Lauritzen Fonden

(CVR no. 1545 3613)

ANNUAL REPORT 2013

Approved on 31 March 2014 at
Lauritzen Fonden's Board meeting

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Chairman of the Board

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lauritzen Fonden for the financial year 1 January – 31 December 2013.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of Lauritzen Fonden's financial position at 31 December 2013 and of the results of Lauritzen Fonden's operations and cash flows for the financial year 1 January – 31 December 2013.

Further, in our opinion, the Management's review gives a fair review of the development in Lauritzen Fonden's operations and financial matters and the results of Lauritzen Fonden's operations and financial position.

We recommend that the annual report be approved at the board meeting.

Copenhagen, 31 March 2014

Executive Board

Bent Østergaard CEO	Inge Grønvold Director

Board of Directors

Jens Ditlev Lauritzen Chairman	Michael Fiorini Vice Chairman	
Betina Ipsen	Bendt Bendtsen	Kigge Hvid
Richard Berg-Larsen	Erik Bierre	Ib Møller Sørensen

Independent auditors' report

To the Board of Directors of Lauritzen Fonden

Independent auditors' report on the financial statements
We have audited the financial statements of Lauritzen Fonden for the financial year 1 January – 31 December 2013. The financial statements comprise accounting policies, income statement, balance sheet and notes for both the Group and the Parent Company together with cash flow statement. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the financial statements for both the Group and the Parent Company give a true and fair view of Lauritzen Fonden's financial position at 31 December 2013 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2013 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 March 2014

KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen State Authorised Public Accountant	Carsten Kjær State Authorised Public Accountant

Company details

Company:	Lauritzen Fonden Sankt Annæ Plads 28 DK-1291 København K Phone: +45 33 96 84 25
Website:	www.lauritzenfonden.com
E-mail:	lf@lauritzenfonden.com
CVR-no.:	15 45 36 13
Founded:	1945
Domicile:	Copenhagen
Financial year:	1 January - 31 December
Board of Directors:	Jens Ditlev Lauritzen, (Chairman) Michael Fiorini, Director (Vice Chairman) Bendt Bendtsen, Member of the European Parliament and former Minister Kigge Hvid, Managing Director Betina Ipsen, Member of the Lauritzen Fonden Grant Committee Richard Berg-Larsen *) Erik Bierre *) Ib Møller Sørensen *) *) Staff-elected board members
Grant Committee:	Jens Ditlev Lauritzen Betina Ipsen Inge Grønvold
Administration:	Bent Østergaard, CEO Inge Grønvold, Director

Board meeting will be held on 31 March 2014

The Group at a glance

Lauritzen Fonden is a commercial foundation and is the parent of J. Lauritzen A/S (100% owned), DFDS A/S (44,8% owned) and LF Investment ApS (100% owned).

The ship owners J. Lauritzen A/S and DFDS A/S act as independent entities with their own identity, which implies that the Executive Board and the Board of Directors of the individual companies have the primary responsibility.

J. Lauritzen A/S (JL) is a leader in maritime transport, which owns and operates a modern fleet of bulk carriers, gas- and product tankers and dynamically positionable service vessels for the offshore industry. JL employs 1298 employees worldwide and controls a fleet of approximately 150 vessels.

DFDS A/S operates Europe's largest integrated sea-based transport network, comprising 59 vessels on freight and passenger routes in the Baltic Sea, the North Sea and the English Channel as well as container and side port vessels on the Irish Sea together with associated port terminals. In addition DFDS is involved in logistics activities in the form of trailer transport, rail transport and inventory in large parts of Europe. DFDS has 5.930 employees.

LF Investment ApS' (LFI) main activity primarily consists of investments in minor venture companies. The portfolio consists of 10 companies and 11 activities, of which the following five companies are affiliated companies:

Frederikshavn Maritime Erhvervspark A/S (FME) is a real estate company whose core business is commercial tenancy on the former shipyard areas in Frederikshavn and Aalborg. FME A/S owns buildings in Frederikshavn and Aalborg of approximately 15.000m^2 and 35.000m^2 respectively, which include offices-, production- and storage facilities, which are leased to more than 70 different tenants. FME has 10 employees.

Levitaid A/S produces disposable inflatable air cushions for the prevention and relief of pressure ulcers in the care sector.

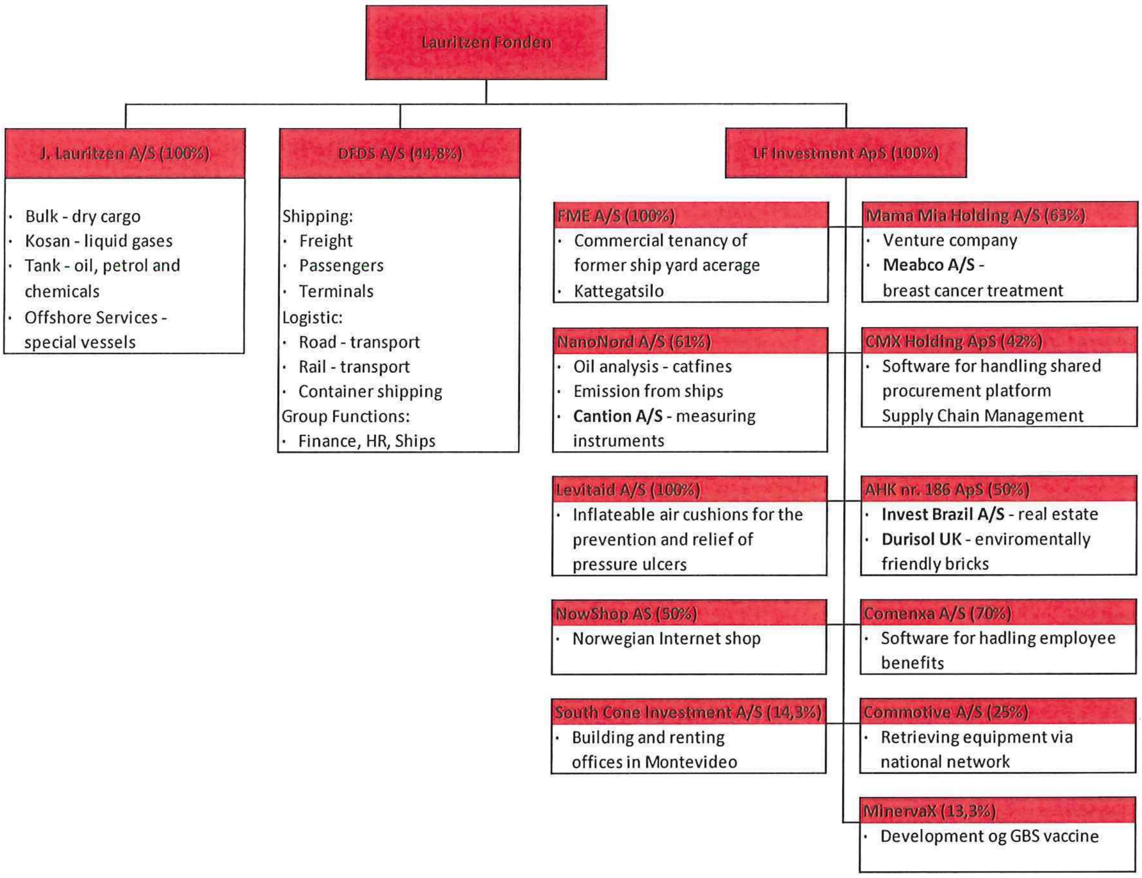
Nano Nord A/S manufactures innovative and cost-effective NMR -based products through research and development in high technology aimed at commercial use.

The first product NanoNord launches based on NMR is "CatGuard™", which measures the catalytic fines and water in fuel. The system shares IT platform with NanoNord's previously developed "Lab -On -A -Ship ™" which is a system for in-line, real-time analysis of fuel, lubricating oil and flue gas aboard large vessels.

Mama Mia Holding A/S sole purpose is to hold shares in Meabco Holding A/S, a biotechnology company that among other things develops treatment of cancer and radiation injuries (X-ray and nuclear) .

Comenxa A / S specialises in developing software which handles a variety of employee benefits – such as Asset Management and Supply Chain Management.

