 25% tax on profit for the year before tax	4	268
Tax effect of:		
Non-taxable dividends	–	(201)
Adjustment of tax relating to previous years	(3)	(7)
Total tax on profit for the year	1	60
Effective tax rate	6.7%	5.6%

NOTE 11 – INTANGIBLES

(DKKm)	IT software	Intangibles in progress	Total
Cost at 1 January 2008	–	–	–
Additions for the year	286	126	412
Disposals at cost	(28)	(1)	(29)
Total cost at 31 December 2008	**258**	**125**	**383**
Total amortisation and impairment at 1 January 2008	–	–	–
Amortisation for the year	42	–	42
Amortisation of assets disposed of	(23)	–	(23)
Total amortisation and impairment at 31 December 2008	**19**	**–**	**19**
Carrying amount at 31 December 2008	**239**	**125**	**364**
Of which, assets under finance leases	26	–	26
Cost at 1 January 2009	258	125	383
Additions for the year	7	113	120
Disposals at cost	(6)	–	(6)
Reclassification	138	(138)	–
Total cost at 31 December 2009	**397**	**100**	**497**
Total amortisation and impairment at 1 January 2009	19	–	19
Amortisation for the year	60	–	60
Amortisation of assets disposed of	(3)	–	(3)
Total amortisation and impairment at 31 December 2009	**76**	**–**	**76**
Carrying amount at 31 December 2009	**321**	**100**	**421**
Of which, assets under finance leases	15	–	15

All intangibles are deemed to have limited useful lives. No changes in significant estimates have been made in respect of intangibles.

Impairment test of intangibles in progress

Intangibles in progress and all material IT software assets have been tested for impairment, and it was concluded that no basis for impairment existed at 31 December 2009.

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

(DKKm)	Other plant and operating equipment
Cost at 1 January 2008	–
Additions for the year	28
Disposals at cost	(2)
Total cost at 31 December 2008	**26**
Total depreciation and impairment at 1 January 2008	–
Depreciation for the year	10
Depreciation of assets disposed of	(2)
Total depreciation and impairment at 31 December 2008	**8**
Carrying amount at 31 December 2008	**18**
Of which, assets under finance leases	–
Cost at 1 January 2009	26
Additions for the year	5
Disposals at cost	(19)
Total cost at 31 December 2009	**12**
Total depreciation and impairment at 1 January 2009	8
Depreciation for the year	7
Depreciation of assets disposed of	(16)
Total depreciation and impairment at 31 December 2009	**(1)**
Carrying amount at 31 December 2009	**13**
Of which, assets under finance leases	–

No changes in significant estimates have been made in respect of property, plant and equipment.

NOTE 13 – INVESTMENTS IN GROUP ENTERPRISES

(DKKm)	2008	2009
Cost at 1 January	2,817	2,842
Additions for the year	25	-
Cost at 31 December	**2,842**	**2,842**
Impairment at 1 January	9	9
Impairment at 31 December	**9**	**9**
Carrying amount at 31 December	**2,833**	**2,833**

	Ownership share 2008	Ownership share 2009	Registered office	Company's share capital
DSV Road Holding A/S	100%	100%	Brøndby, Denmark	100
DSV Air & Sea Holding A/S	100%	100%	Brøndby, Denmark	50
DSV Solutions Holding A/S	100%	100%	Taastrup, Denmark	100
DSV Insurance A/S	100%	100%	Brøndby, Denmark	25

NOTE 14 – OTHER RECEIVABLES

(DKKm)	2008	2009
Other receivables	8	8
Other receivables at 31 December	**8**	**8**

Other receivables mainly relate to loans granted. The term of the loans is five years, and they will be fully repaid in 2011. The carrying amount of the loans is deemed to correspond to the fair value.

NOTE 15 – DEFERRED TAX

(DKKm)	2008	2009
Deferred tax at 1 January	(1)	(20)
Deferred tax for the year	(19)	40
Deferred tax at 31 December	**(20)**	**20**
Deferred tax at 31 December		
Intangibles	(60)	(80)
Current assets	69	54
Provisions	11	6
Deferred tax at 31 December	**20**	**(20)**
Breakdown of deferred tax		
Deferred tax asset	20	-
Deferred tax liability	-	(20)
Deferred tax at 31 December	**20**	**(20)**

NOTE 16 – RECEIVABLES FROM GROUP ENTERPRISES AND OTHER RECEIVABLES

(DKKm)	2008	2009
Receivables from Group enterprises	10,559	11,890
Fair value of derivative financial instruments	204	(3)
Other receivables etc.	69	85
Receivables from Group enterprises and other receivables at 31 December	**10,832**	**11,972**

The carrying amount of the receivables is deemed to correspond to the fair value.

