Copenhagen Stock Exchange
Nikolaj Plads 6
DK-1007 Copenhagen K – Electronic reporting

16 March 2006

STOCK EXCHANGE ANNOUNCEMENT NO. 208

2005 Annual Report (1 January-31 December 2005)

Revenue amounted to DKK 23,015 million.

Gross profit came to DKK 4,667 million.

Operating profit before depreciation, amortisation and impairment of goodwill and special items totalled DKK 1,332 million.

Operating profit before impairment of goodwill and special items was DKK 1,123 million.

Operating profit (EBIT) came to DKK 1,064 million.

Profit before tax amounted to DKK 984 million.

Profit for the period amounted to DKK 696 million.

DSV's share of the profit for the period amounted to DKK 658 million.

Group Management considers the results for the financial year ended 31 December 2005 very satisfactory.

The Supervisory Board proposes a dividend of DKK 2.50 per share as opposed to ordinary dividend in the amount of DKK 2.50 per share and an extraordinary dividend of DKK 5.00 per share, totalling DKK 7.50 pr share, in 2004.

The printed Annual Report is expected to be available in the week beginning 17 April 2006.

Investor teleconference

DSV invites investors, shareholders, analysts and others to participate in an investor teleconference on 16 March 2006 at 11:00 a.m.

The phone number for the teleconference is +45 70 26 50 40. The conference will be in English. No prior registration is required to attend the teleconference.

Web-based investor teleconference

The teleconference can be viewed directly at the DSV website (www.dsv.dk) or via the Copenhagen Stock Exchange (www.cse.dk). Questions can only be asked by telephone.

Inquiries relating to the Annual Report

Questions may be addressed to:
Kurt K. Larsen, Group CEO, tel. +45 43 20 30 40, or Jens H. Lund, CFO, tel. +45 43 20 30 40.

This announcement has been forwarded to the Copenhagen Stock Exchange and to the press. It is also available on www.dsv.dk. The announcement has been prepared in Danish and in English. In the event of discrepancies, the Danish version shall apply.

Yours faithfully,

DSV

Kurt K. Larsen	Jens H. Lund
Group CEO	CFO

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FINANCIAL HIGHLIGHTS

Financial highlights (DKKm)	2000/01 [1] 17 months	2002 [1] 12 months	2003 [1] 12 months	2004 12 months	2005 12 months
Income statement					
Revenue	25,479	17,933	17,676	18,092	23,015
Gross profit	5,438	4,075	3,888	3,863	4,667
Operating profit before depreciation, amortisation and impairment of goodwill and special items (EBITDA)	1,380	1,035	1,071	1,063	1,332
Operating profit before impairment of goodwill and special items (EBITA)	1,028	783	861	854	1,123
Operating profit (EBIT)	1,036	723	728	1,411	1,064
Net financial expenses	455	216	195	108	80
Profit before tax	582	507	529	1,301	984
DSV shareholders' share of net profit for the year	345	333	304	1,083	658
Adjusted earnings	337	393	437	527	727
Balance sheet					
Non-current assets	5,393	4,944	4,761	4,624	5,652
Current assets	4,276	3,747	3,269	3,397	4,797
DSV A/S shareholders' share of total gains	1,967	2,196	2,399	3,107	3,212
Minority interests	57	65	78	84	111
Provisions	396	359	328	-	-
Non-current liabilities	3,214	2,199	1,555	956	2,463
Current liabilities	4,035	3,872	3,670	3,874	4,663
Balance sheet total	9,669	8,691	8,030	8,021	10,449
Net interest-bearing debt	3,563	2,958	2,260	1,287	2,169
Invested capital including goodwill	5,704	5,524	5,271	4,835	5,875
Gross investment in property, plant and equipment	373	476	478	358	403
Cash flows					
Operating activities	1,009	527	731	599	839
Investing activities	(2,614)	117	(25)	504	(1,004)
Financing activities (excluding dividends distributed)	2,041	(817)	(713)	(1,103)	530
Dividends distributed	(9)	(12)	(24)	(44)	(158)
Net cash flow	345	(245)	(8)	(44)	207
Foreign currency translation adjustments	(82)	(60)	23	(5)	6
Cash and cash equivalents, year-end	474	229	221	172	385
Financial ratios (%)					
Gross margin ratio	21.3	22.7	22.0	21.4	20.3
EBITDA margin	5.4	5.8	6.1	5.9	5.8
EBITA margin	4.0	4.4	4.9	4.7	4.9
EBIT margin	4.1	4.0	4.1	7.8	4.6
ROIC inclusive of goodwill	N/A	13.9	16.0	16.9	21.0
Return on equity	N/A	16.0	13.2	39.3	20.8
Equity ratio	20.3	25.3	29.9	38.7	30.7
Share ratios					
Earnings per share of DKK 2	N/A	16.6	15.2	53.9	32.4
Fully diluted adjusted earnings per share of DKK 2	N/A	17.2	19.2	23.3	34.4
Net asset value per share of DKK 2	97.8	109.3	119.9	158.2	162.1
Number of shares issued at year-end ('000)	20,770	20,770	20,770	21,075	20,896
Number of shares at year-end ('000)	20,118	20,092	20,005	19,637	19,813
Average number of shares ('000)	18,428	20,051	20,017	20,086	20,312
Average number of diluted shares ('000)	20,981	22,850	22,819	22,644	21,115
Year-end share price (DKK)	202	173	264	371	770
Dividend per share	0.60	1.20	2.10	7.50 [2]	2.50 [2]
Staff					
Number of employees	10,459	9,639	9,249	9,225	11,619

For a definition of the financial highlights, please refer to page 37.

1) The financial highlights for 2004 and 2005 have been prepared in accordance with IFRS, see 'Accounting policy changes' on page 31. Comparative figures for 2000/01-2003 have not been restated in accordance with the changed accounting policies, but prepared in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act and Danish accounting standards. The items for 2000/01 have been adapted to the IFRS terminology, however.

2) Dividend for the year amounts to DKK 2.50 per share as opposed to DKK 7.50 per share in 2004, which was a combination of ordinary dividend of DKK 2.50 and extraordinary dividend of DKK 5.00.

CONTENTS

INTRODUCTION

ABOUT DSV

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

Since then DSV has developed into group with an annual revenue of approx. DKK 25 billion, almost 12,000 employees and more than 7,000 trucks on the roads in Europe. The Company's high growth rates have been generated through organic growth and corporate acquisitions.

DSV arranges transport services between customers and suppliers where the most important competition parameters are capacity, flexibility, know-how and price.

The business concept of DSV has been tested and improved for many years. DSV always aims to be at the leading edge of developments and therefore continues to further develop the concept. The Group continuously focuses on new ways to improve efficiency and streamline operations as well as achieving administrative cost savings as a result of the application of new IT tools.

DSV's core areas are transport and logistics. The Group is divided into three separate divisions with individual business areas. On the basis of the three divisions, DSV offers its customers professional and attractive end-to-end solutions. DSV'S Road Division offers European transport solutions. Within air and sea transport, the Company's Air & Sea Division has a global transport network. The networks in both Road and Air & Sea have been structured around a combination of own operations in countries where DSV is represented and agents in markets where DSV is not yet present. The Solutions Division is one of the leading suppliers of logistics services in the Nordic countries.

DSV has a fixed target of being no more than 10% self-supporting with respect to transport equipment. The Group primarily uses independent hauliers, airline companies and shipping agents as sub-contractors. As a result, DSV can quickly and cost-effectively adapt to changes in supply and demand in the transport market. The cooperation with subcontractors is generally long-term and based on an atmosphere of mutual respect and requirements.

Its concept, background for and understanding of the customers' needs will enable DSV to develop positively to the benefit of shareholders, customers, suppliers, hauliers and employees in the years to come.

VISION

DSV is pursuing a strategy of maintaining and expanding its position among the leading and most profitable transport businesses in Europe.

DSV's future expansion should come about through organic growth, acquisitions, mergers and/or by forming strategic alliances. The Group aims to cover all of Europe in relation to road business and within Air & Sea to cover USA, Europe and large parts of Asia with its own operations within a short period of years.

DSV's vision is the basis of the Group's future development and implies a commitment for DSV to focus on more than financial results.

DSV operates in a sustainable interaction with the surrounding world by striving to create financial value for the Group's stakeholders with due regard to the employees and the environment.

DSV aims to maintain a high degree of transparency through full and frequent disclosure. Through financial statements and reports on DSV's financial, social and environmental conditions, the Group wants to prove its aim to maintain a sound balance between the targets in each area.

The financial vision is to reduce the funds tied up, capital requirements and operational risks. Today DSV has a strong financial position, which will be used strategically to consolidate and expand DSV's position in the European transport market and to ensure shareholders a direct return through share buy-backs and dividends.

2006 BUDGET SUMMARY – UNAUDITED

Summary of consolidated financial statements and budget (DKKm)	2005 Upwards adjusted budget Unaudited	2005 Realised	2006 Budget Unaudited
Revenue	22,200	23,015	25,548
Direct costs	17,602	18,348	20,303
Gross profit	4,598	4,667	5,245
Other external expenses	1,078	1,090	1,203
Staff costs	2,189	2,245	2,539
Operating profit before depreciation, amortisation and impairment of goodwill and special items	1,331	1,332	1,503
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	209	209	272
Operating profit before impairment of goodwill and special items	1,122	1,123	1,231
Special items, net	(41)	(59)	0
Operating profit (EBIT)	1,081	1,064	1,231
Financials etc.	73	80	80
Profit before tax	1,008	984	1,151
Tax on profit for the year	313	288	345
Net profit for the year	695	696	806
Net profit for the period is attributable to:			
Shareholders of DSV A/S	658	658	772
Minority interests	37	38	34

Quarterly budgets, summary (DKKm)	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Revenue	6,227	6,448	6,283	6,590
Direct costs	4,953	5,128	4,992	5,230
Gross profit	1,274	1,320	1,291	1,360
Other external expenses	307	303	295	298
Staff costs	626	635	638	640
Operating profit before depreciation, amortisation and impairment of goodwill and special items	341	382	358	422
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	68	67	68	69
Operating profit before impairment of goodwill and special items	273	315	290	353

2006 BUDGET SUMMARY – UNAUDITED

The 2006 budget includes a summary of the budgeted income statement of the DSV Group. The budget is broken down by quarters.
The budget includes the companies owned by DSV at the publication of the 2005 Annual Report 2005 and include acquisitions and divestments realised until 16 March 2006. Please refer to the Management's Review regarding the recommended bid for Koninklijke Frans Maas Groep N.V., which is not included in the budget figures given.
DSV expects to carry out a restructuring process involving the acquisitions made around New Year 2005/06. The costs related to this process have not been included in the budget as the process has not yet been finally specified.

Budget assumptions

The following major exchange rates have been used in the budgets:

Exchange rates for DKK100	
EUR	745
GBP	1,100
NOK	92
SEK	80
USD	600

Revenue

DSV expects organic revenue growth of 3.8% for 2006 compared with 2005 when adjusted for foreign currency translation differences, and acquisition and divestment of enterprises. The Road Division is expected to see the highest growth rates.

2005 revenue versus 2006 budget

DKKm	
2005 revenue	23,015
Foreign currency translation adjustments	(36)
Acquisition and divestment of enterprises, net	1,641
Growth	928
Budgeted 2006 revenue	25,548

Operating profit before impairment of goodwill and special items
DSV expects a growth of 6.5% in the 2006 operating profit before impairment of goodwill and special items compared with 2005 when adjusted for foreign currency translation differences, and the acquisition and divestment of enterprises. This growth is mainly attributable to the Company's Road Division.
The budgeted operating profit before impairment of goodwill and special items includes amortisation of customer relationships in the amount of DKK 13 million.

Operating profit before impairment of goodwill and special items, 2005 versus 2006 budget

DKKm	
Operating profit before impairment of goodwill and special items 2005	1,123
Foreign currency translation adjustments	(1)
Acquisition and divestment of enterprises, net	34
Growth	75
Operating profit before impairment of goodwill and special items, budget 2006	1,231

The budgeted margin of the operating profit before impairment of goodwill and special items is 4.3% for the Road Division, 6.0% for the Air & Sea Division and 4.3% for the Solutions Division. The Group's total budgeted EBITA margin for 2006 is 4.8%.

Financials

The budgeted financial expenses for 2006 are on a level with 2005 and amount to DKK 80 million.

Tax on profit for the year

The DSV Group expects an effective tax rate of 30% in 2006.

Net profit for the year

The budgeted net profit for the year is DKK 806 million.

Cash flows

The cash flow from operating activities is expected to amount to approx. DKK 1,000 million in 2006. The Group expects its investments in assets to total approx. DKK 250 million in 2006. Accordingly, the expected free cash flow amounts to approx. DKK 750 million in 2006.

Return on invested capital

Return on invested capital is expected to increase in 2006 as a result of increased earnings, and at the same time efforts are made to reduce the invested capital. The Group particularly focuses on reducing working capital and fixed capital

Financial targets

	DSV	Road	Air & Sea	Solutions
Revenue growth	6%	5%	10%	5%
EBITA	6%	6%	7%	6%
ROIC inclusive of goodwill	25%	25%	30%	15%

New financial targets for the Group have been set as previous financial targets have been realised in all essentials.

The new financial targets of DSV are based on the strong development of the Group's activity level, earnings and cash flow generation. According to the Group strategy, this development has been achieved without major investments. Utilisation of the Group's capital stock has thus improved. Group Management anticipates higher activity growth in future and improved earnings due to this growth as well as improved utilisation of the capital stock.

These targets are expected to be realised in the medium term, depending on company acquisitions less profitable than DSV. The typical period required to integrate newly acquired companies is approx. three years.

2006 BUDGET SUMMARY – UNAUDITED

Capital structure

The capital structure of DSV is assessed on a regular basis. The target set for the Group's capital structure is: The ratio of net interest-bearing debt to EBITDA (operating profit before depreciation, amortisation and impairment of goodwill and special items) must be at least 1.5-2.5 (gearing). With the current budget for 2006, this result corresponds to a net interest-bearing debt of between DKK 2.1 billion and 3.4 billion.

The general rule is that the free cash flow must be applied for servicing the net interest-bearing debt in periods when the gearing ratio of the Group is above the gearing target. Gearing level adjustments will mainly be achieved through share buy-backs. Group dividends will be kept constant or will be increased each year in consideration of the gearing level of the Group and plans for future acquisitions.

Number of fully diluted shares

At 28 February 2006, DSV had 20.2 million fully diluted shares. The budgeted earnings per fully diluted share are DKK 38.9 as against the amount of DKK 34.4 realised in 2005.

Forward-looking statements

This Annual Report includes forward-looking statements on future matters, such as expected revenue, earnings and future strategy and expansion plans. Such statements are uncertain and involve various risks because many factors, many of which are beyond DSV's control, may result in the 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, 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. Please refer to 'Risk Factors' on page 22.

MANAGEMENT STATEMENT AND AUDIT REPORT

Management statement

The Supervisory Board and the Executive Board have today considered and adopted the 2005 Annual Report of DSV A/S.

The Annual Report has been prepared in accordance with the International Financing Reporting Standards as approved by the European Union and the supplementary Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies and the accounting estimates used to be appropriate so that the Annual Report gives a true and fair view of the Group's and the Parent's assets, equity, liabilities and financial position at 31 December 2005 and of the results of the Group's and Parent's activities and cash flows for the financial year ended 31 December 2005.

The supplementary report on social responsibility of DSV A/S also gives a true and fair view.

The Annual Report is recommended for approval by the Annual General Meeting.

Brøndby, 16 March 2006

Executive Board:

Kurt K. Larsen	Jens Lund
Group CEO	CFO

Supervisory Board:

Palle Flackeberg	Erik B. Pedersen	Leif Tullberg	Kaj Christiansen	Hans Peter Drisdal Hansen
Chairman	Deputy Chairman			
Egon Korsbæk	Per Skov			

Auditors' report

To the shareholders of DSV A/S

We have audited the Annual Report of DSV A/S for the financial year ended 31 December 2005, prepared in accordance with the International Financing Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. Our audit does not include the budget information on pages 5 to 7 and the supplementary report on social responsibility on pages 74 to 75.

The annual report is the responsibility of the companys Supervisory Board and the Executive Board. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We have conducted our audit in accordance with Danish standards of auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement.

Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. Our audit also includes assessing the accounting policies applied and significant estimates made by the Supervisory Board and Executive Board as well as evaluating the overall presentation of the annual report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualifications.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and parent companys operations and cash flows for the financial year ended 31 December 2005 in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

This is an English version of the Danish annual report. The annual report has been translated by the Company, and KPMG has not read the translation. For this reason, the wording in this auditors' report is only to be construed as covering the Danish version and is not to be taken to cover the English annual report.

Copenhagen, 16 March 2006	Copenhagen, 16 March 2006
KPMG C. Jespersen	Ernst & Young
Statsautoriseret Revisionsinteressentskab	Statsautoriseret Revisionsaktieselskab

Jesper Koefoed	Charlotte Enkebølle Nielsen	Svend B. Hagemann	Tommy Nørskov
State-Authorised Public Accountant	State-Authorised Public Accountant	State-Authorised Public Accountant	State-Authorised Public Accountant

MANAGEMENT'S REVIEW - FINANCIAL REVIEW

For 2005, DSV achieved highly satisfactory financial results matching the expectations that were published in the 2004 Annual Report and raised twice during 2005.

The following table shows the financial targets achieved in 2005, compared with the financial targets set out at DSV level.

Financial targets

	Target	Realised 2005
Organic growth in revenue	5%	9.9%
EBITA margin	5%	4.9%
ROIC inclusive of goodwill	16%	21.0%

In 2005, DSV matched these targets in most respects. However, there is a big difference in the divisions' achievement of the targets, and in future there will be focus on making all divisions match their individual targets.

DSV has updated the financial targets. Reference is made to pages 5 to 7 in the 'budget 2006 summary' concerning these targets.

The acquisitions of enterprises and activities carried out in 2005 and the share buy-backs have thus been financed partly through the cash flow from operating activities and partly by an increase in the net interest-bearing debt of the Group.

The Group's net interest-bearing debt at the end of 2005, DKK 2,169 million, is in line with the Group's capital structure target.

Income statement

Revenue

Revenue grew organically by 9.9% in 2005 compared with 2004 when adjusted for foreign currency translation adjustments, acquisitions and divestments of enterprises. The Road Division realised a higher turnover compared with 2004, which was due to acquisitions, mainly in Germany, but also to a substantial extent to organic growth. The Air & Sea Division realised high organic growth in revenue again in 2005, but also realised a considerable acquired growth through the acquisition of the J.H. Bachmann Group. The Solutions Division recorded revenue in line with that of 2004, adjusted for the fact that the company became wholly-owned from September 2004.

Revenue 2004 versus 2005

DKKm	
2004 revenue	18,092
Foreign currency translation adjustments	136
Acquisition and divestment of enterprises, net	2,718
Growth	2,069
2005 revenue	23,015

Compared with the adjusted budgets for 2005 the Group's revenue was 3.0% over the upwards revised budgets when adjusted for foreign currency translation differences and the acquisition and divestment of enterprises. This positive revenue deviation is mainly caused by the Air & Sea and Road Divisions.

Realised revenue 2005 versus upwards revised budget 2005

DKKm	
Budgeted 2005 revenue	22,200
Foreign currency translation adjustments	37
Acquisition and divestment of enterprises, net	109
Growth	669
2005 revenue	23,015

Direct costs came to DKK 18,348 million in 2005 compared with DKK 14,229 million in 2004, an increase of 28.9%. The increase is attributable to the rising revenue realised in 2005.

Other external expenses

Other external expenses amounted to DKK 1,090 million in 2005 compared with DKK 896 million in 2004, an increase of 21.7%, predominantly attributable to other external expenses in acquired enterprises.

Staff costs

Staff costs came to DKK 2,245 million in 2005 compared with DKK 1,904 million in 2004, an increase of 17.9% reflecting the increased level of activity.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment amounted to DKK 209 million in 2005, which is in line with the DKK 209 million of 2004 and DKK 209 million in the upwards revised budgets for 2005. The item is affected positively by sales profits of DKK 40 million in 2005, as against sales profits of DKK 16 million in 2004.

Operating profit before impairment of goodwill and special items

The Group returned an operating profit before impairment of goodwill and special items for 2005 of DKK 1,123 million compared with DKK 854 million in 2004. This amount includes amortisation of customer relationships in an amount of DKK 10 million in 2005 compared with DKK 1 million in 2004.

Adjusted for foreign currency translation differences and acquisition and divestment of enterprises, the operating profit before impairment of goodwill and special items increased by 26.7% on 2004. The margin was 4.9% in 2005 as against 4.7% in 2004. The margin increase is due to a relatively larger share of revenue of the Air & Sea Division, which has a high margin.

Operating profit before impairment of goodwill and special items, 2004 versus realised 2005

DKKm	
Operating profit before impairment of goodwill and special items 2004	854
Foreign currency translation adjustments	8
Acquisition and divestment of enterprises, net	24
Growth	237
Operating profit before impairment of goodwill and special items 2005	1,123

The operating profit before impairment of goodwill and special items for the Road Division came to DKK 670 million compared with DKK 562 million in 2004, up DKK 108 million. The Air & Sea Division realised an operating profit before impairment of goodwill and special items of DKK 408 million compared with DKK 292 million in 2004, up DKK 114 million. The operating profit before impairment of goodwill and special items for the Solutions Division came to DKK 29 million compared with DKK 5 million in 2004, up DKK 24 million. The Parent realised an operating profit before impairment of goodwill and special items of DKK 16 million compared with an operating loss of DKK 5 million in 2004.

The operating profit before impairment of goodwill and special items exceeded the upwards revised budget for the Group by DKK 1 million. The acquisition of the Steinle Group in Germany after the upwards budget revision contributed to a negative development in the operating profit before impairment of goodwill and special items of DKK 4 million.

Realised operating profit before impairment of goodwill and special items, 2005 versus upwards revised 2005 budget

DKKm	
Operating profit before impairment of goodwill and special items budget 2005	1,122
Foreign currency translation adjustments	1
Acquisition and divestment of enterprises, net	(4)
Growth	4
Operating profit before impairment of goodwill and special items 2005	1,123

Impairment of goodwill

Goodwill for 2004 was written down by impairment losses of DKK 10 million, related to the goodwill of Solutions in Sweden.

Special items, income

Special items, income, of DKK 11 million relates to a non-recurring gain obtained in connection with the change of a pension plan in the UK from a defined benefit plan into a defined contribution plan.

Special items, income, came to DKK 575 million in 2004.

Special items, costs

Special items, costs, came to DKK 70 million in 2005, mainly due to restructuring costs, DKK 63 million relating to restructuring of acquired enterprises, predominantly the Road Division in Germany. The realised restructuring costs are DKK 22 million higher than the budgeted restructuring costs of DKK 41 million, one reason being non-budgeted acquisitions.