Overall group structure



Group Key Figures

(DKK million)	2013	2012	2011	2010	2009
Net turnover	**15.592**	**15.817**	**14.981**	**14.021**	**9.172**
Result before depreciations (EBITDA)	1.499	1.511	2.244	2.575	1.498
Profit on sale of vessels	-46	-552	-187	212	99
Depreciations and write-downs	-2.264	-2.254	-1.199	-1.260	-1.006
Operating income	**-812**	**-1.295**	**858**	**1.527**	**591**
Share of result in joint ventures	-69	-151	-1	77	79
Financial items, net	-471	-405	-376	-170	-78
Result before tax	**-1.352**	**-1.851**	**481**	**1.434**	**592**
Income tax	-17	-12	0	-68	102
Result for the year	**-1.369**	**-1.863**	**481**	**1.366**	**694**
Non controlling interests share of result	-170	-79	-461	-394	-81
Profit/(Loss) for the year	**-1.539**	**-1.942**	**20**	**972**	**613**
Fixed assets	18.046	20.196	23.622	21.933	17.824
Total assets	23.414	26.437	29.033	28.381	21.868
Equity	11.053	13.552	15.584	15.086	11.356
Lauritzen Foundation share of equity	7.589	9.077	11.083	10.929	9.691
Cash flow from ordinary activities	1.444	877	2.183	1.685	290
Investment in tangible assets	1.233	826	4.888	4.013	3.964
Changes in cash position	-844	537	361	434	-225
Number of employees	7.329	6.664	6.404	6.000	4.700
Profit margin, %	-5,2	-8,2	5,7	10,9	6,4
Rate of return, %	-2,4	-4,5	3,9	7,7	4,4
Return on equity, %	-18,5	-19,3	0,2	9,4	6,5
Solvency ratio, %	47,2	51,3	53,7	53,2	51,9

Key figures are prepared in accordance with Den Danske Finansanalytikers "Anbefalinger og Nøgletal 2010", however, solvency ratio includes non controlling interests.

Profit margin

$$\frac{\text{Operating income}}{\text{Net turnover}}$$

Rate of return

$$\frac{\text{Operating income + financial income}}{\text{Average of total balance}}$$

Solvency ratio

$$\frac{\text{Equity incl. non controlling interests}}{\text{Total assets}}$$

Return on equity

$$\frac{\text{Profit/(Loss) for the year}}{\text{Average share of equity excl. non controlling interests}}$$

Management's review

The Group 2013

The total revenue of the Group amounted to DKK 15.592 million in 2013 against DKK 15.817 million in 2012, a decrease of DKK 225 million. Result before tax amounted to a loss of DKK 1.352 million against a loss of DKK 1.851 million in 2012.

2013 was yet another difficult year for **J. Lauritzen A/S**. Its position in dry-cargo combined with another year, of which a major part presented record low earnings, made its impact on the result. On top of this, defaults on two long-term capesize bulk carrier charters forced sizeable impairments.

The result for the year, a loss of USD (284,6) million ((349,7) million in 2012), had been anticipated since mid-2013 and as such, been analyzed, understood and worked with over the past six months.

Profit before tax and special items for **DFDS A/S** was DKK 367 million, an increase of 35,9% compared to 2012.

The increase was mainly driven by higher earnings from the freight and passenger activities in the North Sea region following the gradual recovery of demand in Europe during the year.

Freight and passenger volumes resumed growth during the year in the regions around the North Sea, while growth slowed down in Baltic Sea regions linked to Russia.

Revenue for the year was DKK 12,1bn, an increase of 3,4% compared to 2012, mainly driven by the full-year effect of the addition of activities acquired from the French shipping company Louis Dreyfus Armateurs (LDA) and increased activity on Dover-Calais, which opened with only one ship on the Channel during Q1 2012. Revenue from higher freight volumes was partially offset by lower revenue from bunker surcharges as the oil price declined in 2013. Adjusted for bunker surcharges, revenue growth was 5,6% which was in line with the expectation of an increase of around 5%.

DFDS acquired a significant number of treasury shares in late 2013. Lauritzen Fonden owned de facto 44,8% of DFDS at 31 December 2013. Consequently, the financial statements of Lauritzen Fonden for 2013 reflect ownership of DFDS of 44,8%. In January 2014 DFDS cancelled 10,5% of its share capital.

Outlook for 2014

Following the assumptions described in this annual report, the outlooks for 2014 are expected to be more positive compared to 2013 with higher profits.

Lauritzen Fonden's charitable activities

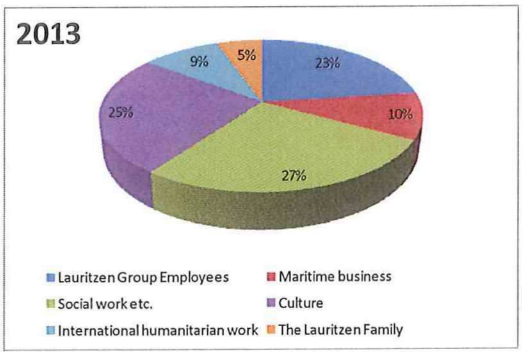
The financial result to meet Lauritzen Fonden's charitable purposes including dividends received from subsidiaries amounted to DKK 64 million (2012: DKK 86 million). The decrease is primarily due to lower return on Lauritzen Fonden's portfolio on securities (-15,4 million) and provision made towards a VAT dispute on Klithuset (- 4,0 million).

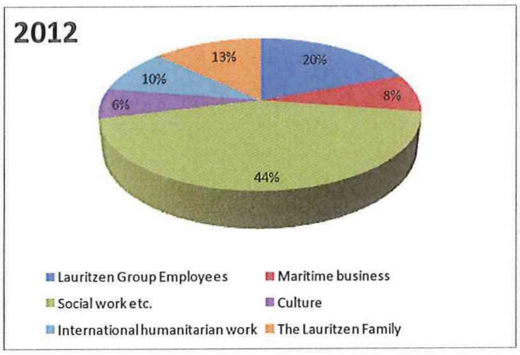
In 2013, Lauritzen Fonden provided grants at a total amount of DKK 24,6 million. (2012: DKK 28,4 million) in accordance with the foundation charter, which includes grants for shipping, education, schools, youth and senior organisations, humanitarian and social purposes both in Denmark as well as abroad, Danish culture, Lauritzen Group employees and the Lauritzen family.

In 2013, Lauritzen Fonden set out a strategy within the social and humanitarian areas focusing on vulnerable children and young people in Denmark. As a consequence there is less focus on development projects outside Denmark particularly projects in Africa. The social and humanitarian areas accounted for 44% of all grants in 2012. In 2013, this was reduced to 27%. In 2013, grants to both the cultural and maritime-related areas increased.

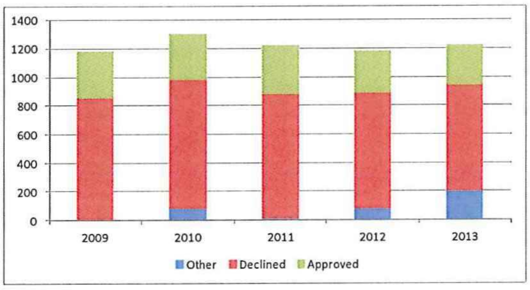
The grants for the individual purposes will be distributed to a wide range of activities carried out by organisations, associations and individuals actively contribut-ing to society, often volunteers. Within each group small as well as large contributions are granted in order to support a wide range of organizations. Below please find selected major contributions:

DKK 300.000 Foreningen til Søfartens Fremme, information about Danish shipping.
DKK 300.000 Det Internationale Rehabiliterings-råd for Torturofre (IRCT), covering costs to stop impunity
DKK 300.000 Nordisk Film Produktion, film about World War I.
DKK 318.000 Moesgård Museum, exhibition about Viking sailing
DKK 350.000 Børn, Unge & Sorg, costs covering consultancy work.
DKK 350.000 Det Kongelige Teater, free public event at Skuespilhuset.
DKK 400.000 Hartvig-Møller Fonden, Storedam – leisure school for seniors.
DKK 500.000 Villa Skodsborg, new domicile for observation- and treatment home.
DKK 500.000 iNANO, Aarhus University, transmission electron microscope.
DKK 500.000 Børns Vilkår, advice on Kid's helpline.
DKK 5.000.000 Kvæsthusselskabet, refurbishment of Sankt Annæ Plads





Lauritzen Fonden received and processed a number of applications in line with last year. Of the 1.223 applications received (1.186 in 2012) 285 were approved for grants (299 in 2012) and 198 applications were still pending at year end.



A "hit rate" of 23,3% (a slight decrease compared to the past two years) was not satisfactory, as the target is a rate of approximately 30%. It is important that Lauritzen Fonden's external communication is sufficiently clear and precise. It provides a better alignment of expectations and information to applicants and stakeholders. Therefore, there is constant focus on clear communication and information in Lauritzen Fonden's focus areas and funding opportunities through the application system Fond@.

In 2013, in cooperation with the communication agency Bysted, Lauritzen Fonden set up a comprehensive communication strategy with the aim of increasing awareness of Lauritzen Fonden. By doing so Lauritzen Fonden also helps adding value and knowledge supporting the projects. This aim should be achieved by using the following platforms: Lauritzen Fonden's website, Facebook, increased media campaign and the Lauritzen Award. Following a complete upgrade, the website is dymanic, welcoming and informative. There are currently 1.522 followers on Facebook and increasing communication on social media. An annual PR cycle of systematic and regular communication to the press about projects that encapsulate the objectives of Lauritzen Fonden has been launched. In addition, the Lauritzen Award has been elevated to a higher level, which has resulted in extensive press coverage. In addition, the award show has successfully enabled Lauritzen Fonden to draw attention to the social and humanitarian work by presenting three of the current projects supported by Lauritzen Fonden at the show.