NOTE 17 – EQUITY

(DKKm)	2008	2009
Share capital		
Development in share capital:		
Beginning of year	201.5	190.2
Capital increase	–	19.0
Capital reduction	(11.3)	–
Year-end	**190 .2**	**209 .2**

The share capital was increased by a nominal amount of DKK 19,000,000 on 30 April 2009 based on a Supervisory Board resolution to this effect. Following the increase, the share capital of DSV has a nominal value of DKK 209,150,000, corresponding to 209,150,000 shares with a nominal value of DKK 1. No share confers any special rights upon its holder. No restrictions apply to the transferability of the shares or to voting rights. The share capital is fully paid up. Costs related to the capital increase included as a reduction of equity amounted to DKK 35.9 million.

Treasury shares	Shares of DKK 1		Nominal value		% of share capital	
	2008	2009	2008	2009	2008	2009
Beginning of year	9,117,727	1,777,927	9,117,727	1,777,927	4.5	0.9
Purchases	5,511,200	900,000	5,511,200	900,000	2.9	0.4
Sales	(1,501,000)	(2,255,027)	(1,501,000)	(2,255,027)	-0.9	-1.1
Capital reduction	(11,350,000)	–	(11,350,000)	–	-5.6	0.0
Treasury shares at year-end	**1,777,927**	**422,900**	**1,777,927**	**422,900**	**0.9**	**0.2**

The sale of treasury shares relates to the exercise of share options in connection with incentive programmes.

Treasury shares are bought back to hedge the Company's incentive programmes. The market value of treasury shares at 31 December 2009 was DKK 39.8 million (2008: DKK 100.5 million).

Dividends
Distribution of dividends to the shareholders of DSV A/S has no tax consequences for DSV A/S.

Distribution is not subject to any particular restrictions.

The dividend per share of DKK 1 is DKK 0.25 (2008: DKK 0.00 per share).

NOTE 18 – FINANCIAL LIABILITIES

(DKKm)	2008	2009
Loans and credit facilities	7,604	5,158
Finance leases	–	17
Total financial liabilities	**7,604**	**5,175**
Financial liabilities as recognised in the balance sheet:		
Non-current liabilities	6,101	5,143
Current liabilities	1,503	32
Financial liabilities at 31 December	**7,604**	**5,175**

Loans and credit facilities	Expiry	Fixed/floating	Carrying amount	
(DKKm)			2008	2009
Bank loans DKK	2013-2014	Floating	2,161	1,463
Bank loans EUR	2012-2014	Floating	5,443	3,695
Finance leases	2011	Floating	–	17
Loans and credit facilities at 31 December			**7,604**	**5,175**

Bank loans are subject to standard trade covenants. All covenants have been observed during the year.

The fair value of floating-rate loans are deemed to correspond to the carrying amount. The fair value of loans and credit facilities was DKK 5,175 million (2008: DKK 7,604 million).

The weighted average effective interest rate was 3.1% (2008: 4.6%).

NOTE 19 – PAYABLES TO GROUP ENTERPRISES AND OTHER PAYABLES

(DKKm)	2008	2009
Payables to Group enterprises	3,017	4,572
Other payables	530	487
Payables to Group enterprises and other payables at 31 December	3,547	5,059

Payables to Group enterprises and other payables equal the carrying amount.

NOTE 20 – COLLATERALS, CONTINGENT ASSETS AND LIABILITIES AND OTHER FINANCIAL LIABILITIES ETC.

(DKKm)	2008	2009
Other financial liabilities		
DSV A/S has guaranteed for subsidiaries' outstanding balances with banks and liabilities to leasing companies, suppliers and public authorities etc. in the amount of:	2,185	2,798

Moreover, DSV has executed several declarations of intent relating to balances between subsidiaries and third parties.

Joint and several liability
DSV A/S and the other Danish Group enterprises registered jointly for VAT purposes are jointly and severally liable for the VAT liabilities.

DSV A/S and the other Danish Group enterprises are assessed jointly for tax purposes, and they are jointly and severally liable for tax on the consolidated jointly taxed income up to and including the accounting period ended 31 December 2004. As from 2005, DSV A/S has been the administration company of the joint taxation arrangement and is only liable for tax payments received on account from the subsidiaries.