Other special items, costs, of DKK 8 million relate to a loss from the disposal of onerous activities of a total of DKK 5 million and the write-down of consolidated current assets of DKK 3 million.

Financials

In 2005, net financials constituted a charge of DKK 80 million compared with a charge of DKK 108 million in 2004. Financial costs in 2004 included DKK 43 million from amortisation of borrowing costs.

The interest items of the Group have thus in fact risen by DKK 15 million. This is a consequence of the capital restructuring, which has resulted in an increase of the Group's net interest-bearing debt.

The budgeted net financial income and expenses were a charge of DKK 73 million for 2005.

Profit before tax

The profit before tax amounted to DKK 984 million in 2005 compared with DKK 1,301 million in 2004. The item increased by 40.2% in 2005 when adjusted for special items, net.

The realised profit before tax is DKK 24 million below the budgeted DKK 1,008 million for 2005, which is mainly attributable to the development in special items, costs.

Net profit for the year

The net profit for the year amounted to DKK 696 million in 2005 compared with DKK 1,113 million in 2004. The item increased by 35.8% in 2005 when adjusted for special items, net.

Fully diluted earnings per share

Fully diluted adjusted earnings per share came to DKK 34.4 for 2005 compared with DKK 23.3 in 2004, corresponding to an increase of 48.5%.

Balance sheet

At 31 December 2005, the balance sheet stood at DKK 10,449 million compared with DKK 8,021 million at year-end 2004, up by DKK 2,428 million.

Non-current assets increased by DKK 1,028 million, and current assets increased by DKK 1,400 million. These increases are mainly attributable to acquisitions and the growth in the activity level of the Group.

Goodwill

The carrying amount of goodwill came to DKK 2,860 million at 31 December 2005 as against DKK 2,157 million at 31 December 2004. This change derives from additions relating to acquisitions.

Receivables

Receivables amounted to DKK 4,412 million at 31 December 2005 as against DKK 3,225 million at 31 December 2004. This increase is attributable to acquisitions and the growth in the activity level of the Group.

Equity

At 31 December 2005, the equity interest of DSV shareholders came to DKK 3,212 million corresponding to an equity ratio of 30.7%. At 31 December 2004, the equity came to DKK 3,107 million corresponding to an equity ratio of 38.7%.

Equity increased by the net profit for the year and capital increases but decreased as a result of dividend payments, share buy-backs and foreign currency translation adjustments of equity in subsidiaries as well as actuarial losses on defined contribution pension plans.

The acquisition of DFDS Dan Transport Group A/S in 2000 was partly financed by the issue of 1,585,561 warrants to Intermediate Capital Group PLC. The last 1,374,153 warrants were exercised in 2005. This resulted in proceeds of DKK 341 million. Moreover, the capital was increased by DKK 54 million in connection with incentive programmes. Total proceeds from capital increases came to DKK 395 million in 2005.

A capital reduction was effected in the third quarter of 2005 by a nominal DKK 3.6 million through the cancellation of 1.8 million treasury shares.
At 31 December 2005, the portfolio of treasury shares was 1,082,804 corresponding to 5.2% of the share capital. In 2005, DSV spent DKK 825 million on share buy-backs.

Development in equity

DKKm	2004	2005
Equity, beginning of year	2,298	3,107
Net profit for the year	1,083	658
Dividends distributed	(44)	(158)
Buy-back of shares	(287)	(825)
Foreign currency translation adjustments	(15)	37
Capital increase	74	395
Actuarial pension losses	(26)	(39)
Tax, changes in equity	15	26
Other adjustments, net	9	11
Closing equity	3,107	3,212

Net working capital

The Group's funds tied up in net working capital came to DKK 451 million at 31 December 2005 compared with DKK 325 million at 31 December 2004. The increase is primarily attributable to the acquisition of activities and enterprises in 2005 and the growth in the activity level of the Group.

Net interest-bearing debt

The net interest-bearing debt amounted to DKK 2,169 million at year-end 2005 as against DKK 1,287 at year-end 2004. The increase of DKK 882 million is primarily attributable to the financing of acquisitions, share buy-backs, distribution of dividends and capital increases.

Cash flow from operating activities

Cash flow from operating activities came to DKK 839 million compared with DKK 599 million in 2004. The increase derived mainly from an improved operating profit and an increase in provisions, corresponding in part to higher tax payments.

Cash flow from investing activities

Cash flow from investing activities excluding the effect of the acquisition and divestment of enterprises amounted to a net payment of DKK 229 million in 2005 compared with DKK 233 million in 2004.

Free cash flow

Free cash flow came to a negative amount of DKK 165 million in 2005. Adjusted for the acquisition and divestment of enterprises, the free cash flow came to DKK 672 million in 2005.

Cash flow from financing activities

Cash flow from financing activities constituted a net receipt of DKK 372 million, and the development can primarily be ascribed to the raising of non-current bank loans to finance acquisitions as well as the buy-back of shares.

Net change in cash and cash equivalents

The net change in cash and cash equivalents constituted a net receipt of DKK 207 million, which increased the Group's cash and cash equivalents. The Group's cash and cash equivalents came to DKK 385 million at year-end 2005.

Invested capital including goodwill

Invested capital including goodwill amounted to DKK 5,875 million at 31 December 2005 as against DKK 4,835 million at 31 December 2004. The increase is mainly due to acquisitions.

Return on invested capital (ROIC including goodwill)

In 2005, the return on invested capital was 21.0% compared with 16.9% in 2004. The increase is primarily attributable to the positive development in the Group's operating profit before impairment of goodwill and special items.

Environment

The DSV Group reduces the environmental impact from the company's operations on an ongoing basis. The Group's environmental impact is primarily relevant in the Road Division as this Division has its own trucks, while the Air & Sea Division does not own any aircraft or vessels, and Solutions' activities only affect the environment to a limited extent.
For a number of years, DSV has aimed at reducing the overall environmental effect of the road transport of the Road Division. One of the means of achieving this aim is an ongoing modernisation of the production equipment applied in the production of the Group's services. Furthermore, the Group has strong focus on achieving the highest possible rate of utilisation in operations for the benefit of the environment and Group profitability.
To determine the development in the environmental burden, methods and tools have been developed over time, and their results are compared with the Group's targets. A number of the Group's large customers and other stakeholders are informed about the fulfilment of these targets separately.
The Group will continue working towards improving measurement methods and measures designed to reduce the environmental effects.

Koninklijke Frans Maas Groep N.V. – recommended bid

As previously communicated, DSV has a strong intention to play a proactive role in the ongoing consolidation of the transport and logistics sectors.
After the close of the financial year ending 31 December 2005, the Company has made a recommended bid for the Dutch transport group Koninklijke Frans Maas Groep N.V. as a step in this consolidation process. The recommended bid is valid until 21 March 2006.
The bid price is about DKK 283 (EUR 38) per ordinary share, including any dividend for 2005. On this basis, the share capital of Koninklijke Frans Maas Groep N.V. is assessed at about DKK 1,675 million (EUR 225 million). With the addition of an estimated interest-bearing debt at the close of the year 2005 of about DKK 1,475 million (EUR 200 million) of Koninklijke Frans Maas Groep N.V., the implicit enterprise value of the bid will amount to DKK 3,150 million (EUR 425 million).
The revenue realised by Koninklijke Frans Maas Groep N.V. in 2005 amounted to about DKK 8.1 billion, and if DSV acquires Koninklijke Frans Maas Groep N.V., the Group will have an aggregate revenue in the order of DKK 33-34 billion.

Transition to IFRS

DSV has changed its financial reporting to comply with the International Financial Reporting Standards (IFRS). This has resulted in a reduction by DKK 5 million of the consolidated operating profit before impairment of goodwill and special items for 2004 to DKK 854 million. Group equity has been increased by DKK 14 million at year-end 2004 to DKK 3,107 million, and the balance sheet has increased by DKK 174 million at 31 December 2004 to DKK 8,021 million. A detailed review of the transition is given in note 29 'Transition to IFRS'.

Income statement, summary

(DKKm)	2004 Realised	2005 Upwards adjusted budget, unaudited	2005 Realised	2006 Budget, unaudited
Revenue	**13,375**	**15,597**	**16,141**	**17,941**
Direct costs	10,527	12,340	12,868	14,308
Gross profit	**2,848**	**3,257**	**3,273**	**3,633**
Other external expenses	658	772	761	830
Staff costs	1,446	1,606	1,649	1,812
Operating profit before depreciation, amortisation and impairment of goodwill and special items	**744**	**879**	**863**	**991**
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	182	197	193	228
Operating profit before impairment of goodwill and special items	**562**	**682**	**670**	**763**
Impairment of goodwill	1	0	0	0
Special items, net	(7)	(35)	(46)	0
Operating profit (EBIT)	554	647	624	763

Balance sheet, summary

(DKKm)	31.12.2004	31.12.2005
Goodwill	432	730
Property, plant and equipment and intangibles	2,044	2,310
Other non-current assets	45	204
Total non-current assets	2,521	3,244
Receivables	2,395	3,042
Cash and cash equivalents and intercompany balances	529	1,147
Total current assets	2,924	4,189
Total assets	5,445	7,433
Equity	1,171	1,097
Minority interests	66	95
Total equity	1,237	1,192
Interest-bearing long-term debt	241	491
Other non-current liabilities, including provisions	600	515
Total non-current liabilities	841	1,006
Interest-bearing short-term debt, including intercompany debt	1,213	2,386
Other short-term debt	2,154	2,849
Total current liabilities	3,367	5,235
Total liabilities	4,208	6,241
Total equity and liabilities	5,445	7,433

Number of staff: 8,745 (2004: 7,115)
ROIC came to 17.3% (2004: 15.5%). The calculation of ROIC included DKK 2,037 million of goodwill (2004: DKK 1,708 million). The item consists of the Division's goodwill and allocated goodwill from DSV A/S.

MANAGEMENT'S REVIEW – ROAD DIVISION

Activities

The Road Division handles transport (full and part loads and mixed cargo) by trucks domestically and in Europe. The services are provided by own companies in the countries where DFDS Transport is represented and by partners in the countries where the Group is still not represented.

The actual transport operations have basically been outsourced to sub-contractors.

The Division in brief

The Road Division demonstrates handsome results. Better than any comparable European company. Revenue growth is approx. 20%, and operating profit before impairment of goodwill and special items (EBITA) shows exactly the same growth. The Division has spent a large part of the year organising its new enterprises acquired in Germany. The Division has also focused on creating the network announced in connection with the enterprise's strategy and which was described in last year's Management's Review under the Road Division.

The objective of the acquisition of Steinle and Transitas (the two latest German acquisitions) is to strengthen DSV's position in the IDS/Elix network. Other than the December revenue of Steinle, revenues of the two enterprises are not included before 2006.

It is the Group Management's opinion that the Division has developed according to the plans made, and that it had reached the expected point of development by the end of 2005.

Country	Development in revenue	Development in operating profit before impairment of goodwill and special items (EBITA)	Focus
Denmark (incl. Group)	Slightly above budget.	Slightly above budget.	Growth and maintain a handsome EBITA margin.
Norway	Above budget.	Above budget.	Improve EBITA margin – particularly domestically.
Sweden	Above budget.	Above budget.	Growth and maintain a handsome EBITA margin.
Finland	Above budget and approx. 50% over 2004.	Slightly below budget.	Integration domestically and improve EBITA margin.
UK	On a level with budget.	On a level with budget.	Growth and a 4% EBITA margin.
Ireland	Above budget and 20% over 2004.	Slightly above budget.	Good margin – handsome revenue. Improve both.
Germany	Above budget – a threefold increase compared with 2004.	Below budget.	Clearly the largest challenge of the Road Division. Integration domestically and with the remainder of the DFDS Transport countries. Improve results through changes.
The Netherlands	Above budget.	On a level with budget.	Fair growth in revenue and EBITA – improve both.
Belgium	Above budget.	On a level with budget.	The best EBITA margin of the Division. Growth, growth, growth.
France	Above budget.	Almost on a level with budget.	Improve EBITA margin in a difficult market.
Estonia	Above budget. 25% from organic growth in 2004.	On a level with budget.	Improve EBITA margin to the level before becoming a member of the EU.
Latvia	Above budget. 55% from organic growth in 2004	Slightly above budget.	Maintain growth.
Lithuania	Above budget. 32% from 2004.	On a level with budget.	Maintain growth.
Poland	Above budget.	Above budget.	Fair EBITA margin and revenue. Improve both in relation to market potential.
Czech Republic, Slovakia and Russia	Above budget and approx. 40% better than 2004.	Above budget.	Improve EBITA margin.
Slovenia	On a level with budget.	Slightly below budget.	Improve EBITA margin. The lowest in the Eastern region.

Revenue and operating profit before impairment of goodwill and special items (EBITA) by markets

(DKKm)	Revenue				Operating profit before impairment of goodwill and special items (EBITA) DKK				EBITA margin %
	Realised 01.01.2004-31.12.2004	Budget 01.01.2005-31.12.2005 Unaudited	Realised 01.01.2005-31.12.2005	Budget 01.01.2006-31.12.2006 Unaudited	Realised 01.01.2004-31.12.2004	Budget 01.01.2005-31.12.2005 Unaudited	Realised 01.01.2005-31.12.2005	Budget 01.01.2006-31.12.2006 Unaudited	Realised 01.01.2005-31.12.2005
Denmark	4,190	4,471	4,498	4,612	234	230	232	239	5.2
Sweden	3,448	3,582	3,609	3,729	68	97	103	115	2.9
Norway	2,283	2,528	2,620	2,741	113	136	142	150	5.4
Finland	699	1,032	1,040	1,123	25	31	29	35	2.8
UK	1,717	1,619	1,626	1,688	39	51	51	69	3.1
Ireland	416	488	505	530	19	25	26	28	5.1
Germany	528	1,448	1,582	2,905	(6)	17	(7)	21	(0.4)
The Netherlands	449	469	491	499	8	20	20	22	4.1
Belgium	383	394	414	420	33	36	36	37	8.7
France	507	533	561	555	1	4	2	5	0.4
Estonia	202	232	253	291	17	15	15	19	5.9
Latvia	78	107	120	133	6	5	6	6	5.0
Lithuania	108	134	143	169	8	8	8	10	5.6
Poland	210	261	264	270	12	12	13	13	4.9
Czech Republic, Slovakia and Russia	132	178	188	186	4	4	6	6	3.2
Slovenia	0	140	140	143	-	4	3	4	2.1
Total	15,350	17,616	18,054	19,994	581	695	685	779	3.8
Group	411	450	491	516	(19)	(13)	(11)	(12)	-
Amortisation of customer relationships	-	-	-	-	0	0	(4)	(4)	-
Elimination	(2,386)	(2,469)	(2,404)	(2,569)	-	-	-	-	-
Net	13,375	15,597	16,141	17,941	562	682	670	763	4.2

MANAGEMENT'S REVIEW – AIR & SEA DIVISION

Income statement, summary

(DKKm)	2004 Realised	2005 Upwards adjusted budget, unaudited	2005 Realised	2006 Budget, unaudited
Revenue	4,595	6,352	6,568	7,270
Direct costs	3,700	5,194	5,337	5,847
Gross profit	**895**	**1,158**	**1,231**	**1,423**
Other external expenses	209	260	284	328
Staff costs	381	490	520	632
Operating profit before depreciation, amortisation and impairment of goodwill and special items	**305**	**408**	**427**	**463**
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	13	15	19	24
Operating profit before impairment of goodwill and special items	**292**	**393**	**408**	**439**
Impairment of goodwill	0	0	0	0
Special items, net	0	(6)	(13)	0
Operating profit (EBIT)	292	387	395	439

Balance sheet, summary

(DKKm)	31.12.2004	31.12.2005
Goodwill	61	466
Intangibles and property, plant and equipment	48	119
Other non-current assets	8	40
Total non-current assets	**117**	**625**
Receivables	713	1,275
Cash and cash equivalents and intercompany balances	280	422
Total current assets	**993**	**1,697**
Total assets	**1,110**	**2,322**
Equity	341	403
Minority interests	18	16
Total equity	**359**	**419**
Interest-bearing long-term debt	0	2
Other non-current liabilities, including provisions	22	75
Total non-current liabilities	22	77
Interest-bearing short-term debt, including intercompany debt	153	790
Other short-term debt	576	1,036
Total current liabilities	**729**	**1,826**
Total liabilities	**751**	**1,903**
Total equity and liabilities	**1,110**	**2,322**

Number of staff: 2,205 (2004: 1,438)

ROIC came to 33.9% (2004: 32.5%). The calculation of ROIC included DKK 1,198 million of goodwill (2004: DKK 747 million). The item consists of the Division's goodwill and allocated goodwill from DSV A/S.

Activities

The Air & Sea Division handles shipments to overseas markets by air and sea. The activities concentrate on transports between Scandinavia, the USA, UK and the Far East. The Division handles full and part loads, containers and flight palettes. The Division does not have its own fleet of aircrafts or ships, but mainly acts as an intermediary between the individual customer and the shipping line or airline company.

The Division in brief

2005 was the Division's best year ever. Very high growth – 42% compared with 2004. Of course, growth was supported by the Bachmann acquisition, whose results were consolidated for 7 months in 2005. Change and integration have been managed exemplarily without losses at transition from partners to own companies.

Since 2003 and 2004, Group Management has requested the Division to focus closely on growth. Management has created growth – strong growth, even – without any negative impact on the EBITA margin, even far from it.

There are great expectations for the continued development of the Division, which is characterised by strong and steady management in Europe, Asia and the USA. Similarly to the Road Division, development of Air & Sea is exactly according to plans and expectations.

Country	Development in revenue	Development in operating profit before impairment of goodwill and special items (EBITA)	Focus
USA	Above budget – approx. 27% better than 2004.	Above budget.	The best company of the Division with high EBITA margin. Growth, growth, growth.
Denmark	Above budget .	Above budget.	Maintain growth and improve EBITA margin.
Project Dept.	Above budget. High growth compared with 2004.	On a level with budget.	Improve EBITA margin.
Norway	Above budget – a more than 40% increase compared with 2004.	Slightly better than budget.	Continue growth and maintain EBITA margin.
Sweden	Above budget and almost 40% better than 2004.	Slightly below budget.	Improve EBITA margin.
Finland	Above budget.	Above budget.	Good development. Maintain growth and improve EBITA margin.
UK	Above budget.	Almost on a level with budget.	Improve EBITA margin.
Germany	Above budget.	Above budget.	Satisfaction in the Division with the acquisition of Bachmann. However, the management expects an improved EBITA margin.
The Netherlands	Above budget.	On a level with budget.	Improve the margin.
Central Europe	Above budget.	Above budget.	Handsome EBITA. Growth, growth, growth.
Canada	Slightly below budget.	Slightly below budget.	Improve EBITA margin.
China	Above budget and more than a twofold increase compared with 2004.	Above budget and more than a twofold increase compared with 2004.	Growth, growth, growth. China has a strong management, which justifies the expectation of high growth.
Hong Kong	Below budget and approx. 36% better than 2004.	Above budget.	Highest EBITA margin of the Division. Hong Kong has a strong management, which justifies the expectation of high growth.
Australia	Above budget.	Above budget.	Integration into network and growth. Improve EBITA margin.
Other Far East	Above budget.	Above budget.	The companies are generally too small. Growth!

Revenue and operating profit before impairment of goodwill and special items (EBITA) by markets

	Revenue				Operating profit before impairment of goodwill and special items (EBITA) DKK				EBITA margin %
(DKKm)	**Realised** 01.01.2004-31.12.2004	Budget 01.01.2005-31.12.2005 Unaudited	Realised 01.01.2005-31.12.2005	Budget 01.01.2006-31.12.2006 Unaudited	**Realised** 01.01.2004-31.12.2004	Budget 01.01.2005-31.12.2005 Unaudited	Realised 01.01.2005-31.12.2005	Budget 01.01.2006-31.12.2006 Unaudited	Realised 01.01.2005-31.12.2005
USA	1,249	1,547	1,595	1,619	131	147	151	139	9.5
Denmark	1,230	1,336	1,404	1,439	36	53	54	63	3.8
Project Dept.	375	416	498	411	19	22	22	17	4.4
Norway	150	205	218	229	7	13	14	14	6.4
Sweden	350	411	484	467	12	17	16	18	3.3
Finland	154	169	188	198	4	5	6	6	3.2
UK	847	891	935	918	28	33	32	33	3.4
Germany	-	670	708	1,137	-	16	18	27	2.5
The Netherlands	124	162	172	155	(1)	4	4	3	2.3
Central Europe	-	60	73	156	-	5	4	7	5.5
Canada	-	100	92	211	-	3	2	7	2.2
China	182	279	402	450	16	28	33	42	8.2
Hong Kong	226	335	306	450	23	30	32	37	10.5
Australia	-	88	114	199	-	3	5	7	4.4
Other Far East	340	403	445	481	16	19	23	26	5.2
Total	**5,227**	**7,072**	**7,634**	**8,520**	**291**	**398**	**416**	**446**	**5.4**
Group	6	0	4	6	1	(5)	(5)	(1)	-
Amortisation of customer relationships	-	-	-	-	0	0	(3)	(6)	-
Elimination	(638)	(720)	(1,070)	(1,256)	-	-	-	-	-
Net	**4,595**	**6,352**	**6,568**	**7,270**	**292**	**393**	**408**	**439**	**6.2**

Income statement, summary

(DKKm)	2004 Realised	2005 Upwards adjusted budget, unaudited	2005 Realised	2006 Budget, unaudited
Revenue	591	869	913	914
Direct costs	469	668	722	700
Gross profit	122	201	191	214
Other external expenses	42	76	72	76
Staff costs	66	81	75	86
Operating profit before depreciation, amortisation and impairment of goodwill and special items	14	44	44	52
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	9	13	15	13
Operating profit before impairment of goodwill and special items	5	31	29	39
Impairment of goodwill	9	0	0	0
Special items, net	0	0	(2)	0
Operating profit (EBIT)	(4)	31	27	39

Balance sheet, summary

(DKKm)	31.12.2004	31.12.2005
Goodwill	76	76
Property, plant and equipment and intangibles	107	119
Other non-current assets	3	26
Total non-current assets	186	221
Receivables	211	203
Cash and cash equivalents and intercompany balances	197	93
Total short-term assets	408	296
Total assets	594	517
Total equity	109	166
Interest-bearing long-term debt	9	10
Other non-current liabilities, including provisions	31	20
Total non-current liabilities	40	30
Interest-bearing short-term debt, including intercompany debt	333	174
Other short-term debt	112	147
Total current liabilities	445	321
Total liabilities	485	351
Total equity and liabilities	594	517

Number of staff: 669 (2004: 669)

1) The Solutions Division was consolidated by 50% on a pro-rata basis until 31 August 2004. Subsequently, the Solutions Division has been consolidated by 100% and is recognised as a wholly-owned subsidiary at 31 December 2004.