The Grants Committee visited selected projects in 2013 with the aim of getting an updated overview of the everyday reality of the social and humanitarian projects in particular and performing an informal evaluation and control of the granted funds. Similarly, several project managers visited Lauritzen Fonden at Sankt Annæ Plads. The visits have improved dialogue in many ways. Examples of visits: Kontaktcenter Klippen, Maternity Worldwide and Natte-ravnene.

Networking meetings with other foundations continue to strengthen the focus on sustainable projects and allow sharing of knowledge and better tools to achieve societal goals. It makes good sense that foundations join forces to solve a problem or optimise projects in selected areas.

Every year Lauritzen Fonden gives away the Lauritzen Award in recognition of an outstanding artistic achievement in Danish theatre, TV or film. In 2013, the Lauritzen Award was given to the actress Birthe Neumann and the actor Søren Malling, who each received DKK 250.000.

- The Vision Award of DKK 100.000 went to Lars Ole Mathiasen
- The Backstage Award of DKK 50.000 went to Erling Larsen
- The Wauw Award of DKK 30.000 went to Stig Rossen
- The two Believe-in-you-Awards of each DKK 20.000 went to Danica Curcic and Jonas Fly Filbert.

In 2013, a new award, the Honorary Award, of DKK 100.000 was introduced. The award is given to a mature actor/actress or person in film, TV or theater, who is in the autumn of his or her life looking back on a long and glorious career. The award went to Kaspar Rostrup.

650 guests attended the award show held at Skuespilhuset in Copenhagen. As mentioned, it was also the first time that Lauritzen Fonden used the event to draw attention to three selected social projects which were introduced to the audience. The project managers were given the opportunity to meet each other for mutual inspiration. The three projects were Den Gule Flyver (centre for children and youths who are unable to fit into ordinary schools), High:Five (assists companies in employing young people with a criminal record in ordinary jobs) and Drug Rebels (educates youths to make a conscious choice about the use of drugs).

24 of the 30 studio apartments on Herlevgårdsvej have now been renovated according to an agreed standard. At the end of 2013, 23 of the 30 apartments were rented to

the Lauritzen Group children, etc., i.e. internally rented. There has been almost 100% occupancy of the apartments which has resulted in a break-even performance. The apartments serve as a supplement to benefits aimed at the companies' employees. Three of the apartments are furnished for use by DFDS and JL.

The occupancy rate at Klithuset in Dronningmølle decreased in 2013. Lettings during the week - meetings and conferences - decreased to an occupancy rate of 39% (2012 48%). Lettings on weekends were 78% against 80% in 2012. The operation of Klithuset is kept at a level which ensures that the house is maintained as an attractive location for conferences and functions without being extravagant.

In 2013, Lauritzen Fonden won a case before the National Tax Tribunal on questions of principle nature: parties with interests first and voluntary VAT registration. The National Tax Tribunal's decision has been appealed, and Lauritzen Fonden has received a writ of summons from the Junior Council to the Treasury with the Treasury as counterparty in the High Court. The case is expected to be settled in 2014.

Lauritzen Fonden wants to demonstrate best practice and show a high level of transparency and thus be recognised as a foundation that supports social and innovative projects that help to develop Danish society.

In 2013, Lauritzen Fonden took a stand on the new draft legislation on commercial foundations in order to stay ahead on both future legislation on commercial foundations and soft law. In order to meet the requirements of the draft legislation, Lauritzen Fonden has updated its website with its grant policy, the board members' qualifications together with an update of the Board of Directors' rules, and the first board evaluation has been scheduled.

The Board consists of eight persons; five elected in accordance with Lauritzen Fonden's charter (two women and three men, no under representation) and three employee elected.

Lauritzen Fonden expects donations to reach approximately DKK 28 million in 2014.

J. Lauritzen A/S

	J. Lauritzen A/S	
DKK million	2013	2012
Revenue	**3.472**	**4.010**
Costs	-3.229	-3.717
Result before depreciations	244	293
Profit on sale of vessels	-46	-552
Depreciations and write-downs	-1.505	-1.425
Operating income	**-1.308**	**-1.684**
Financial items etc., net	-309	-321
Result before tax	**-1.617**	**-2.005**
Income tax	0	4
Result after tax	**-1.617**	**-2.000**
Extraordinary items, net	0	0
Result for the year	**-1.617**	**-2.000**
Non controlling interests share of result	-2	-7
Profit/(loss) for the year	**-1.619**	**-2.008**
Fixed assets	8.620	10.779
Total assets	9.834	12.941
Equity	4.009	4.824
Number of employees	1.298	1.384
Profit margin, %	-37,7	-42,0
Rate of return, %	-11,3	-11,3
Return on equity, %	-36,6	-34,1
Solvency ratio, %	40,8	37,3

J. Lauritzen prepares its Annual Report in USD. Above figures are translated into DKK with average exchange rates for the profit and loss account and year-end exchange rates for the balance sheet, cf. Accounting Policies.

Highlights 2013

2013 was yet a difficult year for J. Lauritzen. Our position in dry-cargo combined with another year, of which a major part presented us with record low earnings, made its impact felt on the result. On top of this, defaults on two long-term capesize bulk carrier charters forced sizeable impairments. The result for the year, a loss of USD (284,6) million, had been anticipated since mid-2013 and as such, has been analyzed, understood and worked with over the past six months.

JL's result was USD (284,6) million compared to USD (349,7) million in 2012.

The result was significantly impacted by one-off items with a net effect of USD (185,0) million (2012: USD (254,4) million). Adjusted for these, JL's result was USD (99,6) million compared to USD (95,4)m in 2012. The effects of the depressed market conditions for bulk carriers, which continued into 2013, and the weakening of the market for gas carriers were partly offset by lower depreciation and reduced net financial costs.

2013 turned out to be the fifth consecutive year with depressed shipping markets.

Again Lauritzen Bulkers was hit by a new sizeable counterparty default in the capesize bulk carrier segment. To secure our long-term financial strength, it was decided that structural changes in the capital base and the business portfolio were needed. To achieve this, the following actions were taken during the year:

The Lauritzen Foundation, the sole owner, decided in early 2013 to convert two subordinated loans into equity. At year-end 2012, the loans amounted to a total of DKK 903 million (USD 160 million).

The fleet of ten wholly-owned product tankers was sold *en bloc* in October 2013 to Hafnia Tankers, Copenhagen at a price of USD 305 million, releasing net cash at deliveries totaling USD 125 million.

After the balance date, three shuttle tankers were sold with expected delivery between 1 April 2014 and 15 May 2014 to Knutsen NYK Offshore Tankers, Norway at a price of USD 191 million, releasing net cash of USD 65 million. The sale is still subject to certain approvals.

During the second half of the year, Lauritzen Bulkers took a total of eleven newbuildings on long-term time-charter for delivery 2014-17 with both extension and purchase options. These, together with orders for four supramax ECO newbuildings with delivery 2016-17 concluded in early 2014, signify our belief in an improved market in the coming years.

In 2013, we continued to improve processes across the Group in order to improve efficiency and reduce costs. Our fuel-efficiency program continued with the implementation of a range of initiatives with the aim of reducing fuel consumption as well as our carbon footprint.

At year-end 2013, JL's solvency amounted to 39,4% (2012: 36,8%) and cash and cash equivalents were USD 154 million (2012: USD 267 million). Net debt amounted to USD 631 million equal to 62% of broker values (2012: USD 949 million and 61% respectively).

The result was in line with the latest expectations but considerably below expectations at the beginning of the year due to write-downs at 30 June 2013 resulting from a counterparty default and the expected long-term asset value effects of new ECO designs. The result is regarded as very unsatisfactory.

The business environment

Apart from Q4, world shipping markets remained depressed for most of 2013. Higher earnings were seen for most markets only in Q4, but particularly for large dry bulk and crude oil. Product tankers enjoyed higher rates during the year, whereas the market for smaller gas carrier deteriorated slightly in the second half. On average, the Clarksea index increased by 6% in 2013 compared to 2012.

The strengthening of shipping markets in late 2013 was due to economic activity becoming more broadly based, both in terms of countries and in terms of goods transported and due to supply growth in most shipping markets receding from previous years' level.

Political and economic developments were challenging in 2013. Unrest in the Middle East and North Africa continued and kept oil prices at high levels. Financial conditions as a whole deteriorated slightly with increased risks in emerging markets on exchange rates and liquidity which negatively affected their economic performance. These developments contributed to general uncertainty, leading to high volatility in many shipping markets.