NOTE 21 – DERIVATIVE FINANCIAL INSTRUMENTS

Hedging instruments at 31 December 2008

Currency (DKKm)	Contractual value	Maturity	Fair value	Of which, recognised in income statement	Of which, recognised in equity
Currency instruments	1,615	2009	202.0	202.0	-
Interest rate instruments	7,146	2009-2012	(220.0)	(46.0)	(174.0)
Total			(18.0)	156.0	(174.0)

Hedging instruments at 31 December 2009

Currency (DKKm)	Contractual value	Maturity	Fair value	Of which, recognised in income statement	Of which, recognised in equity
Currency instruments	2,850	2010	(38.0)	(23.6)	(14.4)
Interest rate instruments	7,280	2010-2012	(315.0)	(78.6)	(236.4)
Total			(353.0)	(102.2)	(250.8)

Foreign currency risk hedging
The Group mainly uses forward exchange transactions to hedge foreign currency risks. The main currencies hedged are SEK, NOK, GBP and USD. The Group has a low currency risk. The forward exchange transactions used to hedge net investments and satisfying the conditions of hedge accounting are recognised directly in equity. Other fair value adjustments are recognised in the income statement under financial income or expenses.

Interest rate risk hedging
The Group uses interest rate swaps and interest rate caps to hedge interest rate risks. Thereby floating-rate loans are refinanced as fixed-rate loans. Interest rate swaps and interest rate caps satisfying the conditions of hedge accounting are recognised directly in equity. Interest rate swaps and interest rate caps not satisfying the conditions of hedge accounting as well as accrued interest are recognised directly in the income statement under financial income or expenses.

The weighted average effective interest rate for existing interest rate instruments was 4.06% at the reporting date (2008: 4.15%).

As regards to financial instruments measured at fair value, the valuation is based on other observable factors than prices quoted on active markets (level 2). Interest rate swaps and interest rate caps are valued according to generally recognised valuation methods based on relevant observable data.

NOTE 22 – FINANCIAL RISKS

Refrence is made to note 27 of the 2009 Consolidated Annual Report for a detailed description of the financial risks.

Liabilties and financial assets of DSV A/S forming part of the management fall due as listed below:

(DKKm) 2008	Carrying amount	Contractual cash flows	0-1 years	1-5 years	> 5 years
Loans and credit facilities	6,372	8,769	544	6,843	1,382
Finance leases	26	29	12	17	-
Trade payables	530	530	530	-	-
Payables to Group enterprises	4,572	4,572	4,572	-	-
Interest-rate derivatives	220	220	68	152	-
Total liabilities	11,720	14,120	5,726	7,012	1,382
Receivables from Group enterprises	10,559	10,559	10,559	-	-
Currency derivatives	202	202	202	-	-
Cash and cash equivalents	4	4	4	-	-
Total assets	10,765	10,765	10,765	-	-

(DKKm) 2009	Carrying amount	Contractual cash flows	0-1 years	1-5 years	> 5 years
Loans and credit facilities	5,440	6,511	539	5,972	-
Finance leases	17	18	12	6	-
Trade payables	465	465	465	-	-
Payables to Group enterprises	3,017	3,017	3,017	-	-
Currency derivatives	38	38	38	-	-
Interest-rate derivatives	315	315	184	131	-
Total liabilities	9,292	10,364	4,255	6,109	-
Receivables from Group enterprises	11,890	11,890	11,890	-	-
Cash and cash equivalents	3	3	3	-	-
Total assets	11,893	11,893	11,893	-	-

NOTE 23 – RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

DSV has no related parties with controlling interests. Related parties of DSV with significant influence comprise members of the companies' supervisory boards, executive boards and senior staff as well as the family members of those persons. Related parties also comprise companies in which the aforementioned persons have significant interests.

Remuneration for members of the Supervisory and Executive Boards is detailed in note 4. Management incentive programmes are listed in note 5.

The Parent has had the following transactions with related parties:

(DKKm)	2008	2009
Sale of services		
Group enterprises	342	417
Total sale of services	342	417
Purchase of services		
Group enterprises	8	2
Total purchase of services	8	2

Management fees invoiced by Group enterprises comprise remuneration for members of the Executive Board.

(DKKm)	2008	2009
Financials, net		
Group enterprises	353	1,476
Total financials, net	353	1,476

The Parent had the following outstanding balances with related parties at 31 December.

(DKKm)	2008	2009
Receivables		
Group enterprises	10,559	11,890
Receivables at 31 December	10,559	11,890
Liabilities		
Group enterprises	3,017	4,572
Liabilities at 31 December	3,017	4,572

NOTE 22 – ACCOUNTING POLICIES

The accounting policies of the Parent, DSV A/S, are identical with the policies applicable to the consolidated financial statements, except for the following:

Dividends from investments in subsidiaries and associates
Dividends from investments in subsidiaries and associates are recognised as income in the Parent's income statement under financial income in the financial year in which dividends are declared. If the dividends distributed exceed the accumulated earnings after the date of acquisition, dividends are, however, not recognised as income in the income statement, but as an adjustment of the cost of the investment.

Investments in subsidiaries and associates in the Parent's financial statements
Investments in subsidiaries and associates are measured at cost. If the cost exceeds the recoverable amount, the investment is written down to this lower value.

The cost is adjusted if dividends distributed exceed accumulated earnings after the date of acquisition.

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