ROIC came to 8.9% (2004: 1.7%). The calculation of ROIC included DKK 160 million of goodwill (2004: DKK 159 million). The item consists of the Division's goodwill and allocated goodwill from DSV A/S.

MANAGEMENT'S REVIEW – SOLUTIONS DIVISION

Activities

The Solutions Division defines solutions as comprehensive logistics solutions, including outsourcing of stocks, distribution and a number of services related to customers' supply chain. These services are mainly aimed at large industrial companies, branded products and brands. The Division's business areas also include distribution and cross-docking.

The Division in brief

A large part of the Division's resources have been used on combining small units into large centres. The Division has experience in creating large units for the purpose of obtaining advantages in terms of synergy, work and administration, and also with balancing seasonal and work related fluctuations between its contractual logistics assignments..

There is a large demand for logistics in general – and the Division's pipeline has never been larger.

The company expects that the IT investment in the production system "Red Prairie" will result in flexibility and uniformity, making it possible to use, without prior training, the same manpower on all Nordic locations at which previous production systems are replaced.

Country	Development in revenue	Development in operating profit before impairment of goodwill and special items (EBITA)	Focus
Denmark (incl. Group)	Above budget.	Above budget.	Growth and finish the combination of units in Western Denmark.
Norway	Above budget.	Below budget.	Re-establish the handsome EBITA margin of the recent years. Combine activities on 3-4 locations.
Sweden	Above budget.	Above budget.	Continue the fair improvement and aim at results similar to the other Nordic countries. Combine the company's locations in Skåne.
Finland	Above budget.	Below budget.	Back to EBITA margin of previous years.

Revenue and operating profit before impairment of goodwill and special items (EBITA) by markets

	Revenue				Operating profit before impairment of goodwill and special items (EBITA)				EBITA margin
					DKK				%
(DKKm)	Realised 01.01.2004-31.12.2004	Budget 01.01.2005-31.12.2005 Unaudited	Realised 01.01.2005-31.12.2005	Budget 01.01.2006-31.12.2006 Unaudited	Realised 01.01.2004-31.12.2004	Budget 01.01.2005-31.12.2005 Unaudited	Realised 01.01.2005-31.12.2005	Budget 01.01.2006-31.12.2006 Unaudited	Realised 01.01.2005-31.12.2005
Denmark	286	400	420	407	21	19	20	20	4.8
Norway	75	145	158	146	4	9	6	10	3.8
Sweden	208	298	312	333	(25)	(5)	(2)	0	(0.6)
Finland	73	101	104	112	5	8	5	9	4.8
Total	**642**	**944**	**994**	**998**	**5**	**31**	**29**	**39**	**2.9**
Group	8	6	6	6	0	0	0	0	-
Amortisation of customer relationships	-	-	-	-	-	-	0	0	-
Elimination	(59)	(81)	(87)	(90)	-	-	-	-	-
Net	**591**	**869**	**913**	**914**	**5**	**31**	**29**	**39**	**3.2**

Corporate governance

The discussions of DSV's Supervisory Board regarding corporate governance are a continuing process aiming to ensure that DSV relates to the development within corporate governance on an ongoing basis. In 2006, DSV will consider the recommendations for corporate governance revised in 2005.

DSV's approach to corporate governance is stated below:

The role and interaction of shareholders with Management

All shareholders are entitled to attend DSV's General Meetings, which is the ultimate authority of DSV. At General Meetings shareholders may ask questions directly to the Supervisory Board and the Executive Board.

DSV's Articles of Association do not restrict voting rights in any way, and decisions are made at General Meetings by simple majority unless the Danish Public Companies Act prescribes special rules on representation and majority. Proxies may be issued for one General Meeting at a time and will entitle the proxy to vote on each individual item on the agenda.

General Meetings are convened by the Supervisory Board at a minimum of eight days' and a maximum of four weeks' notice in the Danish Official Gazette and by letter to the registered shareholders. General Meetings are usually convened as a minimum three weeks before the date of the General Meeting in question.

In case of a third party takeover bid, it is recommended that the shareholders should be given the opportunity to decide whether they want to sell their shares in the Company on the terms offered. So far, the Supervisory Board of DSV has not found themselves in such a situation, but it is DSV's policy always to act in the best interest of its shareholders.

Stakeholders

DSV aims to run a profitable business for the benefit of the Company's shareholders, customers, staff, suppliers and other stakeholders. On the basis of DSV's vision, the Supervisory Board has laid down the overall guidelines for DSV's financial, environmental and social conditions.

The Executive Board of DSV pursues an active and open dialogue with DSV's stakeholders in accordance with the directions of the Supervisory Board. The Consolidated Annual Report includes a supplementary report on social responsibility. This report provides information on indicators describing the social status.

Openness and transparency

DSV has, and has always had, an open and active communication policy.

The disclosure requirements of the Copenhagen Stock Exchange form the basis of the rules governing DSV's communication with the stock market. It is essential to the Supervisory Board and the Executive Board to meet the disclosure requirements and ensure that the stock market receives all the relevant information for the purpose of assessing DSV and the Company's situation and future.

All stock exchange announcements are published both in Danish and English and are available on the DSV website immediately upon the publication on the Copenhagen Stock Exchange. DSV's website is accessible both in Danish and English and includes the latest webcasts from DSV's investor teleconferences held in connection with the publication of important stock exchange announcements and quarterly investor presentations.

The Executive Board arranges meetings with and presentations for investors, analysts and the press. Furthermore, the Executive Board and the Investor Relations Department of DSV are available for inquiries. DSV's registered shareholders also receive information on a quarterly basis via DSV Moves, the DSV news magazine, as well as via preliminary announcements of financial statements. In relation to minor events, press releases are issued both in Danish and English. The press releases are also available on the Company's website.

DSV prepares its Annual Reports according to the International Financial Reporting Standards, IFRS. The Annual Report also contains information on non-financial matters.

Furthermore, DSV publishes detailed budget information for the following financial year in connection with the publication of its Annual Report. Budgets are followed up during the year in connection with the publication of quarterly, interim and annual reports. .

The overall tasks and responsibilities of the Supervisory Board

The Supervisory Board has the overall responsibility for the management of the company in compliance with the rules of the Danish Public Companies Act.

Furthermore, the Rules of Procedure describe the tasks of the Supervisory Board.

The Board's most important tasks are:

- To adopt the objectives and corporate policies of DSV as well as follow up on their implementation.
- To appoint the Executive Board.
- To supervise DSV's distribution of tasks and responsibilities, including ensuring that risk management procedures are prepared.
- To adopt budgets for the year and annual reports.
- To approve strategic transactions, including acquisition and divestment of enterprises and business areas.

The Chairman of the Supervisory Board coordinates the internal communication and convenes extraordinary Board meetings when relevant. Once a week, the Chairman meets with the Executive Board to confer and share knowledge. Consequently, the Group is able to react quickly and effectively.

The Supervisory Board elects a Deputy Chairman with the special duty to act in the Chairman's place in case of his absence.

DSV's Rules of Procedure describe the special responsibilities which rest with the Chairman and Deputy Chairman of the Supervisory Board. The Rules of Procedure are assessed and updated once a year. The latest adjustment was in March 2006.

The Supervisory Board receives DSV's monthly results, drafts of important stock exchange announcements and a weekly report from the Executive Board of DSV describing material events during the past week. Furthermore, the Chairman receives information on an ongoing basis, which he communicates to the Supervisory Board at his discretion.

The Supervisory Board receives reports from the auditors on the ongoing audit and the audit of the Annual Report. Furthermore, the Rules of Procedure of the Supervisory Board prescribe that DSV's auditors must attend the Board meeting where the Group's Annual Report is adopted to present reports on the ongoing audit work.

The composition of the Supervisory Board

In accordance with its Articles of Association, DSV is managed by a Supervisory Board consisting of three to nine members elected by the General Meeting. At present, there are seven members of the Board.

New members of the Supervisory Board will be introduced to DSV and will have a meeting with the Executive Board and a tour of the production facilities, etc. In addition, new Board members receive information to ensure that they have good overview of the activities and strategy of DSV.

The majority of the members of DSV's Supervisory Board are independent and elected by the General Meeting – and there are no Executive Board members on the Supervisory Board.

The Annual Report lists the executive functions of the individual Board members, page 73. The Board members are elected for a term of three years, which ensures continuity in the Supervisory Board. No age limits apply to Board members.

The Supervisory Board holds ten ordinary meetings per year. In addition, the Board held two strategy meetings and six extraordinary meetings in 2005.

All Board members participate actively in the Company's overall management and receive all relevant information for this purpose.

The Board has no permanent committees.

Furthermore, the Executive Board's performance is evaluated annually in connection with the review of the remuneration for the Executive Board member.

Remuneration of the Supervisory Board and the Executive Board

DSV aims to ensure a competitive and fair level of remuneration in order to retain and attract members for both the Supervisory Board and the Executive Board. Furthermore, the remuneration reflects the independent performance of the Supervisory Board and the Executive Board and the value they create for the Company.

Each member of the Supervisory Board receives a fixed annual remuneration. The Chairman of the Supervisory Board receives an annual remuneration of three times that of ordinary Board members. Board members are not offered any share options, warrants or other types of bonus schemes. The remuneration of the Supervisory Board is approved in connection with the adoption of the Annual Report by the Annual General Meeting.

Remuneration of the Executive Board is determined by the Supervisory Board and negotiated by the Chairman and Deputy Chairman to guarantee alignment of the interests of the Executive Board and those of the shareholders. The remuneration is a combination of a fixed salary, pension, bonus schemes and the possibility of participating in incentive programmes.

The Company gives a thorough description and overview of existing incentive programmes in this Annual Report in the paragraph on incentive programmes. This section lists the existing incentive programmes of the Supervisory Board and other staff.

The retirement benefit plans to members of the Executive Board are ordinary.

Risk management

DSV has internal procedures and manuals for the purpose of hedging and managing the Group's risks. These procedures and manuals are reviewed on an ongoing basis by the Supervisory Board and include:

- DSV seeks to hedge operational risks by seeking approval of the Supervisory Board for important transactions and investments.
- Currency risks and interest rate risks are managed in accordance with a treasury manual adopted by the Supervisory Board.
- Financial control of subsidiaries is described in a controlling manual.
- Central insurance matters are reported to the Supervisory Board and the framework thereof is laid down in an insurance manual.

The Group has also focused specifically on increasing the speed and volume of reporting in recent years. This guarantees quick and relevant information for the Supervisory Board as well as the Executive Board.

Please refer to 'Risk factors' for further information on risk factors and risk management.

Audit

The Supervisory Board and the auditors conclude an agreement on the audit of the Group's annual report. The Group is subject to statutory requirements for the audit of the Company's annual report and internal control systems. The auditors are elected at the General Meeting for one year at a time and are recommended for election by the Group's Supervisory Board.

The auditors provide a number of non-audit services. These services are closely related to the audit assignment, and the Group has reduced its use of non-audit services considerably in recent years.

The auditors report their observations orally and through long-form audit reports to the Supervisory Board. Accounting policies as well as their appropriateness are discussed in connection with the auditors' report to the Supervisory Board.

Risk Factors

General risks

The operational risks of the DSV Group mainly relate to the transport and logistics sector being exposed to the economic development in general. DSV's business model is based on leasing rather than owning equipment. This ensures a certain degree of operational flexibility which makes it possible to adapt the Group's capacity to the current demand on an ongoing basis.

Consolidation in the transport sector

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

The strategy of DSV is to participate actively in this consolidation process, which implies integration risks in connection with future acquisitions.

Historically, the Group has grown considerably in connection with several acquisitions and has managed to integrate these successfully over time. The latest major acquisitions were Samson Transport A/S in 1997 and DFDS Dan Transport Group in 2000. In February 2006, DSV made a public bid for all shares in Koninklijke Frans Maas Groep NV with the view to integrate the two enterprises.

Partners

It is essential to DSV to maintain good working relations with its European partners in the Road Division for mixed cargo transports to and from the Nordic countries, the Baltic countries, Benelux and the UK. The c-operation relates to the Company's transports between its home markets and the home markets of its European partners. The Air & Sea Division has partners in the countries where the Division does not have own offices. Changes in relation to the partners may affect the Company's international activities.

Staff

DSV's activities are very labour-intensive and are therefore affected by the Group's ability to attract and retain qualified and committed staff.

Financial risks

DSV's international activities imply that the results and balance sheet are affected by various financial risks. The Group has a policy not to speculate in financial risks. Group financial management is therefore only aimed at managing existing financial risks, a task undertaken by the Group's Treasury Department.

Currency risks

The Group's foreign subsidiaries are not affected where costs and income are settled in local currencies. 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, making foreign currency overdrafts or by applying forward exchange transactions.

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 operations and year-end exchange rates for the balance sheet. No hedging is carried out in relation to the Parent's total net investments in subsidiaries.

In general, the Group does not hedge positions in euro as the Danish government leads a fixed exchange-rate policy.

Exchange rate		31 December		Annual average	
Country	Currency	2004	2005	2004	2005
Euro land	EUR	744	746	744	745
UK	GBP	1,049	1,089	1,097	1,090
Norway	NOK	90	93	89	93
Sweden	SEK	83	79	82	80
USA	USD	547	632	599	600

Interest rate risks

The Group's long-term debt is managed centrally by the Group's Treasury Department. Interest rates and loan terms are adjusted to market levels on an ongoing basis. The interest rate risk is hedged by raising loans with fixed or variable interest rate and using interest rate swaps or interest rate caps where the Group pays a fixed rate and receives a variable rate.

Credit risks

The Group's credit risks relate to its debtors. The Group has issued an internal credit limit for each individual debtor. Where credits issued exceed these credit limits, insurance for the outstanding amount is taken out with a credit insurance company. Historically, owing to this procedure the Group has experienced few bad debts.

Liquidity risks

The Group's Treasury Department is responsible for ensuring that there is always sufficient liquidity to meet the Group's liabilities.

The cash resources are ensured through short-term credit lines and binding credit commitments which are deemed to be sufficient to realise the Group's strategy.

If the Group succeeds in realising a major acquisition, new binding credit facilities will be required. Such an acquisition will therefore require active involvement from the Group's financial partners.

The DSV share

The share capital is listed on the Copenhagen Stock Exchange under the abbreviation DSV and the ISIN code DK0010262914.

At 31 December 2005, the share capital equalled a nominal value of DKK 41,792,286, and 20,896,143 shares had been issued with a denomination of DKK 2.00.

The Company's register of shareholders is kept by Danske Bank A/S.

The DSV share in 2005

At the end of 2005, the DSV share was listed at a price of DKK 770.00 per share with a nominal amount of DKK 2, and compared with the listed price of DKK 371.00 per share with a nominal amount of DKK 2.00 at the end of 2004, the DSV share increased by DKK 399.00 or 108% in 2005.

In 2005, the OMXC20 Index of the Copenhagen Stock Exchange went up by 37%, and the DSV share outperformed the OMXC20 Index by more than 71 percentage points.

The DSV share was among the most traded shares on the Copenhagen Stock Exchange with a daily average turnover of 106,217 shares.

At year-end 2005 DSV's market capitalisation was DKK 16.1 billion.

Dividends

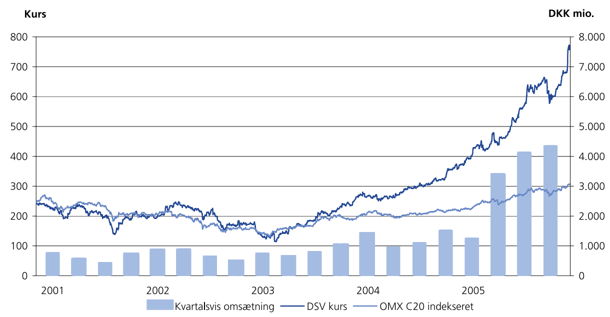
The Supervisory Board proposes an unchanged ordinary dividend of DKK 2.50 per share.

The dividend will be distributed to DSV's shareholders with deduction of 28% dividend tax payable in Denmark.

Date of dividend distribution

Annual General Meeting	28 April 2006
Cut-off date for dividend	28 April 2006
DSV share traded ex-dividend	1 May 2006
Distribution of dividend	4 May 2006

Development in DSV's share price compared with the KFX Index and total amount of DSV shares traded



Share buy-back

In the financial year 2005, DSV acquired a total of 1,472,992 treasury shares at a total acquisition price of DKK 825 million.

After the end of the financial year, from 31 December 2005 until and including 9 January 2006 when the share buy-back programme was suspended due to the anticipated merger with Koninklijke Frans Maas Groep N.V., DSV bought another 13,000 shares at a total acquisition price of DKK 11 million.

Cancellation of treasury shares

The purpose of the share buy-back programmes is to reduce DSV's share capital.

The Annual General Meeting of DSV for the financial year 2004 decided, at the recommendation of the Supervisory Board, to reduce the share capital by a nominal DKK 3,600,000 through the cancellation of 1,800,000 treasury shares acquired at an average price of DKK 306.43 per share with a nominal amount of DKK 2.00.

The Supervisory Board will submit a proposal to reduce DSV's share capital by a nominal amount of approx. DKK 1,500,000 corresponding to 750,000 shares at the Annual General Meeting relating to the financial year ended 31 December 2005.

Policy for treasury shares

At 28 February 2006, the Company held 1,095,863 treasury shares equal to 5.24% of the share capital. The Company has acquired treasury shares in order to meet the requirements of the Company's incentive programmes and as a consequence of initiated share buy-back schemes.

Category	Total shareholding	Price 31.12.2005 (DKKm)
Executive Board	87,594	67
Supervisory Board	279,631	215
Others	72,357	56
Total	439,582	338
Total shares	20,896,143	16.090

Shareholder composition, registered shareholders

DSV A/S had a total of 15,880,458 registered shares corresponding to 76% of the share capital at 31 December 2005.

Category	Proportion of share capital (%)
Foundations	45
Corporate	8
Private	16
Staff	2
DSV A/S	5
Not registered	24
Total	100

Category	Proportion of share capital (%)
Denmark	58
Foreign countries	18
Not registered	24
Total	100

Shareholders to be disclosed under section 28b of the Danish Public Companies Act

Shareholder	Proportion of share capital (%)
ATP, Hillerød, Denmark	8,00
DSV, Brøndby, Denmark	5,17

List of analysts

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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 at all times is reflected in the expectations for DSV.

DSV holds investor meetings for analysts and investors, e.g. in connection with the publishing of interim reports. The meetings are webcast to ensure that all stakeholders obtain the same high level of information about DSV. Webcasting activities are done together with the Copenhagen Stock Exchange. Furthermore, DSV's Management holds road shows in Denmark and abroad to the widest possible extent.

All interim reports and selected stock exchange announcements are sent to all registered shareholders and to everybody who has signed up for DSV's free e-mail updates.

In addition, DSV publishes a news magazine, DSV Moves, on a quarterly basis. DSV aims to make the investor pages at www.dsv.dk a natural venue and a complete source of information for current and potential investors.

All announcements to the Copenhagen Stock Exchange can be found on the DSV website to the extent that they are electronically available.

Financial calendar

The financial calendar lists the expected dates for the publishing of stock exchange announcements for the financial year ending 31 December 2006:

Date	Stock exchange announcement
27 April 2006	Q1 report 2006
28 April 2006	Annual General Meeting
31 July 2006	Interim Announcement 2006
31 October 2006	Q3 report 2006

If the contemplated acquisition of the shares in Koninklijke Frans Maas Groep N.V. is accomplished, the 2006 financial calendar will be revised.