Despite these occurrences, some optimism entered the tonnage market during 2013. Newbuilding prices as well as second hand tonnage prices bottomed out early 2013 and towards the end of 2013, newbuilding prices were on average 5% higher than at year-end 2012, but still 20% below early 2009.

This relatively limited rise in newbuilding prices should be seen in the light of a large world surplus in ship building capacity, illustrated by the fact that 2013 deliveries only corresponded to about 70% of annual deliveries during the past two years and the sizeable improvement of Japanese shipyards' competitiveness due to the depreciation of the JPY. The rise of nearly 150% in 2013 orders compared to 2012 taken together with the introduction of more fuel-efficient vessel designs have thus not been sufficient to initiate a strong increase in newbuilding prices.

The surplus global shipbuilding capacity implies sizeable supply elasticity. This means that the ability of the shipbuilding industry to deliver new ships within a fairly short time span is high, enabling shipyards to quickly meet demand and make business cycles fairly short-lived as a result.

Second hand prices recovered during the second half of the year, mainly for bulk carriers and products tankers, whereas only a minor rise was registered for smaller gas carriers.

JL Group

Jan Kastrup-Nielsen became President & CEO at the end of February 2013 when Torben Janholt retired as planned. Jan Kastrup-Nielsen has been with JL since 2000 and been part of Executive Management since 2009.

The sale of the fleet of ten wholly-owned product tankers to Hafnia Tankers was concluded in October 2013. The transaction will be completed and all vessels delivered to the new owner during Q1 2014.

Subsequent to the product tanker sale, JL offered holders of the Senior Unsecured Bond Issue 2010/2015 with ISIN NO 0010572381 to buy back these bonds at a price of NOK 105. The offer was very well received with bonds valued at NOK 259 million being repurchased, equal to 37% of outstanding bonds.

Together with JL's partner HitecVision, Axis Offshore was mandated to exercise an option to contract an additional accommodation unit for delivery in late 2015, which will strengthen Axis Offshore's position for the expected growth in the offshore accommodation market. Concurrently, it was decided to reduce the shareholding in Axis Offshore to 34% (voting rights remain unchanged at 50%). Instead of having a 50% share of a "two unit" ASV company, JL now owns 34% of a "three unit" ASV company with high specification assets acquired at competitive prices.

It was decided to maintain and develop the presence in the handysize bulk carrier segment where JL has built a very strong presence and has a large and important group of clients. We intend to expand our presence in the "neighbouring" supramax segment, where we find some of the same clients and business dynamics. During the year, we decided to cease our activities in the panamax bulk carrier segment and to act strictly as shipowners under long-term charters for our remaining capesize activities.

Towards the end of the year, two 58.000 dwt bulk carriers were sold.

Eleven handysize bulk carriers newbuildings for delivery in 2014-16 were taken on long-term charter with options for extensions as well as purchase options.

During 2013, JL controlled a combined average fleet of 176 vessels compared to 178 vessels in 2012, of which 59 were owned vessels (59 in 2012). At year-end, the average age of our bulk carriers was 3,3 years, gas carriers 9,3 years and shuttle tankers 5,7 years.

Assets and solvency

Total invested capital was USD 1.638 million at year-end 2013, down from USD 1.960 million at year-end 2012.

The total book value of vessels amounted to USD 1.021 million, down USD 681 million on 2012 primarily due to write-downs, asset disposals and ordinary depreciation. Brokers' valuations of vessels totalled USD 953 million, up 9% on 2012. The value in use of the vessels, taking contract coverage into account was higher than the total carrying amount.

At year-end 2013, JL's unsecured bonds maturing in 2015 and 2017 respectively were trading on the Oslo Stock Exchange at NOK 105 (NOK 102 at year-end 2012) and at NOK 102,75 (the bond was listed on 16 January 2013).

After year-end events

After balance date, outstanding deliveries of five product tankers to Hafnia Tankers were completed. Four long-term time chartered product tankers were also transferred to Hafnia Tankers and as of mid-March 2014 our product tanker operations will cease.

An order for two 61.000 dwt ECO design supramax bulk carriers was placed at Dalian COSCO Kawasaki HI Ship Engineering Co., Ltd., Dalian, China (DACKS) for delivery in Q3 2016. Further, two 63.000 dwt ECO design supramax bulk carriers were ordered from Imabari, Japan for delivery H2 2017.

After the balance date the fleet of three shuttle tankers was sold to Knutsen NYK Offshore Tankers, Norway with delivery between April 1 and May 15, 2014. The sale is still subject to certain approvals. The transaction marks the finalization of the process to regain financial strength.

Outlook 2014

World economic growth and trade are expected to be on a positive path in 2014. However, the roll back of the US Federal Reserve Bank's purchase of government bonds, the debt problems in Southern Europe, the vulnerability of many emerging markets to commodity price developments and currency markets, and the outcome of the current negotiations between the UN Security Council members and Iran are examples of uncertainties with a potentially significant impact on shipping markets.

Acknowledging such events, it is anticipated that seaborne transportation will increase for all key markets, including dry bulk, smaller gas carriers and offshore units.

Deliveries and demolitions are projected to decline in 2014 compared to the previous two years. This suggests that the world merchant fleet overall is expected to grow less rapidly than the 4% growth recorded in 2013.

The dry bulk carrier fleet is expected to grow less than the 6% growth recorded in 2013, whereas smaller gas carrier supply is poised for a somewhat stronger increase than the 4,5% growth in 2013. The outlook is for a stronger dry bulk market due to demand growth being expected to surpass supply growth. The market for smaller gas carriers is foreseen as increasing slightly, as demand growth is expected to be only somewhat higher than supply growth.

In November 2013, talks between Iran and the group of permanent UN Security Council members and Germany led to an agreement for a six to twelve month period for further negotiations with the aim of finding a solution to the Iranian conflict. An agreement could have considerable impacts on energy and petrochemical markets with positive implications for shipping markets, but these have not however been included in our earnings forecasts.

In 2014, we will expand our bulk carrier activities in handysize and supramax, consolidate our position in the market for smaller gas carriers and continue to improve our business processes and organisational competencies and skills. But more than anything else, we will work on strengthening relations with clients, suppliers and other stakeholders.

The result for 2014 is expected to improve considerably compared to 2013, due to market improvements and redelivery of expensive time-charter tonnage, but also because no further losses from the sale of assets and impairments are envisaged.

EBITDA from continuing operations is expected to be within the range of USD 55-75 million, significantly up on 2013 of USD 8,9 million, due mainly to dry bulk market improvements and redelivery of expensive time-chartered vessels.

Net result from continuing operation is expected to be USD (20) million – (40) million, significantly up on the USD (236.5) million in 2013. Results from discontinuing operations are estimated around USD 15 million including gains from announced sale of assets of USD 10 million.

Overall, JL is expected to see a 2014 result of USD (5) – (25) million.

Currency and interest rate fluctuations as well as effects from additional sale of assets may impact the result.

Capital expenditure including installments on four newbuildings for delivery in 2016 and 2017 and dockings is limited.

Risk management

As cyclical, global industries, shipping and offshore are exposed to a large number of diverse risk factors with the potential to impact heavily on the way business is conducted.

The purpose of risk management is to ensure that risks affecting JL's operations are identified, monitored and dealt with according to the tolerance set for each type of risk.

JL as a Group has identified, monitors and manages four main types of risk: Business Risks (e.g. freight rates, fuel oil prices, asset values and operating costs), Financial Risks (e.g. interest rates, currencies and liquidity), Credit Risks (e.g. credit rating of counterparties) and Operational Risks (e.g. fleet operations, safety, insurance, IT and piracy). Risk management is an integral part of JL's corporate governance.

As a shipping company, we create value by taking calculated risks relating to our core businesses. For operational risks, our risk tolerance is in principle zero and risks relating to operations, safety, environment and IT systems are reduced as much as possible. We have a low risk tolerance for financial risks and these are managed closely and minimized in order to support our strategy.

Policies on risk management and risk limitation are approved by the Board of Directors. Key risk factors both at Group level and for individual business units are regularly assessed and prioritized based on how likely they are to occur and their potential impact. The Group and individual business units also have procedures in place to ensure consistent day-to-day risk management.

Business Risks

Business risks relate primarily to volatility in freight rates and asset values. Global economic cycles and economic growth are key drivers for all shipping and offshore markets as world trade, seaborne trade and oil production and consumption all depend on economic growth. Further, the demand for seaborne transport depends on the geographical location of production compared to where the goods are being used. JL's business units all have market-specific demand drivers and are responsible for identifying and monitoring the risks relating to their individual markets.

To reduce earnings volatility, JL operates a diversified business portfolio and different vessel segments within the individual business units and secures a deliberate combination of open and covered vessel days (including Forward Freight Agreements - FFAs).