CONSOLIDATED ANNUAL REPORT – INCOME STATEMENT

(DKKm)	Note	2004	2005
Revenue	2	18,092	23,015
Direct costs		14,229	18,348
Gross profit		3,863	4,667
Other external expenses		896	1,090
Staff costs	3	1,904	2,245
Operating profit before depreciation, amortisation and impairment of goodwill and special items		1,063	1,332
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	4	209	209
Operating profit before impairment of goodwill and special items		854	1,123
Impairment of goodwill		10	0
Special items, net	5	567	(59)
Operating profit (EBIT)		1,411	1,064
Share of results after tax of associates	12	(2)	0
Financial income	6	27	41
Financial expenses	7	135	121
Profit before tax		1,301	984
Tax on profit for the year	8	188	288
Net profit for the year		1,113	696
Net profit for the year is attributable to:			
Shareholders of DSV A/S		1,083	658
Minority interests		30	38
Earnings per share	9		
Earnings per share:			
Earnings per share of DKK 2 (DKK)		53.9	32.4
Diluted earnings per share of DKK 2 (DKK)		47.8	31.2
Diluted adjusted earnings per share of DKK 2 (DKK)		23.3	34.4

CONSOLIDATED ANNUAL REPORT – BALANCE SHEET, ASSETS

(DKKm)	Note	2004	2005
Non-current assets			
Intangibles			
Goodwill	10	2,157	2,860
IT software	10	104	99
Customer relationships	10	29	121
Other intangibles	10	26	24
Total intangibles		2,316	3,104
Property, plant and equipment			
Land and buildings	11	1,635	1,821
Other plant and operating equipment	11	418	486
Property, plant and equipment in progress	11	107	55
Total property, plant and equipment		2,160	2,362
Other non-current assets			
Investments in associates	12	6	5
Other securities	13	10	11
Deferred tax asset	16	125	153
Other receivables		7	17
Other non-current assets		148	186
Total non-current assets		4,624	5,652
Current assets			
Trade and other receivables	14	3,165	4,352
Prepayments		60	60
Cash		172	385
Total current assets		3,397	4,797
Total assets		8,021	10,449

CONSOLIDATED ANNUAL REPORT – BALANCE SHEET, EQUITY AND LIABILITIES

(DKKm)	Note	2004	2005
Equity			
Share capital	15	42	42
Hedging reserve		(4)	2
Foreign currency translation reserve		(15)	22
Retained earnings		2,926	3,092
Proposed dividend		158	54
DSV A/S shareholders' share of equity		3,107	3,212
Minority interests		84	111
Total equity		3,191	3,323
Liabilities			
Non-current liabilities			
Deferred tax	16	71	97
Pensions and similar obligations	17	264	348
Provisions	18	128	131
Financial liabilities	19	485	1,852
Other long-term liabilities		8	35
Total non-current liabilities		956	2,463
Current liabilities			
Financial liabilities	19	974	702
Trade and other payables	20	2,813	3,859
Corporation tax		69	78
Provisions	18	18	24
Total current liabilities		3,874	4,663
Total liabilities		4,830	7,126
Total equity and liabilities		8,021	10,449

Notes without reference:	
Accounting policies	1
Collaterals, contingent liabilities, other financial liabilities, etc.	21
Acquisition of enterprises and activities	22
Fee to auditors appointed by the General Meeting	23
Derivative financial instruments	24
Incentive programmes	25
Related parties and related-party transactions	26
Segment information	27
New accounting regulation	28
Transition to IFRS	29

Statement of total gains and losses – 2004

(DKKm)	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings (loss)	Proposed dividend	DSV A/S shareholders' share of total gains and losses	Minority interests	Total gains and losses
Foreign currency translation adjustment, foreign enterprises			(15)			(15)	(2)	(17)
Value adjustment of hedging instruments		3				3		3
Actuarial losses/gains				(26)		(26)		(26)
Other adjustments				6		6		6
Tax on changes in equity		(1)		16		15		15
Net income recognised directly in equity	0	2	(15)	(4)	0	(17)	(2)	(19)
Net profit for the year				925	158	1.083	30	1.113
Total gains and losses	0	2	(15)	921	158	1,066	28	1,094

Statement of changes in equity - 2004

(DKKm)	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings (loss)	Proposed dividend	DSV A/S shareholders' share of total gains and losses	Minority interests	Total equity
Equity at 1 January 2004	42	0	0	2,313	44	2,399	78	2,477
Reclassification		(6)		6		0		0
Changes in accounting policies	0	0	0	(101)	0	(101)	(6)	(107)
Restated equity at 1 January 2004	42	(6)	0	2,218	44	2,298	72	2,370
Total gains and losses for the year	0	2	(15)	921	158	1,066	28	1,094
Dividends					(46)	(46)	(1)	(47)
Share buy-back				(287)		(287)		(287)
Share premium for the year				74		74		74
Addition/disposal minority interests						0	(15)	(15)
Dividend, treasury shares					2	2		2
Total change in equity in 2005	0	2	(15)	708	114	809	12	821
Equity at 31 December 2005	42	(4)	(15)	2,926	158	3,107	84	3,191

CONSOLIDATED ANNUAL REPORT – STATEMENT OF TOTAL GAINS AND LOSSES AND CHANGES IN EQUITY

Statement of total gains and losses – 2005

(DKKm)	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings (loss)	Proposed dividend	DSV A/S shareholders' share of total gains and losses	Minority interests	Total gains and losses
Foreign currency translation adjustment, foreign enterprises			37			37	5	42
Value adjustment of hedging instruments, year-end		8				8		8
Actuarial losses/gains				2		2		2
Other adjustments				(39)		(39)	(5)	(44)
Tax on changes in equity				1		1		1
Foreign currency translation adjustment, foreign enterprises		(2)		28		26	1	27
Net income recognised directly in equity	**0**	**6**	**37**	**(8)**	**0**	**35**	**1**	**36**
Net profit for the year				604	54	658	38	696
Total gains and losses	0	6	37	596	54	693	39	732

Statement of changes in equity – 2005

(DKKm)	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings (loss)	Proposed dividend	DSV A/S shareholders' share of total gains and losses	Minority interests	Total equity
Equity at 1 January 2005	42	(4)	(15)	2,926	158	3,107	84	3,191
Total gains and losses for the year	0	6	37	596	54	693	39	732
Dividends					**(172)**	**(172)**	-2	**(174)**
Share buy-back				(825)		(825)		(825)
Cancellation of treasury shares[1)]	(3)			3		0		0
Capital increase, including share premium	3			392		395		395
Addition/disposal minority interests						0	(10)	(10)
Dividend, treasury shares					14	14		14
Total changes in equity in 2005	0	6	37	166	(104)	105	27	132
Equity at 31 December 2005	42	2	22	3,092	54	3,212	111	3,323

1) For further details on the capital reduction, please refer to page 23 of the Management's review.
For details on the disposal of profit, please refer to the statement of changes in equity in the financial statements of DSV A/S on page 62.

(DKKm)	Note	2004	2005
Profit before tax		1,301	984
Adjustment, non-cash operating items etc.			
Amortisation, depreciation and impairment losses		219	209
Special items		(571)	(1)
Share-based remuneration		0	2
Provisions		(24)	76
Financial income		(27)	(41)
Financial expenses		135	121
Cash flow from operating activities before changes in working capital		1,033	1,350
Changes in working capital		(147)	(184)
Financial income, paid		16	41
Financial expenses, paid		(121)	(115)
Cash flow from operating activities		781	1.092
Corporation tax paid		(182)	(253)
Cash flow from operating activities		599	839
Acquisition of intangibles		(60)	(10)
Acquisition of property, plant and equipment		(358)	(403)
Sale of property, plant and equipment		178	187
Acquisition of subsidiaries and activities	22	(199)	(779)
Divestment of subsidiaries and activities	22	936	4
Acquisition of associates		0	0
Change in other financial assets		7	(3)
Cash flow from investing activities		504	(1,004)
Free cash flow		(1,103)	(165)
Proceeds from the incurrence of non-current liabilities		0	1.350
Other changes in non-current liabilities		(922)	23
Change in current liabilities		33	(348)
Shareholders:			
Dividends		(44)	(158)
Capital increase		74	395
Fee concerning warrants issue		0	(66)
Distribution to minority interests		(1)	(2)
Share buy-back		(287)	(822)
Cash flow from financing activities		(1,147)	372
Net change in cash and cash equivalents		(44)	207
Foreign currency translation adjustments		(5)	6
Cash at 1 January		221	172
Cash at 31 December		172	385

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

Free cash flow adjusted for the effect of acquisition and divestment of enterprises		1,103	(165)
Acquisition of subsidiaries and activities		199	779
Divestment of subsidiaries and activities		(936)	(4)
Normalisation of working capital in acquired enterprises and activities		30	62
Adjusted free cash flow		396	672

CONSOLIDATED NOTES

Note 1 – Accounting policies

The 2005 Annual Report of DSV A/S 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 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 is also in compliance with the International Financial Reporting Standards issued by the IASB. Amounts in the Annual Report are stated in Danish kroner (DKK).

This Annual Report is the first annual report presented according to IFRS. To implement the transition, IFRS 1 'First-time adoption of IFRS' has been applied.

Accounting policy changes

Due to the adoption of IFRS, the accounting policies of both the Group and the Parent have changed in several fields.
In pursuance of IFRS 1, the opening balance sheet at 1 January 2004 and the comparative figures for 2004 have been prepared in accordance with the IFRS/IAS and IFRIC/SIC standards in force at 31 December 2005. However, the updated IAS 19 'Employee Benefits' which will enter into force on 1 January 2006, but provides for premature implementation, has been prematurely implemented. The opening balance sheet at 1 January 2004 has been prepared as if these standards and interpretations had always applied, except for the special transitional and commencement provisions described below.

The accounting effect of the transition to IFRS is described in note 29.

Explanation of accounting policy changes at transition to IFRS Business combinations

DSV makes use of the option offered in IFRS 1 to maintain the current classification of business combinations in the financial statements made prior to 1 January 2004. The carrying amount of goodwill calculated under the previous policies of the Group has been the entered as the cost of goodwill in the opening balance sheet at 1 January 2004 calculated according to IFRS. At 1 January 2004, goodwill was tested for impairment to determine that its recoverable amount exceeds its carrying amount.

Goodwill and other intangibles with indefinite useful lives are no longer to be amortised. Instead impairment tests must be made on an ongoing basis to ensure that the assets have a value that at least equals the carrying amount. Other intangibles deemed to have definite useful lives will still be systematically amortised.

Restructuring costs for business combinations may no longer be recognised in the opening balance sheet for the business combination, but must be charged to the income statement.

In future, contingent liabilities with a reliable fair value will be recognised in the opening balance sheet of the business combination.

Employee benefits

Employee benefits include pension obligations and similar obligations.

The recognition basis of pensions is changed with retroactive effect as from 1 January 2004. According to IFRS 1, non-recognised gains and losses as at this date are taken directly to equity. Total equity is thus negatively affected by the recognition of actuarial gains and losses.

DSV has opted for a premature implementation of IAS 19 (updated in 2004). In pursuance of IFRS 1, the new IAS 19 has thus been implemented with retroactive effect as from 1 January 2004. Consequently, the expected pension cost is recognised in the income statement, whereas actuarial gains and losses arising after 1 January 2004 are recognised directly under equity when ascertained. The change in the results for 2004 reflects the difference between the previously used corridor approach and IAS 19.

Demolition liabilities etc.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. According to IAS 16, cost of assets at the first recognition also includes the present value of estimated demolition and restoration costs that the Group is obliged to bear.

According to interpretations IFRIC 1, cost of assets also includes subsequent adjustments of the demolition liability other than indexation as a consequence of the interest element, cf. below.

Capitalised costs are included in the basis of depreciation and impairment losses and depreciation is charged to the income statement. In addition, the demolition liability will be indexed annually, and the relevant costs will be included in financial expenses.

The recognition of property, plant and equipment is adjusted with retroactive effect as from 1 January 2004 so that the present value of estimated demolition and restoration costs less accumulated depreciation will be recognised as an asset, whereas the demolition liability is recognised as a liability. Total equity at 1 January 2004 is consequently affected negatively.

Share-based compensation plans

DSV uses the transitional provision of IFRS 1 and IFRS 2 stipulating that the requirements of IFRS 2 regarding recognition and measurement are not applied on options and warrants granted to the employees after 7 November 2002 and vested before 1 January 2005. Application of these standards will be recognised directly in equity.

Therefore, the consolidated financial statements will not be affected by the options and warrants granted up to and including 2004 as they had already been vested at the transition to IFRS.

DSV's costs for future share-based compensation plans are charged to the income statement as staff costs. Costs will be determined at the fair value of the options granted.

Financial instruments

IAS 32 and IAS 39 were not implemented until 1 January 2005, and therefore comparative figures for 2004 have not been restated for financial instruments.

Minority interests

Minority interests' proportionate share of the net profit and equity of subsidiaries are entered as an integral part of the net profit and equity for the year.

Foreign currency translation reserve

Foreign currency adjustments on translation of income statements and balance sheets of foreign entities continue to be recognised in equity as a separate foreign currency translation reserve. In accordance with IFRS 1, the Group has opted to reset this reserve to zero at 1 January 2004. Accordingly, only foreign currency translation adjustments made after 1 January 2004 are stated as a separate reserve.

Deferred tax

The effect on deferred tax assets and liabilities due to the accounting policy changes has been recognised.

Functional currencies

At the transition to IFRS, the Group has determined the functional currency of all reporting entities.

Reclassifications

In addition to the accounting policy changes, the following reclassifications and format changes with restatement of comparatives for 2004 have been made:

The assets are presented as either non-current or current assets instead of the previous term fixed assets and current assets.

Deferred tax assets are classified as non-current assets. So far, deferred tax assets have been classified as current assets.

Deferred tax liabilities, pension obligations and similar obligations as well as provisions are no longer presented as a separate main group (provisions) in the balance sheet, but included in current and non-current liabilities. These reclassifications have not affected net profit and equity.

Cash flow statement

According to IFRS, the conclusion of financial leases for non-current assets is considered non-cash investments, while they were included in both cash flows from investing activities and financing activities under the former accounting policies.

Financial highlights

The financial highlights for 2000/01-2003 have not been restated in accordance with the accounting policy changes, which means that they correspond to the key figures and ratios stated in the 2004 Annual Report. The restatements required to revise the comparative key figures and ratios for 2000/01-2003 to meet the IFRS criteria correspond to the restatements made in the opening balance sheet at 1 January 2004, as mentioned above.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements include DSV A/S, the Parent, 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 through direct or indirect ownership or exercise of more than 50% of the voting rights, or if the enterprise is otherwise controlled. Enterprises not controlled by the Group, but in which the Group has considerable interest, are considered associates. Considerable interest is usually obtained through direct or indirect ownership or exercise of more than 20% of the voting rights, but less than 50%. When assessing whether DSV A/S controls or has a considerable interest, potential voting rights must be taken into account.

The consolidated financial statements have been prepared in accordance with the accounting policies of the Group by consolidating the financial statements of the Parent and the individual subsidiaries 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.

Business combinations

Recently acquired or established enterprises are recognised in the consolidated financial statements as from the date of acquisition. Enterprises divested or wound up are recognised in the consolidated income statement until the date of disposal. Comparative figures are not adjusted for enterprises recently acquired, divested or wound up.

On acquisition of enterprises over which the Parent obtains control, the purchase method is applied. Identifiable assets, liabilities and contingent liabilities of the enterprises acquired 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 their fair value may be measured on a reliable basis. Deferred tax is recognised for the revaluation.

As regards business combinations made on or after 1 January 2004, positive differences (goodwill) between 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 rate ruling at the date of acquisition.

As regards business combinations made before 1 January 2004, the classification in the financial statements has been made according to the previous accounting policies. Goodwill is recognised at the cost of acquisition recognised in accordance with the previous accounting policies (Danish Financial Statements Act and Danish accounting standards) less amortisation and write-downs until 31 December 2003. Goodwill is not amortised after 1 January 2004. The accounting treatment of business combinations before 1 January 2004 has not been revised in connection with the opening balance sheet at 1 January 2004. Goodwill recognised in the opening balance sheet has been tested for impairment at 1 January 2004.

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 it subsequently turns out that the identifiable assets, liabilities and contingent liabilities had a different fair 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 the deferred tax assets of the acquired enterprise 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 disposal or winding up of subsidiaries and associates are stated as the difference between the disposal consideration or winding up loss and the carrying amount of the net assets, including goodwill, at the date of disposal as well as selling or winding up costs. To the extent that goodwill from companies acquired before 1 January 2004 were written off immediately in equity, the carrying amount of goodwill is DKK 0 at the date of disposal.

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.

CONSOLIDATED NOTES

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 rate ruling at the transaction date. Exchange differences between the exchange rates at the transaction date and the date of payment are recognised in the income statement under financial income or financial expenses.

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

On recognition in the consolidated financial statements of foreign enterprises whose functional currency differs from the presentation currency of DSV A/S, the income statements are translated at the exchange rate ruling at the transaction date, and the balance sheet items are translated at the exchange rate ruling at the balance sheet 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 rates 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 balance sheet date and on translation of the income statements from the exchange rates ruling at the transaction dates to the exchange rate ruling at the balance sheet date are recognised directly in equity 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 are recognised directly in equity in the consolidated financial statements if the intra-Group balance is denominated in the functional currency of the Parent or the foreign enterprise. Exchange gains and losses on loans and derivative financial instruments which are designated as hedges of net investments in foreign enterprises whose functional currency differs from that of DSV A/S and which effectively hedge against corresponding exchange gains and losses on the net investment in the enterprise are also recognised directly in equity 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 A/S, their share of the net profit for the year is translated using the average exchange rate, and their share of equity, including goodwill, is translated using the exchange rate ruling at the balance sheet date. Exchange differences arising on translation of foreign associates' share of equity at the beginning of the year at the exchange rates ruling at the balance sheet date and on translation of the their share of the net profit for the year from the average exchange rate to the exchange rate ruling at the balance sheet date are recognised directly in equity as a separate foreign currency translation reserve.

Derivative financial instruments

Derivative financial instruments are recognised and measured at fair value. Positive and negative fair values of derivative financial instruments are included in current assets or current provisions. Positive and negative values are only set off 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 pricing 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. Hedging of future cash flows pursuant to contract, except for hedging of foreign currency risks, is treated as a fair value hedge of a recognised asset or liability.

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 instrument are recognised in equity as a separate hedging reserve. When a hedged transaction is carried out, any gains or losses are transferred from equity and recognised in the same item as the hedged instrument. When hedging proceeds from future borrowings, 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 financial income or financial expenses.

Changes in the fair value of derivative financial instruments which are used to hedge net investments in foreign subsidiaries or associates and which effectively hedge against the foreign currency risks of these enterprises are recognised directly in equity as a separate foreign currency translation reserve.

Accounting estimates and assessments

In determining the carrying amounts of certain assets and liabilities, an estimate of the effect of future events on the value of these assets and liabilities at the balance sheet date is required. Such estimates of importance to the financial reporting are made, *i.a.*, when determining:
- Accrual basis of forwarding in progress;
- Provisions for loss on receivables;
- Amortisation, depreciation and impairment losses;
- Fair values of share incentive programmes;
- Recognition and measurement of intangibles at business combinations;
- Assessment of recoverable amounts;
- Breakdown of property, plant and equipment,
- Defined benefit pension plans and similar obligations; provisions, including demolition liabilities; and contingent liabilities and assets.

The estimates used are based on assumptions deemed by Management to be reasonable, but in the nature of things such estimates are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may arise. Moreover, the enterprise is subject to risks and uncertainties that may cause results that deviate from these estimates.

The notes also disclose information on assumptions concerning the future and other estimation uncertainties at the balance sheet date implying a risk of changes that may lead to a material adjustment of the carrying amounts of assets and liabilities within the next financial year.

Income statement

Revenue

Revenue comprises orders and services invoiced as well as changes in the value of freight forwarding. All kinds of discounts, including cash discounts, are recognised in the revenue. Revenue is measured exclusive of VAT and other taxes 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, staff costs for own staff used for fulfilling orders, other direct costs as well as other operating costs.

Other external expenses

Other external expenses comprise expenses relating to marketing, IT, rent, training and education, office premises, travelling and communications as well as other selling costs 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 of a non-recurring nature. Such items are presented separately to make the income statement comparable.

Profit from investments in associates in the consolidated financial statements

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 securities, payables and foreign currency transactions as well as amortisation of financial assets and liabilities. Furthermore, realised and unrealised gains and losses on derivative financial instruments that cannot be classified as hedging contracts are included.

Tax on profit for the year

DSV A/S is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated to the jointly taxed Danish companies in proportion to their taxable income. The jointly taxed Danish companies are taxed under the tax prepayment scheme.

Tax for the year comprises current tax and changes in deferred tax. The share attributable to the net profit for the year is recognised in the income statement, and the share attributable to entries directly to equity is recognised directly in equity.

If the DSV 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 in 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 equity.

Balance sheet

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. Due to the integration of enterprises acquired into the existing Group, Management finds that the lowest level of cash generating units to which the carrying amount of goodwill may be allocated is the legal entities in the individual countries in the divisions of Road, Air & Sea and Solutions.

The carrying amount of goodwill at 1 January 2004 (date of transition to IFRS) was tested for impairment.

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 depreciation and impairment losses. Customer relationships are amortised on a straight-line basis over the expected duration of these customer relations.

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.

After its entry into service, IT software is depreciated 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 selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under depreciation, amortisation and impairment losses.

Other intangibles

Other intangibles are amortised on a straight-line basis over their expected useful lives. The amortisation period is 10 years.

Property, plant and equipment

Land and buildings, technical plant and machinery, other plant and operating equipment as well as leasehold improvements 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 restoration costs are added to cost if such costs are recognised as a liability. If the individual parts of an asset have different useful lives, each part will be depreciated separately.

Leases for property, plant and equipment under which the Group assumes all material risks and benefits of ownership (finance leases) are recognised in the balance sheet at the lower of their fair value and the present value of future lease payments at the date of acquisition. When the present value is calculated, the implicit interest rate of the lease, or an approximate value, is applied as the discount rate. Assets under finance leases are depreciated and tested for impairment as the Company's other property, plant and equipment.

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 amounts of the replaced parts are 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:

Technical plant and machinery	6-10 years
Other plant and operating equipment	4-8 years
Leasehold improvements	10 years, but not beyond the term of the lease

CONSOLIDATED NOTES

The depreciation basis takes into account the residual value of the asset and is reduced in case of any impairment losses. The residual value is calculated on the date of acquisition and revised 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 selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under depreciation, amortisation and impairment losses.

Investments in associates in the consolidated financial statements

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.

Receivables

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

Prepayments recognised under assets include costs and expenses paid in relation to subsequent financial years.

Impairment of non-current assets

Goodwill and intangibles with indefinite useful lives are 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 cash generating unit 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 generally calculated as the present value of the expected future net cash flows from the enterprise (cash generating unit) to which the goodwill is associated. Goodwill impairment is recognised as a separate item in the income statement.

Deferred tax assets are tested for impairment annually and written down if it is deemed probable that the deferred tax asset cannot be set off against tax on future income or through set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. The test takes into account the type and nature of the recognised deferred tax asset, the estimated time frame of the elimination of the deferred tax asset, tax planning possibilities, etc.

The carrying amounts of other non-current assets are calculated once a year to determine whether there is an indication of impairment. If so, their recoverable amounts are calculated. The recoverable amount is the higher of the fair value of the asset after deducting the expected disposal costs and the value in use.

Impairment losses are recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or unit. Impairment losses are recognised in the income statement under depreciation, amortisation and impairment losses. Impairment of goodwill is, however, shown as a separate item in the income statement.

Impairment of goodwill cannot be 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.

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 or the issue of shares in DSV A/S in connection with the exercise of share options or employee shares are recognised directly in equity.

Foreign currency translation reserve

In the consolidated financial statements, 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 the net investment or part thereof, the foreign currency translation adjustments will be charged to the income statement.

The foreign currency translation reserve was reset on 1 January 2004 in accordance with IFRS 1.

Incentive programmes

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

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

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 or warrants 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 and warrants that the employees are expected to acquire. The estimated number of options and warrants is adjusted subsequently to reflect the actual number of options and warrants vested.

The fair value of the options and warrants 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 and warrants.

Pension obligations

Obligations relating to contributory pension plans are recognised in the income statement in the period in which they are earned, and contributions payable are recognised in the balance sheet under 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 calculated actuarial value in use 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 difference between the expected development in pension assets and liabilities and the realised values are referred to as actuarial gains or losses. As part of the transition to IFRS, accumulated actuarial gains and losses have been fully recognised in the opening balance sheet at 1 January 2004. Subsequent actuarial gains or losses are recognised directly in equity. Accumulated gains and losses recognised directly in equity are disclosed in the notes.

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 a past service cost. 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.

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 amounts and the tax value of assets and liabilities. No recognition is made of deferred tax on temporary differences relating to amortisation of goodwill disallowed for tax purposes, office properties and other items 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 or jurisdiction.

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 balance sheet date under current legislation when 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.

Provisions

Provisions are recognised when, due to an event occurring before or at the balance sheet 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.

When provisions are measured, the costs necessary to settle the obligation are discounted to net present value if such a discount 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 Denmark with the addition of 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. Provisions are measured on the basis of Management's best estimate of the amount at which it expects to be able to settle the relevant obligation.

Restructuring expenses are recognised when a detailed, formal restructuring plan has been made before or at the balance sheet 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 enterprises acquired are subject to an obligation at the date of acquisition.

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

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

Mortgage loans and bank 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 Group enterprises and associates as well as other payables, are measured at the net realisable value.

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

CONSOLIDATED NOTES

Cash flow from investing activities

Cash flow from investing activities comprise 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.