According to our strategy, two growth segments have been identified, i.e. smaller bulk carriers (handysize and supramax) which are characterized by exposure to the spot market and smaller gas carriers characterized by annual contracts and a high level of repeat clients. The remaining segment (large bulk) is characterized by long-term period charters with solid counterparts. Long-term period charters and very long cargo contracts are approved by the Board of Directors.

Fluctuations in assets values affect our balance sheet, financial covenants and the minimum value clauses in our loan agreements. Risks relating to fleet and asset values are managed by having a diversified fleet comprising owned, part-owned as well as pool vessels and time-chartered vessels with different durations, optional periods and purchase options.

2013 saw vessel values increasing whereby funds amounting to USD 34 million, earlier paid into pledged accounts to comply with minimum value clauses, were released. Should vessel values drop by 10% during 2014 compared to December 2013 valuations, USD 2,4 million would be required for pledged accounts.

Business strategies, comprising policies for contract coverage by vessel segments and overall limits for off-balance sheet exposure (such as chartered tonnage), are approved by JL's Board of Directors and reporting on these is an integral part of our reporting routines. We constantly monitor market trends and adjust our coverage and off-balance sheet exposure to market expectations and defined financial ratios.

Bunker and price risks

Bunker oil is a significant cost element for JL, although oil price risk in principle only relates to contracted cargo volumes not covered by BAF (Bunker Adjustment Factor). At present, most of the fleet is employed either in the spot market, re-let or on time-charter or employed under Contract of Affreightment (COA) with BAF and hence bunker oil price risk is limited.

Reputational risk

JL enjoys strong brand recognition and loyalty and for many years has been a quality shipowner with high standards in all aspects of safety and corporate governance.

However, any incident or accident could have an impact on the company to the detriment of our image and brand loyalty. Guarding against this type of risk is difficult and can only be achieved by extensive preventive work and complete transparency should an incident or accident nevertheless occur.

Financial risks

Financial risks relate to capital management risks and to the financial markets in general (currency exchange rates and interest rates).

Currency risks

JL's operating and reporting currency is USD and thus all amounts are recorded and reported in USD. Matching income and expenses and assets and liabilities minimizes the net currency risk, leaving net positions to be focused on.

Currency exposure relates to our operational, financial and investment cash flows.

The most important non-USD operating cost currency is DKK arising mainly from head office costs and Danish crew expenses. Currency risk from non-USD interest bearing debt relates to JPY (USD 63,5 million) and NOK (USD 151,9 million). The JPY debt is partially hedged and the NOK debt is 100% hedged.

Our policy is to use derivative instruments to hedge currency risks relating to net non-USD cash flows from operating activities, investments and financing. Hedging policy is approved by the Board of Directors.

Interest rate risks
Part of JL's loan portfolio is subject to floating interest rates, meaning that we are exposed to fluctuations in these.

Our policy is to hedge risks associated with changes in interest rates to limit the financial effects of adverse changes in interest rates by converting variable interest rates to fixed interest rates. Net interest rate risk may be hedged via forward rate agreements, interest rate swaps and related instruments if felt advantageous. Hedging policy is approved by the Board of Directors.

At year-end 2013, 58% of JL's debt was in fixed rate loans (59% at year-end 2012).

We have a total threshold of USD 114,5m on lines relating to derivatives with financial counterparties, and at year-end the remaining credit support amount was USD 79,9 million, so the risk of margin calls is relatively low.

Credit risk
Credit risk is the risk of incurring financial loss if clients or counterparties fail to fulfill their contractual obligations.

JL rates clients for creditworthiness based on historical trading and payment records, input from rating agencies as well as industry knowledge and client reputation. Large counterparties are monitored and rated, with fixed exposure limits. Further, clients and counterparties are only accepted when fulfilling general requirements. In certain cases contracts are guaranteed by parent companies or the like. Large contracts and long-term commitments are reviewed and approved by the Executive Management and in certain cases by the Board of Directors.

On a Group basis, our ten largest clients accounted for 19% of total revenues in 2013 (20,5% in 2012).

During the past years, JL has experienced severe counterparty defaults especially on capesize and handymax contracts. Policies related to credit assessment are routinely reassessed.

Risks relating to financial counterparties, financial instruments, bonds and cash funds are minimized by trading only with financial institutions with a long-term investment grade credit rating from Moody have and by defined limits on deposits for each financial partner.

Operational risks
Operational risks refer to potential losses resulting from people/compliance, inadequate systems, accidents and piracy.

People and compliance
We need to attract and retain talented, competent and motivated employees with the right sets of skills and ethical mindsets to ensure quality operations. Conversely, lack of the right people could impact on our

performance with increased risks and opportunities missed.

Compliance risk is the current and prospective risk to earnings or capital arising from non-conformance with rules and regulations on for example antitrust, anti-corruption and fraud, prescribed practices, internal policies and ethical standards including human rights and principles of environmental protection. Compliance risk also arises in situations where the governing laws or rules may be ambiguous and lack enforcement. This risk exposes JL to fines, employees' imprisonment, payment of damages and the voiding of contracts in addition to diminished reputation and limited business opportunities. Policies and procedures to limit such risks are regularly assessed by Executive Management.

Safety

Casualties from ship operations can have serious consequences and merchant shipping has widely implemented international safety standards. Further, several clients have additional requirements relating to safety, environmental protection, etc. In JL, we have safety standards in place, obviously complying with general safety standards, but also over and above client demands.

Any accident could have serious consequences for our crews or personnel, the environment and our financial position due to personnel injury, loss of income, repair costs, claims and damages and consequential loss of client satisfaction.

JL recognises the risks and potential hazards involved in owning, operating and managing a large, diversified fleet of ships worldwide. One major prerequisite for handling these risks is to ensure that all ships under our control comply with comprehensive internal management systems that are in line with or exceed the requirements of the International Safety Management (ISM) code. This relates both to vessels managed by ourselves and vessels under external technical management. Management systems and reporting practices are regularly revised so as to communicate best practice across the fleet, thus avoiding or minimizing the risk of incidents, accidents and time loss.
Ongoing training of crews is the key to reducing risks relating to ship and cargo handling operations.

Piracy and violent crime

The fight against piracy, violent crime and associated risks continue to be at the top of the global shipping agenda, and so also for JL.
The risk to our crews and clients' cargo due to piracy or violent crime-related activity in certain parts of the world has our strictest attention. We adhere to recommendations and best management practices from relevant national and international bodies as set out in our corporate security guidelines.

JL supports the use and dispatch of armed security teams aboard our vessels. The necessity for engaging armed security teams on vessels operating in high risk regions is assessed on the basis of voyage-specific risk assessments. Armed security teams are carefully selected based on thorough vetting processes conducted by third party. This is supported by industry anti-piracy measures aboard (best management practices, BMP4) and close monitoring by technical management and by military forces providing intelligence relevant to our vessels and military escorts.

Our efforts are strengthened by working closely with external anti-piracy professionals in assessing current risk trends.

JL ensures that in the unfortunate case of a piracy-related incident, a team of professional crisis management psychologists will assist crews, families and relatives in order to provide the counseling required.

Insurance

A policy for insurance has been adopted with the aim of reducing the financial implications of incidents and casualties.

JL's insurances cover our assets, our hired and operated fleet, our liabilities and non-marine risks. As a general rule, insurances are always taken out with first class international insurance companies and they are always taken out with a certain financial safety margin to avoid any serious consequential impact of an incident or casualty on our financial status.

IT systems

IT is critical for the conduct of our business and thus it is imperative that our IT systems are available round-the-clock and are accessible worldwide.

IT infrastructure and application management is outsourced to a third party provider. Our internal IT organization has the authority, the capabilities and capacity to manage the relationship in order to ensure the quality and availability of the IT services delivered by the third party service provider.

Redundant systems and duplicate infrastructure are in place and systems are tested annually to ensure that they can be restored within pre-defined time limits.

The company's IT security policy defines the overall system, platform and infrastructure requirements and defines the framework for user behavior and access to systems.

DFDS A/S

	DFDS A/S	
DKK million	2013	2012
Revenue	**12.097**	**11.700**
Costs	-10.910	-10.613
Result before depreciations	1.187	1.087
Profit on sale of vessels	0	0
Depreciations and w rite-dow ns	-750	-812
Operating income	**437**	**275**
Financial items etc., net	-136	-146
Result before tax	**301**	**129**
Income tax	-18	-2
Result after tax	**282**	**127**
Extraordinary items, net	0	0
Result for the year	**282**	**127**
Non controlling interests share of result	-1	0
Profit/(loss) for the year	**281**	**127**
Fixed assets	8.967	8.948
Total assets	12.234	12.232
Equity	6.241	6.953
Number of employees	5.930	5.056
Profit margin, %	3,6	2,3
Rate of return, %	1,0	0,6
Return on equity, %	4,3	1,8
Solvency ratio, %	51,0	56,8

Financial performance

Profit before tax and special items was DKK 367 million, an increase of 35,9% compared to 2012.

The increase was mainly driven by higher earnings from the freight and passenger activities in the North Sea region following the gradual recovery of demand in Europe during the year.

Freight and passenger volumes resumed growth during the year in the regions around the North Sea, while growth slowed down in Baltic Sea regions linked to Russia.

Revenue for the year was DKK 12,1 billion, an increase of 3,4% compared to 2012, mainly driven by the full-year effect of the addition of activities acquired from the French shipping company Louis Dreyfus Armateurs (LDA) and increased activity on Dover-Calais, which opened with only one ship on the Channel during Q1 2012. Revenue from higher freight volumes was partially offset by lower revenue from bunker surcharges as the oil price declined in 2013. Adjusted for bunker surcharges, revenue growth was 5,6% which was in line with the expectation of an increase of around 5%.

Group operating profit before depreciation (EBITDA) and special items was DKK 1.213 million, an increase of 11,4% compared to 2012. The Shipping Division's EBITDA before special items increased by 15,8% to DKK 1.148 million while the Logistics Division's EBITDA before special items increased by 5,7% to DKK 149 million. The cost of non-allocated items rose by DKK -40 million to DKK -84 million.

The EBITDA before special items of DKK 1.213 million was in line with the most recent expectations of an EBITDA before special items of DKK 1.100-1.300 million. The profit expectation announced in the annual report for 2012 was an EBITDA before special items of DKK 1.050-1.250 million as the expectation was upgraded by DKK 50 million in March 2012.

The Group's free cash flow from operations was positive by DKK 558 million despite net investments of DKK 943 million as the Light Capital project boosted the cash flow by DKK 362 million through a reduction of working capital.

The ratio of net-interest-bearing debt to operating profit (EBITDA) before special items was 1,8 at year-end, which was below the target of a minimum ratio of 2,0. Consequently, a share buy-back programme will be initiated in 2014 to increase leverage. The equity ratio was 51,3% at the end of 2013 compared to 56,3% in 2012.

In 2013, the average number of employees increased by 13,2% to 5.930, primarily due to the full-year effect of the opening of a new route on the English Channel and the addition of LD Lines.

Important events in 2013

The most important events of the year, are divided into three areas: business development and competition; operations and finance; and people and the environment.

Business development and competition

Shipping overcapacity reduced on North Sea

In March 2013, our competitor on the Sweden-UK freight trade, North Sea Ro-Ro, closed its route which had opened in January 2012.

Swedish customer agreement renewed

In March 2013, NTEX AB and DFDS renewed and expanded their customer agreement concerning the shipping of trailers on DFDS' route Gothenburg-Immingham/Tilbury. In January 2012, NTEX switched the majority of its volumes to the shipping company North Sea Ro-Ro. To accommodate the increase of volumes from NTEX, the swap of tonnage between Gothenburg-Immingham and Gothenburg-Ghent was reversed in May 2013.

UK competition ruling on Eurotunnel/ Sea-France merger

Since 2012, the UK competition authorities have conducted a merger inquiry into Eurotunnel's acquisition of SeaFrance following the company's bankruptcy in 2012. In the second half of that year, Eurotunnel deployed three ships between Dover and Calais under the name MyFerryLink.

The competition authorities' decision is of great importance to DFDS since Eurotunnel's entry into the Channel ferry market created overcapacity, as DFDS earlier in the year had replaced SeaFrance's capacity on the Channel.

On 6 June 2013, the UK Competition - (CC) ruled on the Eurotunnel/SeaFrance merger inquiry that Eurotunnel should cease ferry operations at the Port of Dover. Following the ruling, Eurotunnel and SCOP, the cooperative engaged in the operation of the ferries, appealed to the UK Competition Appeal Tribunal (CAT).

On 4 December 2013, the CAT decided that the CC should review its jurisdiction to consider the transaction, i.e. could Eurotunnel's transaction be considered to be a transfer of assets or the transfer of an enterprise. All other challenges to the CC's ruling were dismissed by the CAT.

The provisional findings of the UK competition authorities will be announced in mid-March 2014 and a final decision is due in early May 2014. Including processing of appeal options, we estimate that the exceptional competitive situation on the Channel will be resolved by the end 2014.

Baltic and Russian logistics network expanded through acquisition
DFDS completed the acquisition of the Swedish transport and logistics company Karlshamn Express Group in September 2013. The acquisition expands and develops DFDS' platform for providing transport and logistics solutions between Sweden and the Baltics, Russia and the CIS countries. Moreover, the acquisition supports DFDS' route network as the company is a major customer on DFDS' route between Karlshamn and Klaipeda.

Karlshamn Express had total revenues of SEK 225 million (DKK 197 million) in 2012 and 81 employees. The main activity of the company is the transport of full and part loads between Sweden and Baltics/Russia. In addition, it provides domestic transport and warehousing services. Karlshamn Express' head office and warehousing facilities are located in Karlshamn. The company also has offices in Liepaja, Ventspils, Klaipeda and Kaliningrad.

Re-organisation of Channel activities
From 1 January 2014, the two western Channel routes, Dieppe-Newhaven and Le Havre-Portsmouth, will be transferred from the Channel business area to France & Mediterranean. The latter business area has provided port terminal and agency services to Channel, and to simplify the business structure these activities will be transferred back to Channel. Reporting numbers will be restated accordingly.

Operations and finance

Market trends
After a slow start in Q1, volume growth gradually picked up during the rest of the year, apart from the Baltic area where lower activity in the Russian economy reduced volumes.

Shipped lane metres of freight increased by 20,9% in 2013, driven by the full-year impact of the Dover-Calais route and addition of two routes on the Western Channel and one route in the Mediterranean. Adjusted for the Channel and France & Mediterranean business areas, volume growth was 5,5%, of which around a third was driven by the additional volumes between Sweden and UK following the renewal and expansion of a Swedish customer agreement, as mentioned above.

Growth in the Baltic region was flat overall due to a slowdown in trade with Russia. Volumes grew in the Sweden-Lithuania/Estonia corridors while they declined in the trades relating to Russia. Organic growth was around 5% in the North Sea region, although unevenly distributed with flat growth in the Denmark/Germany-UK corridor and higher growth in the Sweden-Continent and Benelux-UK corridors.

Pricing was weak in all areas throughout the year following the recessionary environment of 2012. The growing volumes in the North Sea region are expected to contribute to a firmer pricing environment in 2014.

Volume growth in the Logistics Division was 3,2% overall. Volumes were up by 1,7% in the Nordic area, where Swedish and Danish traffic recorded strong growth which was offset by lower volumes in Norwegian traffic. Volumes were up by 2,6% in the Continent area with growth unevenly distributed as some trades achieved double digit growth while volumes declined in other areas, particularly container volumes between Ireland and the Continent as margin improvement was prioritised. Volumes were up by 6,0% in the UK & Ireland area, driven by distribution activities in Scotland and England, while volumes remained subdued in the Northern Ireland market.

As in the shipping market, pricing was weak in most areas throughout the year.

The number of passengers rose by 15,0%, primarily due to the full-year impact of the Dover-Calais route and the addition of two routes on the Western Channel. Adjusted for this, the number of passengers increased by 1,9%, with the highest growth achieved by the Amsterdam-Newcastle route.

Transition strategy to new sulphur rules

From 1 January 2015, a new set of rules will limit the sulphur emissions to 0,1% from the current limit of 1,0% in SECAs (Sulphur Emission Control Areas). These areas include the Baltic Sea, the North Sea and the Channel, which are DFDS' primary market areas.

The price of MGO (Marine Gas Oil) with a content of 0,1% sulphur is currently 40-50% higher than 1,0% bunker fuel and this price difference is expected to continue in the future. In 2013, DFDS' bunker cost was DKK 1,9 billion, equal to 16% of revenue. The cost ratio was 11% net of bunker surcharges. All else being equal, a switch to MGO in 2015 entails a cost increase of around DKK 800 million.

DFDS' transition strategy to overcome the considerable financial challenge of the new rules has three elements:

- Installation of scrubbers on 21 ships by 2017, a total investment of DKK 750 million.
- Roadshows and meetings ongoing to prepare freight customers and market for a cost increase
- Consolidation of routes.

Efficiency and improvement projects

In 2013, there was a continued focus on efficiency and improvement projects:

- Customer Focus Initiative: Aims to strengthen DFDS' customer relations through better understanding of the context for purchasing decisions and customer satisfaction regarding DFDS' performance and services. In 2013, roll-out continued to 30 locations. During the year, we received feedback from over 3.500 freight customers and 27.000 passengers. We heard that we are doing well overall, although we can still improve our performance. The most often highlighted areas for improvement were communicating faster when issues occur and providing new solutions. Customer feedback is applied to develop action plans targeted to improve our performance and customer satisfaction. In 2014, customer focus continues with an annual freight survey and bi-weekly meetings at the activity level to discuss current customer service issues and how our solutions can be improved. The results of the past year have been encouraging, supporting our continuous customer focus initaitive.