Cash flow from financing activities

Cash flow from financing activities comprise 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 (the Group's primary segment reporting format) and geographical markets (the Group's secondary segment reporting format). Segments are 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 property, plant and equipment and intangibles 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 inventories, 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.

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

Definition of key figures and financial ratios

Net interest-bearing debt

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

Invested capital including goodwill

The sum of property, plant and equipment and intangibles exclusive of goodwill and customer relationships, inventories, receivables, other operational current assets and the acquisition cost of goodwill and customer relationships less trade and other payables, other operational current liabilities, other provisions, other non-current operational liabilities, writedown for impairment losses on goodwill and customer relationships and negative goodwill. Gross margin ratio

Gross profit multiplied by 100 and divided by revenue.

EBITDA margin

Operating profit before depreciation, amortisation and 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 divided by revenue.

ROIC inclusive of goodwill

Operating profit before impairment of goodwill and special items multiplied by 100 and divided by average invested capital inclusive of goodwill.

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.

Equity ratio

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

Earnings per share

The DVS A/S shareholders' share of net profit for the year divided by the average number of shares.

Diluted earnings per share

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

Adjusted earnings

The DSV A/S shareholders' share of the net profit for the year, adjusted for amortisation and impairment of goodwill and other intangibles acquired in connection with acquisitions and special items, net.

Diluted adjusted earnings per share

Adjusted earnings per share divided by the average number of 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

The 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.

Average number of diluted shares

Average number of shares outstanding during the year inclusive of warrants and options.

Note 2 – Revenue (DKKm)	2004	2005
Goods and services, Denmark	5,251	5,794
Goods and services, export/foreign countries	12,801	17,166
Other income	40	55
Total revenue	18,092	23,015

Note 3 – Staff costs		
Salaries and wages etc.	2,386	2,886
Defined contribution pension plans, cf. note 17	170	197
Defined benefit pension plans, cf. note 17	34	35
Other expenses for social security	268	326
Share-based remuneration	0	2
	2,858	3,446
Transferred to direct costs	(954)	(1,201)
Total staff costs	1,904	2,245
Number of staff (persons)	9,225	11,619
Salaries and bonuses for the Group Management	17	13
Remuneration for the Supervisory Board of the Parent	1	2

For information on pensions for Group Management, please refer to note 17.
For information on the exercise of share options and warrants by the Executive Board, please refer to note 25.

Note 4 – Depreciation, amortisation and impairment of property, plant and equipment and intangibles		
Depreciation and amortisation		
IT software developed in-house	15	20
Customer relationships	1	10
Other intangibles	2	4
Buildings	53	59
Other plant and operating equipment	154	155
Net profit from the divestment of property, plant and equipment	(16)	(40)
Total depreciation and amortisation of property, plant and equipment and intangibles	209	208
Impairment		
Impairment	0	1
Total impairment of property, plant and equipment and intangibles	0	1
Total depreciation, amortisation and impairment of property, plant and equipment and intangibles	209	209

Note 5 – Special items		
Special items, income		
Profit on sale of activities and enterprises including adjustments relating to previous years	574	1
Gain from change in pension plan	0	11
Special items, total income	574	12
Special items, costs		
Restructuring costs	0	63
Impairment losses, current assets	3	3
Loss on the disposal of activity	4	5
Special items, total costs	7	71
Special items, net	567	(59)

CONSOLIDATED NOTES

Note 6 – Financial income

(DKKm)	2004	2005
Interest receivable	27	41
Total financial income	**27**	**41**

Note 7 – Financial expenses

	2004	2005
Interest payable	91	115
Borrowing costs [1)]	43	0
Foreign currency translation adjustments, net	1	6
Total financial expenses	**135**	**121**

1) In 2004, DKK 43 million was included relating to the settlement of borrowing costs in connection with the disposal of DSV Miljø A/S.

Note 8 – Tax

	2004	2005
The tax for the year is calculated as follows:		
Tax on profit for the year	188	288
Tax on changes in equity	(15)	(27)
Total tax for the year	173	261
The tax on profit for the year is calculated as follows:		
Current tax	242	298
Deferred tax	(10)	(9)
Adjustment of tax relating to previous years	(44)	(1)
Total tax on profit for the year	**188**	**288**
The tax on profit for the year breaks down as follows:		
Assessed 28% tax (2004: 30%) on profit for the year before tax	390	276
Adjustment of assessed tax in foreign Group enterprises compared with 28% (2004: 30%)	2	15
Change in deferred tax as a result of change in corporation tax rate	0	(3)
Tax effect of:		
Non-deductible expenses/non-taxable income	15	3
Non-deductible losses/non-taxable gains on shares	(178)	(5)
Adjustment of tax relating to previous years	(44)	(1)
Other adjustments	3	3
	188	288
Effective tax rate	14.4%	29.2%

Note 9 – Earnings per share (DKKm)	2004	2005
Net profit for the year	1,113	696
Share of consolidated net profit for the year attributable to minority interests	30	38
DSV A/S shareholders' share of net profit for the year	1,083	658
Amortisation of customer relationships	1	10
Impairment of goodwill	10	0
Special items, net	(567)	59
Adjusted net profit for the year	527	727
Total average number of shares ('000)	20,886	21,661
Average number of treasury shares ('000)	(800)	(1,349)
Average number of shares ('000)	20,086	20,312
Average dilutive effect of applicable incentive programmes/outstanding subscription rights ('000)	2,558	803
Diluted average number of shares ('000)	22,644	21,115
Earnings per share of DKK 2 (DKK)	53.9	32.4
Diluted earnings per share of DKK 2 (DKK)	47.8	31.2
Diluted adjusted earnings per share of DKK 2 (DKK)	23.3	34.4

Note 10 – Intangibles (DKKm)	Goodwill	IT software	Customer relationships	Other intangibles	Total
Cost at 1 January 2004	2,265	84	0	0	2,349
Additions relating to acquired enterprises	133	0	30	0	163
Additions for the year	0	50	0	28	78
Disposals at cost	(233)	0	0	0	(233)
Foreign currency translation adjustments	2	0	0	0	2
Total cost at 31 December 2004	2,167	134	30	28	2,359
Total amortisation and impairment at 1 January 2004	0	15	0	0	15
Amortisation and impairment for the year	10	15	1	2	28
Total amortisation and impairment at 31 December 2004	10	30	1	2	43
Carrying amount at 31 December 2004	2,157	104	29	26	2,316
Of which, assets under finance leases	0	65	0	0	65
Cost at 1 January 2005	2,167	134	30	28	2,359
Additions relating to acquired enterprises	701	7	102	0	810
Additions for the year	0	8	0	2	10
Disposals at cost	0	(1)	0	0	(1)
Foreign currency translation adjustments	2	0	0	0	2
Total cost at 31 December 2005	2,870	148	132	30	3,180
Total amortisation and impairment at 1 January 2005	10	30	1	2	43
Amortisation and impairment for the year	0	20	10	4	34
Amortisation of assets disposed of	0	(1)	0	0	(1)
Total amortisation and impairment at 31 December 2005	10	49	11	6	76
Carrying amount at 31 December 2005	2,860	99	121	24	3,104
Of which, assets under finance leases	0	57	0	0	57

The total goodwill impairment in 2004 amounted to DKK 10 million, mainly concerning Solutions in Sweden.

The original acquisition cost of goodwill including customer relationships amounts to DKK 3,395 million. The original acquisition cost has been applied for the calculation of ROIC.

At 31 December 2005, Management carried out an impairment test of the carrying amount of goodwill. The assessment based on the test showed no need for writing down for impairment. Goodwill has been allocated to the legal entities in the individual countries in the Road, Air & Sea and Solutions Divisions. At 31 December 2005, the total carrying amounts of goodwill allocated to the three divisions Road, Air & Sea and Solutions were DKK 1,722 million, DKK 1,024 million and DKK 114 million, respectively.

The recoverable amount is based on the value in use as fixed by the application of expected net cash flows based on budgets for the years 2006-09, approved by local management, and a discount rate before tax of 7-11%, and has been compared with the carrying amount of the individual cash flow generating unit. The discount rate has been calculated on the basis of the risk-free interest rate plus specific risks for the individual cash flow generating unit. The specific risks relate to geographical location and the size of the cash flow generating units. An expected long-term growth rate of 2.5% has been applied.

CONSOLIDATED NOTES

Note 11 – Property, plant and equipment (DKKm)	Land and buildings	Technical plant	Other plant and operating equip-ment	Property, plant and equipment in progress	Total
Cost at 1 January 2004	2,318	236	1,410	103	4,067
Reclassifications	78	0	3	(80)	1
Additions relating to acquired enterprises	46	0	20	0	66
Additions for the year	96	0	174	88	358
Disposals at cost	(397)	(236)	(403)	(5)	(1,041)
Foreign currency translation adjustments	7	0	4	1	12
Total cost at 31 December 2004	2,148	0	1,208	107	3,463
Total depreciation and impairment at 1 January 2004	599	157	900	0	1,656
Reclassifications	0	0	1	0	1
Depreciation and impairment for the year	53	0	154	0	207
Depreciation of assets disposed of	(141)	(157)	(268)	0	(566)
Foreign currency translation adjustments	2	0	3	0	5
Total depreciation and impairment at 31 December 2004	513	0	790	0	1,303
Carrying amount at 31 December 2004	1,635	0	418	107	2,160
Of which, assets under finance leases	137	0	151	0	288

Public land assessment values for 2004 of Danish properties owned amount to DKK 728 million. The carrying amount of the Danish properties owned is DKK 552 million.

	Land and buildings	Technical plant	Other plant and operating equip-ment	Property, plant and equipment in progress	Total
Cost at 1 January 2005	2,148	-	1,208	107	3,463
Reclassifications	166	-	(4)	(168)	(6)
Additions relating to acquired enterprises	70	-	80	0	150
Additions for the year	92	-	192	119	403
Disposals at costs	(135)	-	(220)	(1)	(356)
Foreign currency translation adjustments	16	-	10	(2)	24
Total cost at 31 December 2005	2,357	-	1,266	55	3,678
Total depreciation and impairment at 1 January 2005	513	-	790	0	1,303
Reclassifications	1	-	(7)	0	(6)
Depreciation and impairment for the year	59	-	156	0	215
Depreciation of assets disposed of	(42)	-	(166)	0	(208)
Foreign currency translation adjustments	5	-	7	0	12
Total depreciation and impairment at 31 December 2005	536	-	780	0	1,316
Carrying amount at 31 December 2005	1,821	-	486	55	2,362
Of which, assets under finance leases	159	-	185	0	344

Public land assessment values for 2005 of Danish properties owned amount to DKK 501 million. The carrying amount of the Danish properties owned is DKK 522 million.

Note 12 – Investments in associates

(DKKm)	2004	2005
Cost at 1 January	6	7
Additions for the year	1	0
Cost at 31 December	7	7
Value adjustments at 1 January	1	(1)
Transferred to other securities	0	(1)
Value adjustments for the year	(2)	0
Value adjustments at 31 December	(1)	(2)
Carrying amount at 31 December	6	5

(DKKm)	Registered office	Ownership share	Revenue	Net profit for the year	Assets	Liabilities	Equity	DSV Group's share of net profit for the year	DSV Group's share of equity
2004									
Elix E.L. GmbH	Germany	34%	47	0	8	2	6	0	2
Supertrans S.A.	Greece	25%	121	0	45	41	4	0	1
DFDS Logistics (M) Sdn. Bhd.	Malaysia	30%	0	0	0	0	0	0	0
DFDS Transport (Bangladesh) Ltd.	Bangladesh	20%	0	0	0	0	0	0	0
Afatek A/S	Denmark	18%	46	0	55	41	14	0	3
OOO Logistic Center of St. Petersburg	Finland	40%	3	0	0	0	0	0	0

(DKKm)	Registered office	Ownership share	Revenue	Net profit for the year	Assets	Liabilities	Equity	DSV Group's share of net profit for the year	DSV Group's share of equity
2005									
Elix E.L. GmbH	Germany	34%	7	0	6	0	6	0	2
Supertrans S.A.	Greece	25%	146	1	43	39	4	0	1
IDS Logistik GmbH	Germany	27%	40	0	16	10	6	0	2
DFDS Logistics (M) Sdn. Bhd.	Malaysia	30%	2	0	2	2	0	0	0
DFDS Transport (Bangladesh) Ltd.	Bangladesh	20%	1	0	2	1	1	0	0
B&D International GmbH	Germany	50%	14	0	1	0	1	0	0
OOO Logistic Center of St. Petersburg	Finland	40%	3	0	0	0	0	0	0

Note 13 – Other securities

(DKKm)	2004	2005
Cost at 1 January	12	12
Transferred from investments in associates	0	1
Additions for the year	1	5
Disposals for the year	(1)	(5)
Cost at 31 December	12	13
Value adjustments at 1 January	(1)	(2)
Value adjustments for the year	(1)	0
Value adjustments at 31 December	(2)	(2)
Carrying amount at 31 December	10	11

Investments in other securities mainly relate to unlisted shares and other equity investments.

Note 14 – Trade and other receivables

(DKKm)	2004	2005
Trade receivables	2,754	3,649
Receivables from associates	0	2
Prepayments, revenue	246	330
Other receivables etc.	165	371
Trade and other receivables at 31 December	3,165	4,352

Impairment losses of DKK 106 million (2004: DKK 52 million) are included in the above trade receivables at 31 December and recognised under other external expenses.

CONSOLIDATED NOTES

Note 15 - Equity

(DKKm)	2000/01	2002	2003	2004	2005
Share capital					
At year-end 2005, the share capital amounted to DKK 41,792,286 (equalling 20,896,143 shares of DKK 2) as against DKK 42,150,636 (equalling 21,075,318 shares of DKK 2) at year-end 2004.					
Developments in the share capital over the past five years					
Beginning of year	30.6	41.5	41.5	41.5	42.2
Capital increase	10.9	0.0	0.0	0.7	3.2
Capital reduction	0.0	0.0	0.0	0.0	(3.6)
Year-end	41.5	41.5	41.5	42.2	41.8

	Shares of DKK 2		% of share capital		Market value (DKKm)	
	2004	2005	2004	2005	2004	2005
Treasury shares						
Beginning of year	765,371	1,438,395	3.7	6.8	202	534
Purchases	804,065	1,472,992	3.7	7.0	287	825
Sales	(131,041)	(28,583)	(0.6)	(0.1)	(23)	(13)
Capital reduction	0	(1,800,000)	0.0	(8.5)	0	(1,152)
Value adjustment					68	640
Treasury shares, year-end	1,438,395	1,082,804	6.8	5.2	534	834

By authority of the Annual General Meeting, DSV A/S may buy a maximum of 2,089,614 treasury shares, equalling 10% of the share capital, until 29 October 2006.

Treasury shares are bought back for the purpose of the Company's incentive programmes and as a result of share buy-back programmes launched.

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.

Hedging reserve

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

Foreign currency translation reserve

The foreign currency translation reserve comprises all gains and losses resulting from the translation of financial statements of foreign units having a different functional currency from the Group's presentation currency, gains and losses concerning assets and liabilities forming part of the Group's net investment in a foreign unit and gains and losses concerning transactions entered into to hedge the currency element of the Group’s net investment in a foreign unit.

Note 16 – Deferred tax

(DKKm)	2004	2005
Deferred tax at 1 January	10	(54)
Value adjustments, foreign subsidiaries	1	(1)
Deferred tax for the year	(10)	(9)
Adjustment concerning previous years	(30)	22
Tax on equity items	(8)	(11)
Additions relating to acquisitions	(12)	(6)
Disposals on divestments	(5)	0
Other adjustments	0	3
Deferred tax at 31 December	(54)	(56)
Deferred tax asset		
Intangibles	(26)	6
Property, plant and equipment	(2)	(18)
Current assets	2	5
Provisions	59	55
Other liabilities	33	21
Tax losses allowed for carryforward	59	84
Deferred tax asset	125	153
Deferred tax liability		
Intangibles	14	59
Property, plant and equipment	85	79
Current assets	2	0
Provisions	(23)	(34)
Other liabilities	(7)	(7)
Deferred tax liability	71	97
Breakdown of deferred tax		
Deferred tax asset	(125)	(153)
Deferred tax liability	71	97
Deferred tax at 31 December	(54)	(56)
Deferred tax assets not recognised in the balance sheet		
Deferred tax assets not recognised relate to:		
Temporary differences	0	0
Tax losses	26	18
Total deferred tax assets not recognised	26	18

The tax loss may be carried forward indefinitely, but it is uncertain whether the tax loss can be utilised.
The deferred tax asset is therefore not capable of reliable measurement due to uncertainty about the time aspect of its use.

CONSOLIDATED NOTES

Note 17 - Pensions and similar obligations	2004	2005
(DKKm)		
Present value of defined benefit plans	534	688
Fair value of pension plan assets	270	340
Pensions and similar obligations at 31 December	264	348
Development in present value of defined benefit obligation		
Obligation at 1 January	461	534
Foreign currency translation adjustments	(3)	8
Pension costs concerning current financial year	34	35
Calculated interest concerning obligation	23	28
Actuarial losses	24	57
Gain from change in pension plan	0	(11)
Benefits paid	(8)	(9)
Additions relating to acquisitions	3	46
Obligation at 31 December	534	688
Specification of present value of defined benefit obligations at year-end		
Present value of obligations covered in full or in part	398	481
Present value of non-covered obligations	136	207
Present value of defined benefit obligations	534	688
Development in fair value of pension plan assets		
Pension plan assets at 1 January	236	270
Foreign currency translation adjustments	(3)	8
Expected return on pension plan assets	16	18
Actuarial gains	1	19
Payments received	28	29
Benefits paid	(8)	(9)
Additions relating to acquisitions	0	5
Pension plan assets at 31 December	270	340
Pension costs recognised in the income statement		
Pension costs concerning current financial year	34	35
Calculated interest concerning obligation	23	28
Expected return on pension plan assets	(16)	(18)
Gain from change in pension plan	0	(11)
Total recognised for defined benefit plans	41	34
Total recognised for defined contribution plans	170	197
Total recognised in income statement	211	231
The cost is recognised under the following items of the income statement:		
Staff costs	204	232
Special items, net	0	(11)
Financial income	(16)	(18)
Financial expenses	23	28
Total costs recognised	211	231
The following cumulative actuarial gains/losses have been recognised in the statement of total gains and losses since 1 January 2004:		
Cumulative actuarial gains/losses	(23)	(61)
Social security costs relating to actuarial gains/losses	(3)	(9)
Cumulative actuarial gains/losses including social security costs recognised in the statement of gains and losses	(26)	(70)
Breakdown of the pension plan assets:		
Shares	57.2%	59.0%
Bonds	34.5%	33.2%
Properties	7.3%	7.2%
Cash and cash equivalents	1.0%	0.6%
Total	100.0%	100.0%

Note 17 - Pensions and similar obligations (continued)

(DKKm)	2004	2005
Return on pension plan assets		
Actual return on pension plan assets	17	37
Expected return on pension plan assets	16	18
Actuarial gains on pension plan assets	1	19

Actuarial assumptions

The actuarial assumptions applied in calculations and valuations vary from country to country owing to the local economic and social situations. The assumptions applied in the European countries with the most important pension plans are based on the following:

	2004	2005
Discount rate	4.25%-5.40%	3.80%-5.25%
Expected return on pension plan assets	3.85%-6.69%	3.85%-6.24%
Future rate of wage/salary increases	2.00%-4.40%	1.75%-4.40%
Future inflation	2.00%-3.00%	1.75%-3.00%

In defined contribution pension plans, the employer has undertaken to 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 yields, inflation, mortality and disability.

In defined benefit pension plans, the employer has undertaken 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 yields, inflation, mortality and disability.

The pension obligations of Danish enterprises are covered by insurance. Certain foreign enterprises also have insurance cover. Foreign enterprises with no or only partial insurance cover (defined benefit plans) measure the uncovered pension obligations actuarially at the present value as at the balance-sheet date. The Parent only has defined contribution pension plans.

In 2005, an amount of DKK 27 million was paid to members of the Executive Board on the basis of existing pension commitments.

Note 18 – Provisions

(DKKm)	Restructuring costs	Transact. costs	Other	Total
Provisions at 1 January 2004	22	35	49	106
Additions relating to acquisitions	0	0	9	9
Disposals relating to divestment of enterprise	0	0	(4)	(4)
Applied for the year	(1)	(10)	(6)	(17)
Provisions for the year	1	41	10	52
Reclassification	(21)	0	21	0
Provisions at 31 December 2004	1	66	79	146
Expected time frame of the provisions:				
Current provisions	1	0	17	18
Non-current provisions	0	66	62	128
Provisions at 31 December 2004	1	66	79	146
Provisions at 1 January 2005	1	66	79	146
Additions relating to acquisitions	0	0	12	12
Applied for the year	(41)	(66)	(9)	(116)
Provisions for the year	63	0	50	113
Provisions at 31 December 2005	23	0	132	155
Expected time frame of the provisions:				
Current provisions	9	0	15	24
Non-current provisions	14	0	117	131
Provisions at 31 December 2005	23	0	132	155

Other provisions mainly relate to provisions for demolition liabilities for properties, rent commitments for vacant leased premises, onerous contracts and provisions concerning disputes and legal actions.

CONSOLIDATED NOTES

Note 19 – Financial liabilities

(DKKm)	2004	2005
Bank loans as recognised in the balance sheet:		
Non-current liabilities	485	1,852
Current liabilities	974	702
Financial liabilities at 31 December	1,459	2,554

At 31 December, the Group has the following loans and credit facilities:

Loans	Expiry	Fixed/ variable	Effective interest rate 2004 %	Effective interest rate 2005 %	Carrying amount 2004 DKKm	Carrying amount 2005 DKKm
Bank loans DKK	2010	Variable	5.6	2.9	2	1,378
Bank loans EUR	2007	Variable	2.7	-	2	0
Mortgage loans DKK	2007-2024	Fixed	4.2	4.0	158	135
Finance leases	2006-2012	Variable	-	-	389	415
Overdraft facility	2006	Variable	2.7	2.7	908	626
Financial liabilities at 31 December					1.459	2,554
Weighted average effective interest rate (exclusive of lease obligations) (%)			2.9	2.9		

Adjustment of the above loans and credit facilities at the market value on 31 December 2005 would not have resulted in any value adjustment. Bank loans are subject to standard trade covenants.

Obligations under finance leases

Obligations relating to assets under finance leases as included in current and non-current liabilities

(DKKm)	Lease payment 2004	Lease payment 2005	Interest 2004	Interest 2005	Carrying amount 2004	Carrying amount 2005
0-1 year	61	85	(2)	(16)	59	69
1-5 years	229	230	(50)	(50)	179	180
> 5 years	209	219	(58)	(53)	151	166
Total	**499**	**534**	**(110)**	**(119)**	**389**	**415**

The fair value of the 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 a market interest rate for corresponding leases.