- Light Capital: The project successfully released more than DKK 300 million of cash tied up in working capital in 2013 (inventory and trade receivables/payables). The result exceeded the project's initial goal of DKK 300 million. The goal for 2014 is to release a further DKK 100 million of cash.

• ONE Finance: Establishment of a group-wide finance service centre in Poland expected to comprise 150 positions. In December 2013, the migration of 65 positions from the former finance service centre in Belfast was completed. All migrations are expected to be completed by October 2014.

Group IT systems
The implementation of the IT strategy for introducing Group systems continued in 2013. The passenger system, Seabook, was implemented on the Channel routes in Q3 2012 and during 2013 a number of performance issues were resolved. In 2014, the roll-out will continue to the Baltic routes and in 2015 to the remaining passenger routes. The logistics system, Velocity, was successfully implemented in Brugge and Peterborough in 2013 and the system is expected to be fully implemented in the Logistics Division by the end of 2015. The Shipping Division's freight system, Phoenix, was fully implemented at the end of 2012. The onboard maintenance system, Sertica, was successfully implemented in the port workshops in Immingham, and further rollout is planned in 2014. Sertica has also been chosen as the general procurement platform, and integration with accounting systems is ongoing. Customers' online experience was improved on a number of passenger ships following installation of new communication devices.

People and the environment

Employees
The total average number of employees rose by 13,2% in 2013 to 5.930, primarily as a result of the full-year impact of the opening of the Dover-Calais route and the acquisition of LD Lines.

In November 2013, the bi-annual Employee Engagement Survey, Bearing, was launched, ending with a response rate of 76%, a slight increase from 2011. Overall, the survey shows satisfactory scores for job satisfaction and motivation. The survey also identifies areas for improvement.

CFI – sales training
In 2013, sales training for 225 sales managers across the Group was completed as part of CFI (Customer Focus Initiative). Sales training programmes will continue in 2014.

New shipping emission target
After achieving a 10% reduction of bunker consumption over a five year period, the new target is a 5% reduction to be achieved by 2017. Shipping emissions amount to more than 90% of DFDS' total emissions.

Significant events after 2013
In January 2014, DFDS acquired STEF's logistics activities in Scotland and STEF acquired the continental distribution and handling activities of DFDS Logistics located in Boulogne.

On 16 January 2014, the cancellation of 10,5% of the share capital, equivalent to 1.556.081 shares, as adopted by the extraordinary general meeting in December 2013, was registered.

Financial goals
DFDS' target is a return of at least 10% on new investments and on the total invested capital.

Return on invested capital (ROIC), including special items, was 5,7% in 2013 compared to 3,4% in 2012. Before special items, the return was 5,8% in 2013, compared with 4,5% in 2012. At the start of 2014, DFDS' cost of capital was calculated at 6,0%.

DFDS Logistics' return of 8,7% in 2013 was above the cost of capital, but below the 10% target, while the Shipping Division's return of 6,4% was just above the capital cost, but below target.

In 2013, a ROIC Drive programme was launched across the Group to improve awareness and transparency of return levels in all profit units. To achieve the return target, two primary challenges must be overcome: the structural overcapacity on the Channel must be resolved and in the North Sea business area, the return of the activities between the Continent and the UK must be improved through structural changes and market growth to increase revenue per unit and capacity utilisation of assets.

Business model, assets and capital intensity
The business model encompasses both asset and non-asset based activities.

DFDS' business model combines ferry shipping and port terminal services and the provision of transport and logistics solutions. The ferry shipping and port terminal services deploy a range of assets, mainly owned and chartered ships, leased and owned port terminals, including cargo carrying equipment.

Transport and logistics solutions are provided using only owned and leased trailers as transport services mostly are subcontracted to hauliers, and rail and container shipping operators.

The shipping part of DFDS' activities is therefore asset-based while the transport and logistics solutions to a large extent are non-asset based. The turnover rate of invested capital in 2013 was 1,1 times in the Shipping Division, and 5,3 times in the Logistics Division.

The Shipping Division's ownership share of assets is determined by how specialised ships must be to fit route and customer requirements and the long lifespan of such assets. The lifespan of ro-ro-based freight and passenger tonnage is 25–35 years and the duration of port-terminal leases is typically 25–30 years.

Specialisation of ro-ro- and ro-pax-based tonnage relates to capacity requirements for passengers and freight; configuration of passenger areas; loading capacity, especially for heavy freight; hanging decks for cars; sailing speed; fuel efficiency; and ramps, including requirements for the speed of turn-around in ports.

The varying levels of asset deployment across business areas translate into differences in required EBIT margins to achieve the target of a return on invested capital of 10%. In the Shipping Division, the requirement is an EBIT margin mostly above 10%, while the requirement in the Logistics Division is an EBIT margin of 2–3%.

Composition of invested capital
In 2013, invested capital was reduced by 3,9%, mostly driven by a reduction of total net working capital of DKK 445 million. The Light Capital project contributed DKK 360 million of the reduction related to the change in the net working capital of inventory and trade receivables/payables.

At the end of 2013, total invested capital was DKK 8.555 million, of which 85% consisted of ships and 11% consisted of port terminals, land and buildings and cargo carrying equipment. The Shipping Division's invested capital was DKK 8.002 million, corresponding to 94% of the Group's total invested capital. Logistics Division's invested capital amounted to DKK 848 million. The invested capital of non-allocated items was negative.

Investments in 2013 and planned future investments
In 2013, total investments amounted to DKK 943 million, including the ongoing construction of two freight ships (ARK), installation of three scrubbers, the acquisition of a Swedish transport company and maintenance investments.

In 2014, total investments are expected to amount to DKK 1.100 million, including the remaining investment in two freight newbuildings (ARK), installation of seven scrubbers and an upgrade of two passenger ships. Maintenance investments are expected to increase considerably in 2014 compared to an average year as a high number of ships will be docking and, in addition, several special projects are planned. Maintenance investments in port terminals, equipment and IT systems will, similarly, be higher than in an average year.

Corporate governance
DFDS A/S is subject to Danish law and listed on the NASDAQ OMX Copenhagen. Corporate governance in DFDS is based on Danish legislation and regulations, including the Danish Companies Act, the rules for listed companies on NASDAQ OMX Copenhagen, the Danish recommendations for good corporate governance and the company's articles of association, as well as other relevant rules.

Directors are elected at the Annual General Meeting for at term of one year at a time, and new Directors are elected according to the applicable rules of the Danish Companies Act. Staff representatives are elected by the employees.

Resolutions to amend the Articles of Association require announcement to the shareholders at least three weeks before a General Meeting and an ordinary majority of votes cast if at least two-thirds of the capital is represented, unless other adoption requirements are imposed by the Danish Companies Act.

Corporate Responsibility (CR)
DFDS' CR activities create value for our stakeholders and contribute to DFDS being a preferred partner. The framework and objectives for DFDS' CR activities are managed by the CR Committee, which reports to the Executive Management.

Safety and security
The safety of our passengers, crew and freight, as well as the security of our ships and port facilities, are of paramount importance to DFDS.

Our safety and security work is regulated by international and national conventions and legislation and, moreover, by the additional objectives and requirements managed through DFDS' Safety Management Systems. As per International Safety Management (ISM) guidelines, all information regarding safety measures and conditions is regularly distributed to all ships. This includes a comprehensive reporting scheme from the ships in order to identify weak links and establish safeguards to mitigate the risk of these.
Tragically, an accident on board PATRIA SEAWAYS in November 2013 cost the life of one of our crew members. The accident occurred during repair works in an elevator shaft, and DFDS immediately informed all ships about the accident and preliminary precautions to avoid similar accidents in the future. The precautions will be evaluated as soon as the authorities have completed their report about the accident and the cause of it has been established. Psychological assistance was provided for the ship's crew following the accident. DFDS has provided the bereaved family with necessary assistance.

Outlook 2014
Economic growth is expected to be moderately positive in 2014 following a pick-up in activity in the second half of 2013. The sustainability and strength of the upswing remains uncertain. In addition, the overall level of capacity utilisation in the transport sector is still modest and competition continues to be intense.

DFDS' profit forecast for 2014 is there-fore based on a cautiously positive growth scenario. Earnings in 2014 are also expected to be burdened by a significant loss on the Channel activities.

The Group's EBITDA before special items is expected to increase by DKK 1.250-1.400 million, driven by revenue growth of around 6% and margin improvement.