The most important finance leases are for terminals. Such leases typically have a term of between 12 and 18 years. Finance leases concluded have either an extension option or a purchase option.

Note 20 – Trade and other payables

(DKKm)	2004	2005
Trade payables	1,630	2,263
Other payables	1,183	1,596
Trade and other payables at 31 December	2,813	3,859

Note 21 – Collaterals, contingencies and other financial liabilities, etc.

(DKKm)	2004	2005
Collaterals		
The following assets have been provided as collateral to mortgage banks:	283	257
Land and buildings, carrying amount		
Other financial liabilities	84	66
The Parent has entered into IT service contracts with a 10-year term and term	283	268
The Group has provided bank guarantees for liabilities to third parties		
Operating lease obligations relating to land and buildings (incl. terminals) fall due:	181	300
Within 0-1 year	426	717
Between 1-5 years	532	820
Total	1,139	1,837
Operating lease obligations relating to operating equipment fall due:		
Within 0-1 year	260	307
Between 1-5 years	190	268
After 5 years	9	6
Total	459	581
The Group leases properties under operating leases. Such leases typically have a term from 12 to 18 years with an option to extend after expiry of the lease term. Regarding operating leases of properties, the income statement recognises	216	315
The Group leases operating equipment under operating leases. Such leases typically have a term from one to six years with an option to extend after expiry of the lease term. There are no purchase rights for assets held under operating leases. Regarding operating leases of operating equipment, the income statement recognises	173	361
Guarantees and letters of comfort from DSV A/S in respect of subsidiaries' bank commitments	1,522	1,822
Collateral for subsidiaries' bank/insurance guarantees to customers and public authorities in respect of the performance of liabilities	162	85

Agency agreements:
The Group enters into a number of agency agreements. In this connection the Group is subject to the standard industry obligations.

Pending legal actions:
In the Management's opinion pending legal actions will not result in losses beyond the amounts already recognised in the Annual Report.

Cash:
DKK 80 million of the cash at 31 December 2005 is on deposit

Note 22 – Acquisition of enterprises and activities in 2004

(DKKm)

	Carrying amount according to IFRS before the takeover date	Adjustment at fair value	Fair value at takeover date
Intangibles	0	30	30
Property, plant and equipment	66	0	66
Financial assets	1	0	1
Deferred tax	20	(8)	12
Receivables	89	0	89
Cash	1	0	1
Total assets	177	22	199
Pension provisions	3	0	3
Other provisions	9	0	9
Other non-current liabilities	0	0	0
Bank loans	41	0	41
Trade payables	27	0	27
Other current liabilities	55	0	55
Total liabilities	135	0	135
Net assets	42	22	64
Net assets in minorities acquired			3
Total net assets			67
Goodwill			133
Cash			(1)
Purchase consideration in cash			199
Interest-bearing debt assumed			71
Enterprise value of enterprises taken over			270

CONSOLIDATED NOTES

Names of acquired enterprises, 2004	Registered office	Division	Date of recognition	Share of acquired share capital
Systemtransporter (Netlogistic Transport Sweden)	Sweden	Road	1 March 2004	Activity acquired
Boes Spedition + Logistik	Germany	Road	1 June 2004	Activity acquired
Helsingin Rekkaterminaali OY	Finland	Road	1 November 2005	100%
DFDS Transport Solutions Group A/S	Denmark	Solutions	1 September 2004	50%
Tredjeparts Logistik Norden AS	Norway	Solutions	1 October 2004	100%
RMG International Limited	UK	Air & Sea	1 December 2004	100%

Acquisition of enterprises and activities in 2005 (DKKm)	Carrying amount according to IFRS before the takeover date	Adjustment at fair value	Fair value at takeover date
Intangibles	7	102	109
Property, plant and equipment	144	6	150
Financial assets	6	0	6
Deferred tax	28	(22)	6
Receivables	635	0	635
Cash	40	0	40
Total assets	860	86	946
Pension provisions	41	0	41
Other provisions	12	0	12
Other non-current liabilities	60	0	60
Bank loans	98	0	98
Trade payables	513	0	513
Other current liabilities	182	0	182
Total liabilities	906	0	906
Net assets	(46)	86	40
Net assets in minorities acquired			8
Total net assets			48
Goodwill			701
Cash			40
Purchase consideration in cash			709
Adjustment of purchase consideration adjustment receivable			70
Purchase consideration in cash, including purchase consideration adjustment			779
Interest-bearing debt assumed			166
Enterprise value of enterprises taken over			945

Names of acquired enterprises, 2005	Registered office	Main activity	Date of recognition	Share of acquired share capital (%)
Viktoria Logistic System Holding GmbH & Co.	Germany	Road	1 January 2005	100%
Eurosped 2001, mednarodna specicija, d.o.o.	Slovenia	Road	1 January 2005	100%
Uudenmaan Pikakuljetus OY	Finland	Road	1 February 2005	100%
J. Rudolph & Söhne	Germany	Road	1 February 2005	Activity acquired
Rustrans Service	Russia	Road	1 April 2005	90%
Josef Konz GmbH & Co.	Germany	Road	1 May 2005	Activity acquired
Urmas Must Transport AS	Estonia	Road	1 October 2005	100%
Erwin Steinle Int. Spedition GmbH & Co.	Germany	Road	1 December 2005	100%
Maksi Air/Sea AS	Norway	Air & Sea	1 January 2005	100%
HKS Holding A/S	Denmark	Air & Sea	1 January 2005	Remaining 50%
Häring Aircargo GmbH & Co. KG	Germany	Air & Sea	1 June 2005	100%
J.H. Bachmann GmbH	Germany	Air & Sea	1 June 2005	100%
BTA International Limited	UK	Air & Sea	1 June 2005	100%
Fisker Cargo Service	Canada	Air & Sea	1 July 2005	Activity acquired
PT DFDS Transport Indonesia	Indonesia	Air & Sea	1 August 2005	Remaining 40% acquired
Sea Wing Services Ltd.	UK	Air & Sea	1 October 2005	100%

Divestments of enterprises and activities 2004 (DKKm)	Carrying amount at divestment date
Goodwill	233
Property, plant and equipment	291
Financial assets	1
Receivables and inventories	234
Cash	46
Total assets	805
Minority interests	9
Deferred tax	5
Other provisions	54
Bank loans etc.	206
Trade payables	85
Other current liabilities	75
Total liabilities	434
Net assets	**371**
Profit from divestments	565
Cash selling price	**936**
Interest-bearing debt, etc.	214
Enterprise value	1,150

Divestment of enterprises in 2004 relates to the sale of DSV Miljø A/S.

Divestment of enterprises and activities in 2005.

There were no major divestments of enterprises or activities in 2005.

Post-balance sheet acquisitions of enterprises

An agreement was made in 2005 to acquire 34% of the shares in DFDS Transport (China) Co. Ltd. (Air & Sea Division), whereupon the Chinese company will be wholly owned by DFDS Transport Asia A/S. Final completion of the transaction is expected in 2006.

In 2005, it was agreed to acquire 100% of the shares in Transitas Internationale Spediteure GmbH (Road Division), with takeover in 1 January 2006.

After the close of the financial year 2005, the Company has made a recommended bid for the Dutch transport group Koninklijke Frans Maas Groep N.V. The recommended bid is valid until 21 March 2006. For further details, see the Management's Review.

Information on individual transactions

In 2005 and 2004, the Group acquired a number of enterprises and activities. The acquisition cost of J.H. Bachmann GmbH was DKK 366 million. The individual acquisitions are not otherwise of a size necessitating separate notice.

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

Disposal of operating units as a result of acquisitions of enterprises

In connection with the acquisition of enterprises it has been decided not to dispose of parts of existing or acquired units.

Costs of business combinations

Acquisition costs are included in the purchase consideration in cash and comprise fees to lawyers, accountants and other experts as well as other directly attributable costs. In 2005, the acquisition costs were DKK 9.0 million.

Identification of intangibles

In connection with the acquisition of enterprises and activities in 2004 and 2005, DSV has measured identifiable intangibles in the form of customer relationships, which are recognised in the takeover balance sheet at their fair value.

Other adjustments at fair value

Adjustments of property, plant and equipment in 2005 relate to adjustments of property and operating equipment at fair value.

Goodwill

Following recognition of identifiable assets, liabilities and contingent liabilities at their fair value, the goodwill related to the takeovers has been measured at DKK 701 million (2004: DKK 133 million). The difference represents the value of assets whose fair value cannot be reliably measured, 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 access to new markets.

Negative goodwill

No negative goodwill has arisen due to the fact that the fair value of the net assets for the enterprises taken over is higher than the acquisition costs.

Change in treatment of previous acquisitions

In connection with the transition to IFRS, the fair value of customer relationships relating to the acquisitions made in 2004 has been measured at DKK 30 million, of which deferred tax amounts to DKK 8 million. Goodwill determined for 2004 relating to acquisitions is reduced by DKK 22 million due to the recognition of customer relationships. Apart from that, no adjustments have been made in business combinations for previous financial years.

CONSOLIDATED NOTES

Impact on income statement from acquisitions of enterprises	2004	2005
Share of revenue and net profit for the year for the acquired enterprises from the takeover date until 31 December		
Revenue	480	2,770
Operating profit before depreciation, amortisation and impairment of goodwill and special items	1	32
Enterprises taken over measured as if they had been owned for the whole of 2005		
Revenue	1,099	4,363
Operating profit before depreciation, amortisation and impairment of goodwill and special items	5	25

Note 23 - Fee to auditors appointed by the General Meeting

(DKKm)	2004	2005
Ernst & Young, audit	0.4	0.3
Ernst & Young, other services	0.1	0.5
Ernst & Young total	0.5	0.8
KPMG, audit	8.4	10.3
KPMG, other services	4.7	4.0
KPMG total	13.1	14.3
Others, audit	0.1	0.1
Others, other services	0.2	1.8
Others total	0.3	1.9
Total fee	13.9	17.0

Note 24 – Derivative financial instruments

Risk management policy

For further information on the Group's risk management policy, please refer to 'Risk factors' in the Management's Review, page 22.

Currency risks

The following table shows the forward exchange transactions concluded by the Group to hedge the currency risk on future expected cash flows. Adjustment of forward exchange transactions at fair value is recognised direct in the income statement.

Outstanding forward exchange transactions at 31 December 2004

Currency	Contractual value purchase (sale) in currency, million	Contractual countervalue (DKKm)	Adjustment at fair value (DKKm)	Maturity
EUR	(39)	290	(0.5)	< 1 year
GBP	3	(32)	(0.4)	< 1 year
NOK	(70)	63	0.3	< 1 year
SEK	(115)	95	(0.5)	< 1 year
USD	7	(39)	(0.6)	< 1 year
Total		377	(1.7)	< 1 year

Outstanding forward exchange transactions at 31 December 2005

Currency	Contractual value purchase (sale) in currency, million	Contractual countervalue (DKKm)	Adjustment at fair value (DKKm)	Maturity
EUR	(42)	312	(1.1)	< 1 year
NOK	(55)	51	0.0	< 1 year
USD	0	1	1.7	< 1 year
Total		364	0.6	< 1 year

Exposure in major foreign currencies breaks down as follows:

Currency risk (DKKm)		Impact on revenue		Impact on EBIT	
	Change in exchange rate	2004	2005	2004	2005
GBP	+/- 5%	123	109	4	5
NOK	+/- 5%	135	144	7	9
SEK	+/- 5%	203	193	5	7
USD	+/- 5%	69	73	6	7

Interest rate risks

The following table shows interest rate instruments concluded by the Group to hedge its interest rate risk on future expected cash flows. Adjustment at fair value at year-end has been taken direct to equity and will be recognised in the income statement when the financial instruments are realised.

At 31 December 2004, the following interest rate instruments were in use for the hedging of interest rate risks:

Type	Currency	Amount, millions	Interest rate (%)	Market value (DKKm)	Start	Maturity
Cap	EUR	35	2.90	(0.4)	11-03	11-06
Swap	DKK	250	2.94	(0.8)	01-04	01-05
Swap	DKK	250	3.00	(1.8)	07-04	07-05
Cap	DKK	250	3.73	(0.8)	01-04	01-07
Swap	DKK	250	2.82	(0.7)	01-05	01-07
Total				(4.5)		

At 31 December 2005, the following interest rate instruments were in use for the hedging of interest rate risks:

Type	Currency	Amount, millions	Interest rate (%)	Market value (DKKm)	Start	Maturity
Cap	EUR	35	2.90	(0.4)	11-03	11-06
Cap	DKK	250	3.73	(1.1)	01-04	01-07
Swap	DKK	250	2.82	0.1	01-05	01-07
Swap	DKK	350	2.54	3.3	07-05	01-08
Swap	DKK	300	2.60	3.1	05-05	05-08
Cap	DKK	250	3.40/3.90	(0.9)	11-05	11-10
Total				4.1		

Note 25 – Incentive programmes

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

Share options are exercisable by a cash purchase of shares, and warrants are exercisable by cash payment of the subscription amount.

2001 warrant scheme

The scheme comprises warrants for the subscription of 500,000 shares. The warrants were granted on 8 February 2001 to 914 senior staff members. All warrants were vested before 1 January 2005. The exercise price is DKK 230.00 per share with a nominal amount of DKK 2, which was the market price at the grant date. The warrants are exercisable in three tranches by one-third in each exercise period.

Warrants are exercisable by cash payment of the subscription amount.

2002 option scheme

The scheme comprises options for the purchase of 26,650 shares. The options were granted to one Company manager, four senior staff members and 55 other staff members. All options were vested before 1 January 2005. The exercise price is DKK 202.00 per share with a nominal amount of DKK 2, which was the market price at the grant date.

2003 option scheme

Tranche I

Tranche I comprises options to buy 275,000 shares. The options were granted to four Company managers and 259 senior staff members. All options were vested before 1 January 2005. The exercise price is DKK 141.50 per share with a nominal amount of DKK 2, which was the market price at the grant date.

Tranche II

Tranche II comprises options to buy 15,000 shares. The options were granted to two senior staff members. All options were vested before 1 January 2005. The exercise price is DKK 217.00 per share with a nominal amount of DKK 2, which was the market price at the grant date.

2005 option scheme

The scheme comprises options to buy 99,300 shares. The options were granted to two Company managers and 481 senior staff members. The exercise price is DKK 445.00 per share with a nominal amount of DKK 2, which was the market price at the grant date.

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

The market value of the scheme at the grant date was DKK 8.2 million.

Warrants issued to financial lender

In connection with the raising of a financial loan in 2000, the Company issued 1,585,561 warrants to the financial lender. The exercise price is DKK 248.15 per share with a nominal amount of DKK 2, which was the market price at the grant date.

211,408 of these warrants were exercised in the financial year ended 31 December 2004, and the remaining 1,374,153 warrants were exercised in March 2005. After this time, no warrants issued to the financial lender are outstanding.

CONSOLIDATED NOTES

	Exercise period	Executive Board	Senior staff	Other staff	Total	Average exercise price for each option	Average share price at exercise date	Remaining exercise period (years)	Market value, (DKKm)
Outstanding at 1 January 2004		**364,500**	**890,090**	**36,510**	**1,291,100**	**198.12**		**2.7**	
Granted in 2004									
Exercised in 2004		318,000	201,554	11,340	530,894	201.60	302,26		
Options waived/expired			16,800	23,520	40,320	210.00			
Outstanding at 31 December 2004		**46,500**	**671,736**	**1,650**	**719,886**	**190.36**		**1.7**	
Granted in 2005		10,000	89,300		99,300	445.00			
Exercised in 2005		10,000	260,673	240	270,913	228.32	457.09		
Options waived/expired			100,321		100,321	229.61			
Outstanding at 31 December 2005		**46,500**	**400,042**	**1,410**	**447,952**	**227.99**		**1.7**	
Outstanding warrants of 2001 scheme	04.03.05 – 14.04.06		57,242		57,242	230.00		0.3	30.9
Outstanding options of 2002 scheme	12.03.05 – 12.09.06			1,410	1,410	202.00		0.7	0.8
Outstanding options of 2003 scheme	24.03.06 – 24.03.07	36,500	238,500		275,000	141.50		1.2	171.6
Outstanding options of 2003 scheme	01.01.07 – 31.12.07		15,000		15,000	217.00		2.0	8.3
Outstanding options of 2005 scheme	26.04.09 – 26.04.10	10,000	89,300		99,300	445.00		3.9	34.8
Outstanding at 31 December 2005		**46,500**	**400,042**	**1,410**	**447,952**	**227.99**		**1.8**	**246.4**
Exercise period beginning at 31 December 2005		**0**	**57,242**	**1,410**	**58,652**	**229.33**			

The outstanding incentive programmes and the market value at 31 December 2005 appear from the table.

The market value of the incentive programmes is assessed by models based on Black & Scholes.

The value of the outstanding incentive programmes at the balance sheet date is assessed on the basis of the underlying market prices on the last business day of the period, while the market value of the options issued during the year is assessed on the basis of the underlying market prices on the issue date.

The contemplated volatility estimation method for future incentive programmes is the historical volatility since 1 January 2004; and from 1 January 2007 onwards, DSV contemplates estimating volatility by using the three-year rolling historical average volatility.

The interest rate used in connection with the most recent granting of options in April 2005 was a risk-free rate of 3.0% based on a Danish swap rate with the same term as the expected term of 4.5 years.

Based on an expected dividend per share of 1% and an average historical volatility of the DSV share for the period 1 January 2004 to 21 April 2005 of 18%, the assessment is that the length of the period is sufficient to estimate the underlying volatility of the DSV share, taking into account that the period beginning 1 January 2004 reflects DSV as of today.

For the calculation of the market value of the incentive programmes at the balance sheet date, a risk-free interest rate of between 2.52% and 3.26% based on Danish swap rates with the same term as the expected term of the outstanding programmes has been applied. The expected terms of the programmes launched from 2001 to 2003 are determined to be until the end of the exercise periods, and that of the 2005 programme is determined to be until the middle of the exercise period. The expected dividend per share is 1%, and the historical volatility of the DSV share for the period 1 January 2004 to 31 December 2005 is 18%. The price of DSV shares was DKK 770.22 per share with a nominal amount of DKK 2 at 31 December 2005, equivalent to the official closing share price on 31 December 2005 quoted by the Copenhagen Stock Exchange.

The liability relating to incentive programmes is covered by the Company's treasury shares and by acquisition of treasury shares.

Note 26 – Related parties and related-party transactions

DSV has no related parties with controlling interests. DSV A/S's related parties with significant influence comprise Group enterprises and associates as mentioned in note 12 and members of the enterprises' supervisory boards, the executive boards and senior staff as well as the family members of these persons. Related parties also comprise companies, in which the aforementioned persons have significant interests.

The Group has had the following transactions with related parties:

(DKKm)	2004	2005
Sale of services		
Associates	11	10
Total sale of	11	10
Purchase of services		
Associates	28	26
Enterprises related	2	1
Total purchase of	30	27

Please refer to note 3 – Staff costs, and to note 25 – Incentive programmes concerning compensation and share-based remuneration of Management.

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

(DKKm)	2004	2005
Receivables		
Associates	1	1
Receivables at 31 December	1	1
Liabilities		
Associates	2	2
Liabilities at 31 December	2	2

Note 27 – Segment information

(DKKm)

2004

Activities – primary segment

Income statement - Highlights	Road	Air & Sea	Solutions	Parent	Non-	Total
Gross revenue	13.375	4.595	591	16	-	18.577
Intercompany revenue	(372)	(106)	(3)	(4)	-	(485)
Revenue	13.003	4.489	588	12	-	18.092
Amortisation, depreciation and impairment of	182	13	9	5	-	209
Impairment of goodwill	1	0	0	9	-	10
Operating profit (EBIT)	554	292	5	560	-	1.411
Balance sheet - Highlights						
Total gross investments	467	26	75	97	-	665
Total investments in associates	3	0	0	3	-	6
Total assets	5.080	811	380	1.737	13	8.021
Total liabilities	3.759	589	351	121	10	4.830

Geographical location – secondary segment	Europe	North America	Rest of world	Non-allocated items	Total
Revenue	16.512	1.085	495	-	18.092
Total assets	7.740	197	84	-	8.021
Gross investments	660	4	1	-	665

CONSOLIDATED NOTES

2005

Activities – primary segment

Income statement – Highlights	Road Division	Air & Sea Division	Solutions Division	Parent	Non-allocated items	Total
Gross revenue	16.141	6.568	913	6	-	23.628
Intercompany revenue	(455)	(152)	(6)	0	-	(613)
Revenue	15.686	6.416	907	6	-	23.015
Amortisation, depreciation and impairment of	193	19	15	(18)	-	209
Impairment of goodwill	0	0	0	0	-	0
Operating profit (EBIT)	624	395	27	18	-	1.064
Balance sheet - Highlights						
Total gross investments	807	517	29	20	-	1.373
Total investments in associates	3	2	0	0	-	5
Total assets	6.418	1.949	394	1.688	-	10.449
Total liabilities	4.493	1.079	141	1.410	3	7.126

Geographical location – secondary segment	Europe	North America	Rest of world	Non-allocated	Total
Revenue	20.852	1.423	740	-	23.015
Total assets	9.836	361	252	-	10.449
Total gross investments	1.319	39	15	-	1.373

Note 28 – New adjustment of financial statements

The IASB and the European Union have adopted the following new accounting standards, which are not mandatory for DSV in relation to the 2005 Annual Report, but may be of importance to the 2006 Annual Report:

IAS 39 Financial Instruments: Recognition and Measurement (Adaptations) is applicable for financial periods beginning on or after 1 January 2006. DSV expects not to apply the possibility of optional measurement of financial assets and payables at fair value. The new standard is therefore not expected to have any impact on the recognition and measurement of financial instruments.

IFRS 7 Financial Instruments: Publication and Amendment of IAS 1 concerning equity information applies to financial periods commencing on or after 1 January 2007. Implementation of the standard is therefore not expected to have any impact on the recognition and measurement of financial instruments.

The IASB has moreover adopted the following new accounting standard, which is not yet approved by the European Union. The accounting standard is not mandatory for DSV in relation to the 2005 Annual Report, but may be of importance to the 2006 Annual Report:

IAS 21: The effects of changes in foreign exchange rates (updated) is applicable to financial periods beginning on or after 1 January 2006. The standard specifies the rules for translation of foreign currencies in relation to net investments in subsidiaries. The new standard is not expected to have any impact on DSV.

Note 29 – Transition to IFRS

From 1 January 2005, DSV changes its financial reporting to comply with the International Financial Reporting Standards (IFRS). Changes compared to former accounting policies are described in note 1 – Accounting policies.

On the basis of applicable IFRS standards at 31 December 2005 and the early implementation of IAS 19 (updated in 2004), the shift from former accounting policies to IFRS has resulted in changes to the opening balance sheet at 1 January 2004, the net profit for 2004 and the balance sheet at 31 December 2004 in the following areas:

Business combinations

Impairment of goodwill ceased as from 1 January 2004.

IFRS 3 has been applied as from 1 January 2004, meaning that restructuring costs related to business combinations are no longer recognised in the opening balance of the business combination, but are charged to the income statement. In addition, the value of customer relationships is recognised in the opening balance of the business combination and is subsequently amortised on a straight-line basis over the expected useful life.

Employee benefits

Employee benefits comprise pension obligations and similar obligations. The recognition basis of pensions is changed with retroactive effect as from 1 January 2004. Total equity at 1 January 2004 is consequently affected negatively.

Demolition liabilities etc.

The recognition of property, plant and equipment and demolition liabilities is adjusted with retroactive effect as from 1 January 2004 so that the present value of estimated demolition and restoration costs less accumulated depreciation will be recognised as an asset, whereas the demolition liability will be recognised as a liability. Total equity at 1 January 2004 is consequently affected negatively.

Deferred tax

Adjustments for tax concerning the above changes have been made.

Minority interests

Adjustments for the above changes have been made.

Reclassifications

Deferred tax has been reclassified from current assets to other non-current assets and non-interest-bearing non-current liabilities. In addition, the current part of provisions has been reclassified and is now presented under current liabilities.

The following tables show the effect of these adjustments to the opening balance sheet at 1 January 2004, the net profit for 2004 and the balance sheet at 31 December 2004.

Effect from IFRS on the income statement 2004 (DKKm)	Former accounting policies	Business combinations	Employee benefits	Demolition liabilities	Reclassification	IFRS
Revenue	18,092					18,092
Direct costs	14,229					14,229
Gross profit	3,863	0	0	0	0	3,863
Other external expenses	896					896
Staff costs	1,900	2	2			1,904
Operating profit before depreciation, amortisation and impairment of goodwill and special items	1,067	(2)	(2)	0	0	1,063
Amortisation, depreciation and impairment of property, plant and equipment and intangibles	208			1		209
Operating profit before impairment of goodwill and special items	859	(2)	(2)	(1)	0	854
Impairment of goodwill	143	(133)				10
Special items, net	568	(1)				567
Operating profit (EBIT)	1,284	130	(2)	(1)	0	1,411
Financials, net	107		3			110
Profit before tax	**1,177**	**130**	**(5)**	**(1)**	**0**	**1,301**
Tax on profit for the year	189	1	(1)	(1)	0	188
Net profit for the year	**988**	**129**	**(4)**	**0**	**0**	**1,113**

Effect from IFRA on 2004 balance sheet at 1 January 2004	Former accounting policies	Business combinations	Employee benefits	Demolitions liabilities	Reclassifi-cation	IFRS
Intangibles	2,334					2,334
Property, plant and equipment	2,397			14		2,411
Other non-current assets	30		21	1	78	130
Total non-current assets	4,761	0	21	15	78	4,875
Receivables	3,041				(78)	2,963
Cash	228					228
Total current assets	**3,269**	**0**	**0**	**0**	**(78)**	**3,191**
Total assets	8,030	0	21	15	0	8,066
Equity	2,399		(95)	(6)		2,298
Share attributable to minority interests	78		(6)			72
Total equity	**2,477**	**0**	**(101)**	**(6)**	**0**	**2,370**
Interest-bearing liabilities	1,555			5		1,560
Non-interest-bearing liabilities	328		104	16		448
Total non-current liabilities	**1,883**	**0**	**104**	**21**	**0**	**2,008**
Interest-bearing liabilities	938					938
Non-interest-bearing liabilities	2,732		18			2,750
Total current liabilities	**3,670**	**0**	**18**	**0**	**0**	**3,688**
Total equity and liabilities	**8,030**	**0**	**21**	**15**	**0**	**8,066**

CONSOLIDATED NOTES

Effect from IFRS on 2004 balance sheet at 31 December 2004	Former accounting policies	Business combinations	Employee benefits	Demolition liabilities	Reclassification	IFRS
Intangibles	2,170	146				2,316
Property, plant and equipment	2,147			13		2,160
Other non-current assets	30	(1)	30	1	88	148
Total non-current assets	**4,347**	**145**	**30**	**14**	**88**	**4,624**
Receivables	3,328				(103)	3,225
Cash	172					172
Total current assets	**3,500**	**0**	**0**	**0**	**(103)**	**3,397**
Total assets	7,847	145	30	14	(15)	8,021
Equity	3,093	138	(117)	(7)		3,107
Share attributable to minority interests	91		(7)			84
Total equity	**3,184**	**138**	**(124)**	**(7)**	**0**	**3,191**
Interest-bearing liabilities	488			5		493
Non-interest-bearing liabilities	342	7	131	16	(33)	463
Total non-current liabilities	830	7	131	21	(33)	956
Interest-bearing liabilities	974					974
Non-interest-bearing liabilities	2,859		23		18	2,900
Total current liabilities	**3,833**	**0**	**23**	**0**	**18**	**3,874**
Total equity and liabilities	7,847	145	30	14	(15)	8,021

DSV A/S – 2005 Annual Report Parent

ANNUAL REPORT PARENT – INCOME STATEMENT

(DKKm)	Note	2004	2005
Revenue	**2**	**16**	**11**
Direct costs		6	0
Gross profit		10	11
Other external expenses		0	9
Staff costs	3	10	4
Operating profit before depreciation, amortisation and impairment of goodwill and special items		0	(2)
Amortisation, depreciation and write-downs of intangible assets and property, plant and equipment	4	5	(21)
Operating profit before impairment of goodwill and special items		(5)	19
Special items, net	5	899	4
Operating profit (EBIT)		894	23
Financial income	6	401	663
Financial expenses	7	67	27
Profit before tax		1,228	659
Tax on profit for the year	8	(21)	14
Net profit for the year		1,249	645
Proposed distribution of net profit			
Proposed dividend, 125% (2004: 375%)		158	54
Retained earnings		1,091	591
Total distribution		**1,249**	**645**
Earnings per share	9		
Earnings per share of DKK 2 (DKK)		62,2	31,8
Diluted earnings per share of DKK 2 (DKK)		55,2	30,5
Diluted adjusted earnings per share of DKK 2 (DKK)		15,5	30,4

(DKKm)	Note	2004	2005
Non-current assets			
Property, plant and equipment			
Land and buildings	10	92	37
Other plant and operating equipment	10	2	0
Total property, plant and equipment		94	37
Other non-current assets			
Investments in Group enterprises	11	3,169	3,168
Other securities	12	3	3
Deferred tax asset	15	5	1
Other non-current assets		3,177	3,172
Total non-current assets		3,271	3,209
Current assets			
Trade and other receivables	13	4	1,298
Corporation tax receivable		5	0
Cash and cash equivalents		10	81
Total current assets		19	1,379
Total assets		3,290	4,588

ANNUAL REPORT PARENT – BALANCE SHEET, EQUITY AND LIABITIES

(DKKm)	Note	2004	2005
Equity			
Share capital	14	42	42
Hedging reserve		(4)	2
Retained earnings		2,853	3,088
Proposed dividend		158	54
Total equity		3,049	3,186
Liabilities			
Non-current liabilities			
Provisions	16	68	2
Financial liabilities	17	11	1,358
Other non-current liabilities		0	2
Total non-current liabilities		79	1,362
Current liabilities			
Financial liabilities	17	6	1
Trade and other payables	18	42	36
Payables to Group enterprises		114	0
Corporation tax		0	3
Total current liabilities		162	40
Total liabilities		241	1,402
Total liabilities and equity		3,290	4,588

Notes without reference:

Accounting policies	1
Collaterals, contingencies and other financial liabilities, etc.	19
Fee to auditors appointed by the General Meeting	20
Derivative financial instruments	21
Incentive programmes	22
Related parties and related-party transactions	23
New accounting regulation	24
Transition to IFRS	25

Statement of changes in equity – 2004 (DKKm)	Share capital	Hedging reserve	Retained earnings (loss)	Proposed dividend	Total equity
Equity at 1 January 2004	42	0	2,313	44	2,399
Reclassification		(6)	6		0
Changes in accounting policies			(342)		(342)
Restated equity at 1 January 2004	42	(6)	1,977	44	2,057
Changes in equity in 2004					
Value adjustment, hedging instruments		3			3
Other adjustments			(2)		(2)
Tax on changes in equity		(1)			(1)
Net profit for the year			1,091	158	1,249
Total gains and losses	0	2	1,089	158	1,249
Dividend distributed				(46)	(46)
Share buy-back			(287)		(287)
Share premium for the year			74		74
Dividend, treasury shares				2	2
Total change in equity in 2004	0	2	876	114	992
Equity at 31 December 2004	42	(4)	2,853	158	3,049

Statement of changes in equity – 2005 (DKKm)	Share capital	Hedging reserve	Retained earnings (loss)	Proposed dividend	Total equity
Equity at 1 January 2005	42	(4)	2,853	158	3,049
Changes in equity					
Value adjustment, hedging instruments		8			8
Share-based remuneration			2		2
Other adjustments			5		5
Tax on changes in equity		(2)	(1)		-3
Net profit for the year			591	54	645
Total gains and losses	0	6	597	54	657
Dividend distributed				(172)	(172)
Share buy-back			(757)		(757)
Cancellation of treasury shares	(3)		3		0
Capital increase inclusive of share premium	3		392		395
Dividend, treasury shares				14	14
Total change in equity in 2005	0	6	235	(104)	137
Equity at 31 December 2005	42	2	3,088	54	3,186

ANNUAL REPORT PARENT – CASH FLOW STATEMENT

(DKKm)	2004	2005
Profit before tax	1,228	659
Adjustment, non-cash operating items etc.:		
Depreciation, amortisation and impairment	5	(21)
Special items	(898)	(3)
Share-based remuneration	0	2
Provisions	32	0
Financial income	(401)	(663)
Financial expenses	67	27
Operating cash flow from before changes in working capital	33	1
Changes in working capital	476	(1,406)
Financial income, paid	401	663
Financial expenses, paid	(58)	(27)
Operating cash flow from primary operations	852	(769)
Corporation tax paid	(13)	(2)
Cash flow from operating activities	839	(771)
Acquisition of property, plant and equipment	(4)	(20)
Sale of property, plant and equipment	9	98
Acquisition of subsidiaries and activities	(147)	0
Divestment of subsidiaries and activities	936	4
Change in other financial assets	1	0
Cash flow from investing activities	795	82
Free cash flow	1,634	(689)
Proceeds from the incurrence of non-current liabilities	0	1,350
Other changes in non-current liabilities	(1,041)	(1)
Change in current liabilities	(330)	(6)
Shareholders:		
Dividends distributed	(44)	(158)
Capital increase	74	395
Fees relating to warrants issued	0	(66)
Share buy-back	(287)	(754)
Cash flow from financing activities	(1,628)	760
Net cash flow	6	71
Cash and cash equivalents at 1 January	4	10
Cash and cash equivalents at 31 December	10	81

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

Note 1 – Accounting policies

The accounting policies of DSV A/S are identical with the policies applicable to the consolidated financial statements, cf. page 31, except for the following:

Dividends from investments in subsidiaries and associates in the Parent's financial statements

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 distributed dividends 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.

Note 2 – Revenue

(DKKm)	2004	2005
Goods and services, Denmark	12	11
Goods and services, export/foreign countries	0	0
Other income	4	0
Total revenue	16	11

Note 3 – Staff costs

	2004	2005
Salaries and wages etc.	10	2
Share-based remuneration	0	2
	10	4
Transferred to direct costs	0	0
Total staff costs	10	4
Average number of staff (persons)	3	0
Salaries and bonuses for the Group Management	10	2
Remuneration for the Supervisory Board of the Parent	1	2

For information on pensions for Group Management, please refer to note 17 of the Consolidated Annual Report.

Note 4 – Depreciation, amortisation and impairment of property, plant and equipment and intangibles

Depreciation and amortisation	2004	2005
Buildings	4	4
Other plant and operating equipment	1	0
Net profit from the divestment of property, plant and equipment	0	(25)
Total depreciation and amortisation of property, plant and equipment and intangibles	5	(21)

No impairment losses have been recognised in 2004 and 2005 for property, plant and equipment and intangibles.

Note 5 – Special items, net

	2004	2005
Profit on sale of activities and enterprises including adjustments relating to previous years	898	3
Other special items	1	1
Total special items, net	899	4

Note 6 – Financial income

	2004	2005
Interest receivable	1	6
Interest receivable from Group enterprises	10	25
Dividend from subsidiary	390	632
Total financial income	401	663

Note 7 – Financial expenses

	2004	2005
Impairment of investments in subsidiaries	9	0
Interest payable	15	26
Interest payable to Group enterprises	0	1
Borrowing costs [1)]	43	0
Total financial expenses	67	27

[1)] In 2004, DKK 43 million was included relating to the settlement of borrowing costs in connection with the disposal of DSV Miljø A/S.

NOTES PARENT

Note 8 – Tax
(DKKm)

The tax for the year is calculated as follows:		
Tax on profit (loss) for the year	(21)	15
Tax on changes in equity	1	3
Total tax for the year	**(20)**	**18**
The tax on profit for the year is calculated as follows:		
Current tax	3	4
Deferred tax	(15)	1
Adjustment of tax relating to previous years	(9)	9
Tax on profit for the year	**(21)**	**14**
The tax on profit for the year is calculated as follows:		
Assessed 28% tax (2004: 30%) on profit for the year before tax	368	185
Tax effect of:		
Non-deductible expenses/non-taxable income	4	(20)
Non-taxable dividends	(109)	(161)
Non-deductible losses/non-taxable gains on shares	(275)	1
Adjustment of tax relating to previous years	(9)	9
Total tax on profit for the year	**(21)**	**14**
Effective tax rate	**-1.7%**	**2.3%**

Note 9 – Earnings per share

Net profit for the year	1,249	645
Special items, net	(899)	(4)
Adjusted net profit for the year	**350**	**641**
Average number of shares ('000)	20,886	21,661
Average number of treasury shares ('000)	(800)	(1,349)
Average number of shares ('000)	**20,086**	**20,312**
Average dilutive effect of applicable incentive programmes/outstanding subscription rights ('000)	2,558	803
Diluted average number of shares ('000)	**22,644**	**21,115**
Earnings per share of DKK 2 (DKK)	62,2	31,8
Diluted earnings per share of DKK 2 (DKK)	55,2	30,5
Diluted adjusted earnings per share of DKK 2 (DKK)	15,5	30,4

Note 10 – Property, plant and equipment

(DKKm)	Land and buildings	Other plant and operating equipment	Total
Property, plant and equipment			
Cost at 1 January 2004	148	4	152
Additions for the year	1	3	4
Disposals at cost	(9)	(2)	(11)
Total cost at 31 December 2004	140	5	145
Total depreciation and impairment at 1 January 2004	45	3	48
Depreciation and impairment for the year	4	1	5
Depreciation of assets disposed of	(1)	(1)	(2)
Total depreciation and impairment at 31 December 2004	48	3	51
Carrying amount at 31 December 2004	92	2	94

Cash property value for 2004 of the Danish properties owned amounts to DKK 118 million. The carrying amount of the Danish properties owned is DKK 82 million.

Cost at 1 January 2005	140	5	145
Additions for the year	20	0	20
Disposals at cost	(99)	(5)	(104)
Total cost at 31 December 2005	61	0	61
Total depreciation and impairment at 1 January 2005	48	3	51
Depreciation and impairment for the year	4	0	4
Depreciation of assets disposed of	(28)	(3)	(31)
Total depreciation and impairment at 31 December 2005	24	0	24
Carrying amount at 31 December 2005	37	0	37

Cash property value for 2005 of the Danish properties owned amounts to DKK 60 million. The carrying amount of the Danish properties owned is DKK 37 million. No impairment losses have been recognised in 2004 and 2005 for assets.

Note 11 – Investments in subsidiaries

(DKKm)	2004	2005
Cost at 1 January	3,069	3,178
Additions for the year	147	0
Disposals for the year	(38)	(1)
Cost at 31 December	3,178	3,177
Impairment at 1 January	0	9
Impairment	9	0
Impairment at 31 December	9	9
Carrying amount at 31 December	3,169	3,168

Additions for 2004 mainly relate to the acquisition of 50% of the shares in DFDS Transport Solutions Group A/S.
Disposals in 2004 relate to the divestment of DSV Miljø A/S.
Disposals in 2005 relate to the sale of 90% of the shares in Brudehus A/S.
The total goodwill impairment in 2004 amounted to DKK 9 million, mainly concerning Solutions in Sweden.

	Ownership share 2004	Ownership share 2005	Registered office	Company's share capital (DKKm)
Investments in Group enterprises				
DFDS Transport Group A/S	100%	100%	Brøndby	100
DFDS Transport Air & Sea Holding A/S	100%	100%	Brøndby	50
DFDS Transport Solutions Group A/S	100%	100%	Taastrup	51
Brudehus A/S	90%	0%	Galten	1
Bjarne Madsen Transport A/S (in liquidation)	100%	100%	Holbæk	1

NOTES PARENT

Note 12 – Other securities

(DKKm)	2004	2005
Cost at 1 January	1	0
Additions for the year	0	1
Disposals for the year	(1)	0
Cost at 31 December	0	1
Value adjustments at 1 January	3	3
Value adjustments for the year	0	(1)
Value adjustments at 31 December	3	2
Carrying amount at 31 December	3	3

Note 13 – Trade and other receivables

Trade receivables	3	1
Receivables from Group enterprises	0	1,289
Receivables from associates	0	2
Other receivables	1	6
Trade and other receivables at 31 December	4	1,298

Receivables from Group enterprises in 2005 relate to the Group's cash pool balance.

Note 14 – Share capital

For information on treasury shares and share capital, please refer to note 15 of the Consolidated Annual Report.

Note 15 – Deferred tax

Deferred tax at 1 January	13	(5)
Deferred tax for the year	(15)	1
Adjustment concerning previous years	(3)	3
Deferred tax at 31 January	(5)	(1)
Deferred tax asset		
Property, plant and equipment	(6)	(2)
Current assets	0	2
Provisions	11	1
Deferred tax asset	5	1
Breakdown of deferred tax:		
Deferred tax asset	(5)	(1)
Deferred tax liability	-	-
Deferred tax at 31 December	(5)	(1)

Note 16 – Provisions

(DKKm)	Transaction costs	Other	Total
Provisions			
Provisions at 1 January 2004	35	1	36
Applied for the year	(10)	0	(10)
Provisions for the year	41	1	42
Provisions at 31 December 2004	66	2	68
Expected time frame of the provisions:			
Current provisions	0	0	0
Non-current provisions	66	2	68
Provisions at 31 December 2004	66	2	68

	Transaction costs	Other	Total
Provisions			
Provisions at 1 January 2005	66	2	68
Applied for the year	(66)	0	66
Provisions at 31 December 2005	0	2	2
Expected time frame of the provisions:			
Current provisions	0	0	0
Non-current provisions	0	2	2
Provisions at 31 December 2005	0	2	2

Note 17 – Financial liabilities

(DKKm)

	2004	2005
Financial liabilities as recognised in the balance sheet:		
Non-current liabilities	11	1,358
Current liabilities	6	1
Financial liabilities at 31 December	17	1,359

In 2005, non-current liabilities were affected by the raising of long-term bank loans of DK 1,350 million.

Loan	Maturity	Fixed/ variable	Effective interest rate 2004 (%)	Effective interest rate 2005 (%)	Carrying amount 2004 (DKKm)	Carrying amount 2005 (DKKm)
Mortgage loans DKK	2025	Fixed	7.4%	5.1%	8	7
Bank loans	2010	Variable	-	2.8%	0	1,350
Finance leases	2011	Fixed	4.7%	4.7%	3	2
Overdraft facility	2006	Variable	2.7%	2.7%	6	0
Financial liabilities at 31 December					17	1,359
Weighted average effective interest rate (exclusive of lease obligations)			5.3%	2.8%		

Bank loans are subject to standard trade covenants.

Financial lease obligations:
Obligations relating to assets under finance leases are included in current and non-current liabilities.

	Lease payment 2004	Lease payment 2005	Interest 2004	Interest 2005	Carrying amount 2004	Carrying amount 2005
0-1 year	0	1	0	0	0	1
1-5 years	2	1	0	0	2	1
> 5 years	1	0	0	0	1	0
	3	2	0	0	3	2

Note 18 – Trade and other payables

(DKKm)

	2004	2005
Trade payables	3	0
Other payables	39	36
Trade and other payables at 31 December	42	36

NOTES PARENT

Note 19 – Collaterals, contingencies and other financial liabilities, etc. (DKKm)	2004	2005
Collaterals		
The following assets have been provided as collateral to mortgage banks:		
Land and buildings, carrying amount	12	7
The following assets have been provided as security to banks and financial lenders:		
Pledges of investments in Group enterprises and goodwill, at cost	3,169	3,168
Guarantees and letters of comfort with respect to subsidiaries' balances with banks	1,522	1,822
Collateral for subsidiaries' bank/insurance guarantees to customers and public authorities in respect of the performance of liabilities	162	85
Other financial liabilities		
The Parent has entered into IT service contracts with a 10-year term and a notice of termination of 6 months. The minimum payments amount to:	84	66

DKK 80 million of the cash at 31 December 2005 is on deposit.

DSV A/S and the other Danish Group enterprises registered jointly for VAT purposes are jointly and severally liable for the VAT liabilities.

Note 20 – Fee to auditors appointed by the General Meeting	2004	2005
Ernst & Young, audit	0.4	0,3
Ernst & Young, other services	0.1	0.5
Ernst & Young total fee	0.5	0.8
KPMG, audit	0.2	0.4
KPMG, other services	0.2	0.0
KPMG total fee	0.4	0.4
Total fee	0.9	1.2

Note 21 – Derivative financial instruments

Risk management policy

For further information on the Company's risk management policy, please refer to 'Risk factors' in the Management's Review, page 22.

Interest rate risks

The following table shows interest rate instruments concluded by the Company to hedge its interest rate risk on future expected cash flows. Adjustment at fair value at year-end has been taken direct to equity and will be recognised in the income statement when the financial instruments are realised.

At 31 December 2004, the following interest rate instruments were in use for the hedging of interest rate risks:

Type	Currency	Amount, millions	Interest rate (%)	Market value (DKKm)	Start	Maturity
Cap	EUR	35	2.90	(0.4)	11-03	11-06
Swap	DKK	250	2.94	(0.8)	01-04	01-05
Swap	DKK	250	3.00	(1.8)	07-04	07-05
Cap	DKK	250	3.73	(0.8)	01-04	01-07
Swap	DKK	250	2.82	(0.7)	01-05	01-07
Total				(4.5)		

At 31 December 2005, the following interest rate instruments were in use for the hedging of interest rate risks:

Type	Currency	Amount, millions	Interest rate (%)	Market value (DKKm)	Start	Maturity
Cap	EUR	35	2.90	(0.4)	11-03	11-06
Cap	DKK	250	3.73	(1.1)	01-04	01-07
Swap	DKK	250	2.82	0.1	01-05	01-07
Swap	DKK	350	2.54	3.3	07-05	01-08
Swap	DKK	300	2.60	3.1	05-05	05-08
Cap	DKK	250	3.40/3.90	(0.9)	11-05	11-10
Total				4.1		

Note 22 – Incentive programmes

For information on incentive programmes, please refer to note 25 of the Consolidated Annual Report.

Note 23 – Related parties and related-party transactions

The Parent has no related parties with controlling interests.

The Parent's related parties with significant influence comprise Group enterprises and associates as mentioned in note 11 and members of the enterprises' supervisory boards, the executive boards and senior staff as well as the family members of these persons. Related parties also comprise companies, in which the aforementioned persons have significant interests.

The Parent has had the following transactions with related parties:

(DKKm)	2004	2005
Sale of services		
Group enterprises	8	5
Total sale of services	**8**	**5**
Purchase of services		
Group enterprises	0	3
Enterprises related to the Supervisory Board	2	1
Total purchase of services	**2**	**4**
Management fee invoiced by Group enterprises comprises remuneration for members of the Executive Board.		
Financials, net		
Group enterprises	9	26
Total financials, net	**9**	**26**

Reference is made to note 3 – Staff costs, and to note 25 – Incentive programmes of the Consolidated Annual Report.

The Parent has the following outstanding balances with related parties at 31 December:	2004	2005
Receivables		
Group enterprises	0	1,289
Receivables at 31 December	0	1,289
Liabilities		
Group enterprises	114	0
Liabilities at 31 December	**114**	**0**
Balances with Group enterprises are on ordinary terms (interest etc.) for intercompany balances.		

Note 24 – New adjustment of financial statements

For information on new adjustment of financial statements, please refer to note 28 of the Consolidated Annual Report.

Note 25 – Transition to IFRS

From 1 January 2005, DSV A/S changes its financial reporting to comply with the International Financial Reporting Standards (IFRS).

On the basis of applicable IFRS standards at 31 December 2005, the shift from former accounting policies to IFRS has resulted in changes to the opening balance sheet at 1 January 2004, the net profit for 2004 and the balance sheet at 31 December 2004 in the following areas:

Investments in Group enterprises

Under the previous accounting policies, investments in Group enterprises were measured using the equity method. As from 1 January 2004, these investments are measured at cost, including the carrying amount of goodwill. At divestment of enterprises, the carrying amount of gains/losses is calculated in relation to cost. Dividends received are in future recognised in the income statement under financial income. If the cost exceeds the recoverable amount, the investment is written down to the lower value. This impairment is charged to the income statement as a financial expense.

Reclassifications

Deferred tax has been reclassified from current assets to other non-current assets.

NOTES PARENT

Effect from IFRS on the income statement 2004 (DKKm)	Former accounting policies	Investments in Group enterprises	Reclassification	IFRS
Revenue	16			16
Direct costs	6			6
Gross profit	10			10
Other external expenses	0			0
Staff costs	10			10
Operating profit before depreciation, amortisation and impairment of goodwill and special items	0			0
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	5			5
Operating profit before impairment of goodwill and special items	(5)			(5)
Profit from investments in Group enterprises	728	(728)		0
Impairment of goodwill	104	(95)	(9)	0
Special items, net	575	324		899
Operating profit (EBIT)	1.194	(309)	9	894
Financials, net	47	(390)	9	(334)
Profit (loss) before tax	1.147	81	0	1.228
Tax on profit for the year	189	(210)		(21)
Net profit for the year	**958**	**291**	**0**	**1.249**

Effect from IFRS on 2004 balance sheet at 31 December 2004 (DKKm)	Former accounting policies	Investments in Group enterprises	Reclassification	IFRS
Intangibles	0			0
Property, plant and equipment	94			94
Other non-current assets	3.216	(44)	5	3.177
Total non-current assets	3.310	(44)	5	3.271
Receivables	14		(5)	9
Cash	10			10
Total current assets	24	0	(5)	19
Total assets	3.334	(44)	0	3.290
Equity	**3.093**	**(44)**	**0**	**3.049**
Interest-bearing liabilities	11			11
Non-interest-bearing liabilities	68			68
Total non-current liabilities	79	0	0	79
Interest-bearing liabilities	6			6
Non-interest-bearing liabilities	156			156
Total current liabilities	**162**	**0**	**0**	**162**
Total liabilities and equity	3.334	(44)	0	3.290

Effect from IFRS on 2004 balance sheet at 1 January 2004 (DKKm)	Former accounting policies	Investments in Group enterprises	Reclassification	IFRS
Intangibles	0			0
Property, plant and equipment	104			104
Other non-current assets	3,415	(342)		3,073
Total non-current assets	3.519	(342)		3.177
Receivables	466			466
Cash	4			4
Total current assets	**470**		**0**	**470**
Total assets	3.989	(342)	0	3.647
Equity	**2.399**	**(342)**	**0**	**2.057**
Interest-bearing liabilities	1.052			1.052
Non-interest-bearing liabilities	49			49
Total non-current liabilities	**1.101**	**0**	**0**	**1.101**
Interest-bearing liabilities	333			333
Non-interest-bearing liabilities	156			156
Total current liabilities	**489**	**0**	**0**	**489**
Total liabilities and equity	3.989	(342)	0	3.647

DSV'S HISTORY

1976

DSV, De Sammensluttede Vognmænd af 13-7 1976 A/S, is founded by ten independent hauliers and Leif Tullberg. Mr Tullberg is appointed Managing Director. The company operates as a cartage department for its owners and solely within contract haulage and deliveries.

1987

DSV is listed on the Copenhagen Stock Exchange. A shares are owned by hauliers and Mr Tullberg and B shares quoted on the Copenhagen Stock Exchange, while C shares are issued partly to employees and partly as bonus shares to the owners up until then.

1989

DSV acquires two competing groups within export and national transport, Borup Autotransport A/S and Hammerbro A/S – Bech Trans. The acquisitions are made in order to realise the objective that export trucking is to constitute an increasing and dominant part of the total turnover of the Group.

1991

The Group Executive Board is expanded when Kurt K. Larsen, Managing Director of DSV Borup A/S, joins the Executive Board as Group Managing Director and Jytte Bengtsen, Chief Accountant, is appointed Budget Manager.

1992

DSV Borup A/S and DSV Hammerbro A/S merge and continue under the name of DSV Borup A/S.

1995

25% of the A shares (nominally DKK 1,020,000) are converted into B shares at a ratio of 1:1.

1997

50% of the (remaining) A shares (nominally DKK 1,530,000) are converted into B shares at a ratio of 1:1.

DSV acquires Samson Transport Co. A/S.

1999

DSV acquires Svex Group AB.

2000

DSV acquires DFDS Dan Transport Group A/S for DKK 5.5 billion. The activities of DSV within transport and logistics are continued under the name of DFDS Transport.

2001

DSV acquires the remainder of DPD A/S.

DSV enters into a cooperation with – and divests DPD A/S to – Svenska Posten AB for DKK 1 billion.

2002

DSV employs Jens H. Lund as Chief Financial Officer. At the same time, Jens H. Lund joins the Executive Board.

DSV converts the remaining A shares so that the Company will thereafter only have one class of shares.

DSV enters into a 50/50 Joint Venture with TNT regarding DFDS Transport Logistics A/S.

2003

The General Meeting of DSV adopts a change in the Company's name from DSV, De Sammensluttede Vognmænd af 13-7 1976 A/S to DSV A/S.

2004

DSV divests DSV Miljø A/S (Environment Division) to focus more on the transport and logistics parts of the DSV Group.

DSV boys back the remaining 50% of the Logistics Division from TNT.

DSV acquires a number of enterprises in Germany in compliance with the European strategy.

2005

DSV acquires J.H. Bachmann GmbH to strengthen the Air & Sea Division

DSV acquires further enterprises in Germany in compliance with the European strategy.

DSV commences strategic negotiations with Koninklijke Frans Maas Groep N.V. on a possible merger of the two companies.

2006

DSV makes a public bid for all shares in Koninklijke Frans Maas Groep N.V.

ADDRESSES, EXECUTIVE BOARD AND SUPERVISORY BOARD

DSV A/S
Kornmarksvej 1, DK-2605 Brøndby
Tel. +45 43 20 30 40 – CVR No.: 58 23 35 28
Executive Board: Kurt K. Larsen, Group CEO (17.09.1945), Jens H. Lund, CFO (08.11.1969).
Supervisory Board: Palle Flackeberg (Chairman) (03.08.1952), Erik B. Pedersen (Deputy Chairman) (13.06.1948), Kaj Christiansen (20.02.1944), Hans Peter Drisdal Hansen (04.11.1944), Egon Korsbæk (25.09.1947), Per Skov (28.09.1941), Leif Tullberg (05.10.1945).

DFDS Transport Group A/S
Kornmarksvej 1, DK-2605 Brøndby
Tel.+ 45 43 20 30 40 – CVR No.: 26 36 63 72
Executive Board: Kurt K. Larsen, Group CEO (17.09.1945), Jens H. Lund, CFO (08.11.1969)
Supervisory Board: Leif Tullberg (Chairman) (05.10.1945), Kaj Christiansen (20.02.1944), Palle Flackeberg (03.08.1952), Hans Peter Drisdal Hansen (04.11.1944), Kurt K. Larsen (17.09.1945), Erik B. Pedersen (13.06.1948).

DFDS Transport Air & Sea Holding A/S
Kornmarksvej 1, DK-2605 Brøndby
Tel.+ 45 43 20 30 40 – CVR No.: 26 36 63 56
Executive Board: Jørgen Møller, President (19.03.1950).
Supervisory Board: Kurt K. Larsen (Chairman) (17.09.1945), Johannes Peter Høtbjerg Hansen (25.12.1947), Jens H. Lund (08.11.1969).

DFDS Transport Solutions Group A/S
Litauen Allé 4, DK-2630 Taastrup
Tel. +45 72 15 27 00 – CVR No.: 26 36 63 48
Executive Board: Brian Winther Almind, Managing Director (12.10.1966).
Supervisory Board: Kurt K. Larsen (Chairman) (17.09.1945), Henrik Holm (24.08.1959), Jens H. Lund (08.11.1969), Johnny Holm Jensen (29.11.1959).

Member of the Executive Board of DSV A/S with other board positions:
Jens H. Lund (08.11.1969):
Member of the Supervisory Board of Niras A/S.

Members of the Supervisory Board of DSV A/S with other board positions:
Hans Peter Drisdal Hansen (04.11.1944):
Chairman of the Supervisory Board of Ammongas A/S and P/S Firgas, member of the Supervisory Board of the PV Foundation and associated companies, and the Tokai University Boarding School Foundation.

Egon Korsbæk (25.09.1947):
Chairman of the Supervisory Boards of Egnsbank Han Herred A/S and its subsidiaries, Storke Vinduer A/S, RBM HOLDING A/S and subsidiaries, Raunstrup Gruppen A/S and subsidiaries, Han Herreders Tømmerhandel and its subsidiary, DAI COM A/S, Erhvervsinvest Han Herred ApS, and Egnsbank Han Herreds Fond, member of the Supervisory Board and Manager of Husby Invest A/S, and ApS SMBK 1626, member of the Supervisory Boards of SAMSON GROUP A/S and its subsidiary and Alm. Brand Formue A/S.

Per Skov (28.09.1941):
Chairman of the Supervisory Boards of Utility Development A/S, Norlux A/S, Cobra Holding A/S, Deputy Chairman of the Supervisory Boards of Tryg i Danmark smba, Tryg Vesta A/S and Tryg Forsikring A/S, member of the Supervisory Boards of Dagrofa A/S, Denerco Oil A/S, and Kemp & Lauritzen A/S.

Leif Tullberg (05.10.1945):
Chairman of the Supervisory Board of Nymølle Stenindustrier A/S, DSV Anlæg, Teknik & Miljø A/S, DSV Transport A/S, Dansk Jordrens A/S, Miljøteam A/S, KKM Depot Gerringe A/S, Specialdepot Sneglerup A/S, Specialdepot A/S, Brudehus A/S, Soilrem OY, Nett Grinda AS, DSV Råstoffer A/S, Hedehusene Ejendomsselskab A/S, and DSV Environmental Group AB, member of the Supervisory Board of Afatek A/S, member of the investment committee of LD Equity 2.


Kurt K. Larsen
Group CEO


Jens H. Lund
CFO


Palle Flackeberg
Chairman of the Supervisory Board


Erik B. Pedersen
Deputy Chairman of the Supervisory Board


Egon Korsbæk
Member of the Supervisory Board


Hans Peter Drisdal Hansen
Member of the Supervisory Board


Kaj Christiansen
Member of the Supervisory Board


Leif Tullberg
Member of the Supervisory Board


Per Skov
Member of the Supervisory Board

Social indicators 2005

DSV has introduced monthly reporting of a number of staff data to increase Management's possibilities of reacting on small signals about job satisfaction among employees. This systematic reporting also gives the Group Management the possibility of reading positive trends and enhancing job satisfaction among the rest of the Group.

By extracting and combining various data from the reported employee data on the Group's 11,619 employees, the typical DSV employee can be characterised as follows:

The employee is in his/her mid-30s, has worked with the Group for 3-5 years and works as a forwarding agent with a North European company of the Road Division. With an average of only 9 days of absence per year the typical employee is rarely ill. There is a relatively small risk that the typical employee will suffer an industrial accident. According to the industrial accident frequency in DSV in 2005, an employee would thus risk suffering one industrial accident resulting in one or more days of absence for an employment period of 48.5 years.

Acquisitions change the organisation

In 2005, a number of new enterprises were integrated into the DSV Group and the number of employees increased by more than 15%. This means that the proportion of employees in the Air & Sea Division increased from 16% in 2004 to 20% in 2005. 6% of the Group's employees work in the Solutions Division, and 74% work in the Group's largest division, the Road Division.

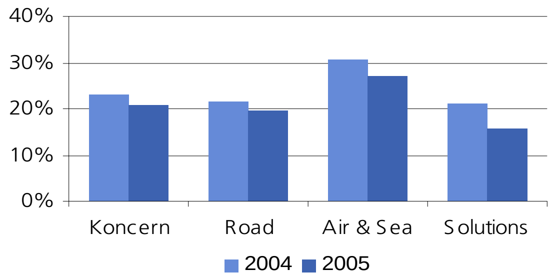
Furthermore, the integration of new enterprises has resulted in an increase in the proportion of salaried staff to 67% from 63% in 2004.

Staff turnover

Despite acquisitions and subsequent integration of many new enterprises in 2005, staff turnover among all employee groups of all the Group's divisions decreased compared to the previous year. In 2005, staff turnover was 20.8% compared to 23.1% in 2004. Two trends apply to the Group's companies. Average staff turnover is high among new and merged companies, but the largest companies of the Group are seeing a decrease in staff turnover compared to 2004.

It was a general trend in 2005 that staff turnover among salaried employees was lower than the turnover among hourly workers, and that that of the Solutions Division was the lowest of the Group.

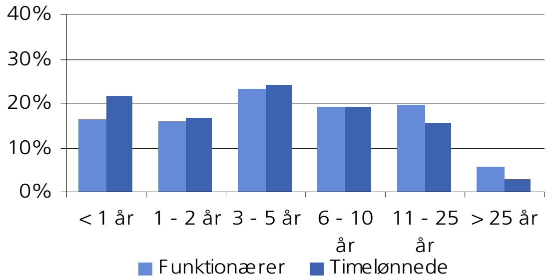
Staff turnover 2004 and 2005



Seniority

In 2004, the age distribution within DSV showed that 69% of the employees are below 45 years. In 2005, the Group carried out a survey of employee seniority. The survey shows that 43% of the Group's staff have 3-10 years of seniority. There are only minor variations in staff seniority among the Group's divisions. However, it is characteristic that the "youngest" division, Air & Sea, has the staff with the lowest average seniority. The highest seniority among the divisions of the DSV Group is seen among the staff in the Road Division.

DSV staff by seniority

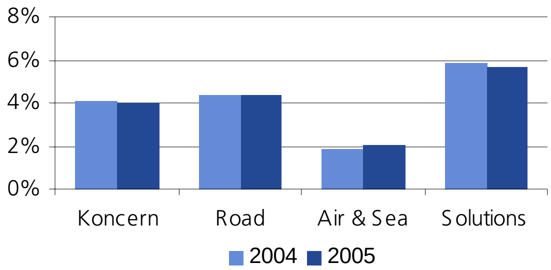


Absence due to illness

The absence due to illness figures for 2005 confirm that the Group has a healthy staff who are seldom absent due to illness. Thus, the total rate of absence due to illness remains almost unchanged in 2005 with 4.0% against 4.1% in 2004. The rate of absence corresponds to each employee being unable to work for 9 days of the year on average.

The conclusion based on the figures for the year is that absence has decreased among hourly workers and that the Air & Sea Division still has the lowest absence among both salaried staff and hourly workers.

Absence due to illness 2004 and 2005



Rate of industrial accidents

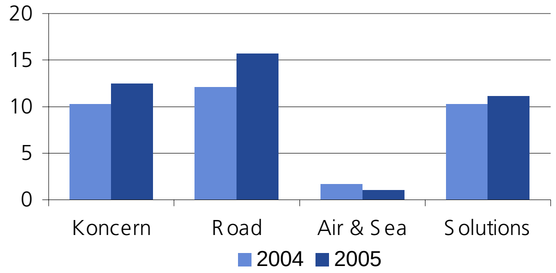
It is DSV's desire that all staff can go home from work every day without being injured, mentally or physically. It is therefore with great regret that Group Management notes a minor increase in the rate of occupational accidents in 2005. In 2005 the rate of industrial accidents was 12.5 against 10.3 in 2004

SUPPLEMENTARY REPORT – SOCIAL RESPONSIBILITY

Group Management intends to follow the trend closely and urges the managements of the individual enterprises to continue their efforts to reduce the rate of industrial accidents in 2006.

Air & Sea saw a drop in the rate of industrial accidents, while the remaining divisions experienced a slight increase in the rate.

Rate of industrial accidents per million working hours 2004 and 2005



Social indicators 2004 and 2005

	2004	2005
Average number of staff in 2005		
at 31 December		
Group	9,225	11,619
Salaried employees	5,819	7,451
Hourly workers	3,406	4,168
Staff turnover		
(%)		
Group	23.1	20.8
Salaried employees	20.8	18.1
Hourly workers	27.2	25.4
Absence due to illness		
(%)		
Group	4.1	4.0
Salaried employees	3.2	3.5
Hourly workers	5.7	5.1
Rate of industrial accidents		
(per million working hours)		
Group	10.3	12.5
Salaried employees	0.8	1.7
Hourly workers	27.9	32.3

Definition of indicators

Staff
Average number of staff at 31 December 2005.

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 number of working days during the year adjusted for national public holidays.

Rate of industrial accidents
Number of reported industrial accidents resulting in more than 1 day of absence per million working hours during the year.

GROUP STRUCTURE

DSV

DFDS Transport Group A/S (Road division)

- (B) DFDS Transport N.V.
- (CZ) DFDS Transport a.s.
- (D) DFDS Transport GmbH
- (D) DSV Transportgesellschaft GmbH
- (D) Erwin Steinle Internationale Spedition GmbH & Co. KG
- (DK) DFDS Roland Munch A/S
- (DK) DFDS Transport A/S
- (DK) DSV Niels Larsen Transport A/S
- (EST) DFDS Transport AS
- (F) DFDS Transport S.A.
- (GB) DFDS Transport Ltd.
- (GB) Inter System Transport Ltd.
- (GB) Thoroughbred Trucks Ltd.
- (HR) e-LOG d.o.o. Zagreb (Croatia)
- (IRL) DFDS Transport (Ireland) Ltd.
- (L) Spetra Luxembourg S.A.
- (LT) DFDS Transport UAB
- (LT) Garment Logistics UAB
- (LV) DFDS Transport Latvija SIA
- (N) DFDS Transport AS
- (N) Tollpost Globe AS (50 %)
- (NL) DFDS Transport B.V.
- (PL) DFDS Transport Sp. z.o.o.
- (RUS) DFDS Transport (Kaliningrad) OOO
- (RUS) DFDS Transport (Moscow) OOO
- (S) DFDS Transport AB
- (S) NTS European Distribution AB
- (SCG) e-LOG d.o.o. Beograd (Serbia)
- (SF) DFDS Transport OY
- (SF) Helsingin Rekkaterminaali OY
- (SF) Uudenmaan Pikakuljetus OY
- (SK) DFDS Transport s.r.o.
- (SLO) DFDS Transport d.o.o. (Slovenia)

DFDS Transport Air & Sea Holding A/S (Air & Sea division)

- (AUS) DFDS Transport (Australia) pty Ltd.
- (CDN) DFDS Transport (Canada) Inc.
- (CN) DFDS Transport (China) Co. Ltd. (66%)
- (CZ) J.H. Bachmann Praha spol. S.r.o. (Czech Republic)
- (D) J.H. Bachmann GmbH
- (DK) DFDS Transport (Denmark) A/S
- (GB) DFDS Transport (UK) Ltd.
- (H) J.H. Bachmann Kft. (Hungary)
- (HK) DFDS Transport (HK) Ltd.
- (HK) J.H. Bachmann (Hong Kong) Ltd.
- (MAL) DFDS Transport (Malaysia) SDN BHD
- (N) DFDS Transport (Norway) AS
- (NL) DFDS Transport (The Netherlands) B.V.
- (PH) DFDS Transport (Philippines) Inc.
- (IO) DFDS Transport (Indochina) Ltd.
- (ID) PT DFDS Transport Indonesia
- (ROK) DFDS Transport (Korea) Ltd. (75%)
- (S) DFDS Transport (Sweden) AB
- (SF) DFDS Transport (Finland) OY
- (SGP) DFDS Transport (Singapore) Pte Ltd.
- (T) DFDS Transport (Thai) Ltd.
- (T) J.H. Bachmann (Thailand) Ltd.
- (USA) DFDS Transport (US), Inc.

DFDS Transport Solutions Group A/S (Solutions division)

- (DK) DFDS Transport Solutions A/S
- (N) DFDS Transport Solutions AS
- (S) DFDS Transport Solutions AB
- (SF) DFDS Transport Solutions OY

The overview of the Group illustrates the enterprises by division and only shows active enterprises at 31 December 2005. Unless otherwise stated, the enterprises are wholly-owned.