The Shipping Division's EBITDA before special items is expected to increase by DKK 1.175-1.275 million, equally driven by revenue growth and margin improvement. Revenue growth is restrained by a decrease of shipping capacity due to tonnage changes and extended dockings to install scrubbers. Margin is set to improve, supported by higher utilisation and lower tonnage costs.

The Logistics Division's EBITDA before special items is expected to increase by DKK 150-120 million, driven partly by the full-year impact of the acquisition of Karlshamn Express made in September 2013, and partly by improved earnings of the recurring activities, particularly in the Nordic area.

Increases in oil prices and changes in exchange rates can impact the profit forecast.

Against this background, the Group's key figures for 2014 are expected to develop as follows:

- Revenue: Expected to increase by around 6%, of which 2% is driven by the full-year effect of acquisitions.
- EBITDA before special items: Expected to be DKK 1.250–1.400 million (2013: DKK 1.213 million). The expected performance per division is shown in the table to the right
- Depreciation and impairment are expected to increase by around 12% and the net cost of financing is expected to be on a level with 2013
- Special items: A cost of around DKK 35 million is expected, mainly related to the One Finance project (2013: net cost of DKK 17 million)
- Investments: In 2014, total investments are expected to be around DKK 1.100 million:
  – Dockings: DKK 250 million, a higher than average year due to extended dockings and a higher number of dockings
  – ARK ships: DKK 300 million, remaining investment in two ships
  – Scrubbers: DKK 250 million, installation of seven scrubbers
  – Upgrade: DKK 100 million, upgrade of passenger ships on Copenhagen-Oslo route
  – Other: DKK 200 million, cargo carrying equipment and IT system development.

Risk factors

General and specific operational risks

Macro-economic and market risks
Risks of major fluctuations in earnings caused by changes in market and economic conditions are highest for the Group's shipping activities and lowest for the transport and logistics activities. The difference in risk profile is due to a high proportion of fixed costs in shipping as opposed to a low share of fixed costs in transport and logistics.

The market for shipping of freight and passengers is impacted by changes in customer demand, which in turn is governed by the general state of the economy. Decreasing demand can lead to overcapacity, which can only be remedied by deployment of a ship(s) with less capacity or by removal of a ship from a route or, ultimately, by route closure. Overcapacity tends to increase downward pressure on prices and, hence, a risk of lower profitability.

Partly in order to counteract cyclical demand risk, part of the freight fleet consists of chartered vessels. DFDS aims to charter a certain share of the fleet on contracts of less than a year with options for extensions, which facilitates opportunities for redelivery of ships at a few months' notice. All passenger ships in the fleet are owned by DFDS, which limits the options for adapting passenger capacity in the short term. DFDS' container activities deploy chartered ships through vessel sharing agreements with other shipping companies, which provides flexibility. DFDS' logistics activities to a large extent lease equipment and subcontract haulage. This results in a high proportion of variable costs and, therefore, less cyclical risk.

DFDS' geographic diversification across Northern Europe, including activities focused on Russia and the surrounding countries, reduces dependence on trends in the different regions. In addition, a large number of routes and other activities balances commercial risks, including opportunities for reallocation of ships between routes.

The freight- and passenger-shipping markets are also impacted by industry-specific market conditions, including changes in market conditions faced by competing forms of transport such as road, rail and air – the latter of which mainly impacts the passenger sector. In addition, markets are impacted by changes in local and regional competition, such as the opening of competing routes and capacity increases on existing routes.

On a few routes, a significant proportion of freight volumes are derived from a few industrial customers. The risk inherent in such relationships is mitigated by entering into contracts with a duration of several years.

Risks associated with business development and investment

DFDS' growth strategy embodies business development and investment risks related to organic growth driven by acquisition of tonnage and growth driven by acquisition of companies and activities. The most important risk associated with organic growth is related to expansion of capacity on a route by deployment of a larger ship, or ships. The acquisition of companies and activities involves significant risks, which are proportionate to the size of the investment and the complexity of a subsequent integration process.

Risks associated with business development ventures are managed by thorough planning and decision making processes governed by internal policies and guidelines for investment decisions, including a required rate of return.

The shipping charter market

DFDS mainly charters freight ships for varying periods. Such charters are subject to price risks (charter rates) and risks concerning availability of ships that fit operational requirements. Similar risks, including counterparty risks, are relevant when chartering out excess tonnage. In addition, there is a price risk related to acquiring or ordering ships at cycle peaks. In connection with the ordering of ships, there is a default risk related to the shipyard, which can lead to additional costs, including delayed delivery.

Due to the ongoing process of replacing and renewing the DFDS fleet, the sale of tonnage or the cancellation of contracts may result in gains, losses and costs that are not included in annual profit forecasts.

Operational, security and environmental risks

The main operational risks are associated with ships and port terminals. Technical problems and accidents may lead to unplanned periods in dock, interruption of schedules, and loss of revenue. Replacement tonnage can usually be deployed at short notice through chartering. In order to minimise operational risks, DFDS has a systematic and comprehensive maintenance programme in place for all ships, including periods in dock at regular intervals.

In addition, extreme weather conditions can cause delays and cancellations, and strikes in ports can also disrupt services.

DFDS uses freight and passenger ships, port terminals, warehouses and cargo-carrying equipment, all of which are subject to the usual safety risks associated with equipment of this type. These risks are controlled and minimised partly through compliance with safety requirements and routines, as well as preventative work, and partly through insurance against risk.

Environmental and safety measures are based on DFDS' environmental and safety policies, as well as rules and regulations and customer requirements. Changes in these factors can increase costs. The Group is insured against environmental risks as far as possible, and participates in preparatory legislative procedures through industry organisations.

Political and legal risks
DFDS' activities are impacted by changes in rules and regulations governing the shipping and transport sector, as well as changes in the overall conditions concerning Europe's infrastructure. In addition to political bodies, DFDS is subject to International Maritime Organization (IMO) conventions. The IMO is the UN body responsible for maritime issues, primarily safety and environment.

Changes in the above rules and regulations can have negative consequences, including higher costs and changes in the flow of passengers and freight, e.g. between sea and land. Currently, the most important change with a potentially significant impact is the introduction of a new set of rules in 2015 that reduces the sulphur content in bunkers from 1,0% to 0,1% in the Baltic Sea, the North Sea and the Channel. Bunker with a sulphur content of 0.1% is presently around 40-50% more expensive than bunker with a 1,0% sulphur content.

There are considerable risks related to the transition to the use of 0,1% MGO (Marine Gas Oil).

Other significant political risks concern changes to taxation arrangements for staff at sea, abolition of duty-free sales in Norway if the country were to join the EU, cancellation of VAT exemption on tickets and on-board sales, and changes of tonnage tax schemes.

DFDS actively monitors these issues, including by participating in industry organisations.

Financial risks
DFDS is exposed to a range of financial risks. The primary risks relate to changes in oil prices, exchange rates and interest rates. DFDS is also exposed to liquidity risks in terms of payments and counterparty risk. Managing financial risk is based on Group policies and guidelines for the respective risk areas. Risk is managed centrally, as per Group policy. The Executive Board regularly receives reports on financial positions and discusses financial risks. The Board of Directors also receives reporting on the management of financial risks.

Following the first issue of corporate bonds in 2012, DFDS continued to diversify the loan portfolio through an issue of five-year unsecured NOK-denominated bonds in 2013 (2012: NOK 500 million with four-year maturity). The bonds are listed on the Oslo Stock Exchange and were sold at a value of NOK 700 million to a number of institutional investors in Norway, Sweden and Denmark. The issue was an additional supplement to, and partial replacement of, existing bank debt and ship loans. To support the ongoing diversification of the loan portfolio, DFDS expects to issue corporate bonds on a regular basis, and the market for corporate bonds is therefore closely monitored. In connection with DFDS' focus on streamlining the cash management set-up, new drawing rights were negotiated to maintain sufficient liquidity and maintain cash pool facilities.

DFDS' shipping activities are asset based and involve a relatively high level of capital intensity. At the same time, the demand for transport services is to some extent cyclical. This entails a risk of significant fluctuations in earnings, and financial flexibility is maintained through a solid capital structure. A target capital structure has been adopted of a net interest-bearing debt/EBITDA before special items ratio between a minimum of 2.0x and a maximum of 3.0x. DFDS owns several unpledged ships and, given the opportunity of issuing additional corporate bonds, refinancing risks are considered to be limited.

- Bunker: The freight industry is very dependent on the oil price and it is therefore characterized by a high level of oil price hedging. The hedging level is affected by capacity utilisation, such that higher utilisation implies a higher level of hedging. It is estimated that a price change of 1% compared to the price level at the end of 2013 (approximately USD 608 per ton) would entail a negative impact on financial performance of approximately DKK 7.3 million.

- Interest: At the end of December 2013, the proportion of net fixed-interest loans was 60%, which is consistent with the objective of a hedging level of 40–70%. When calculating interest rate risks, long-term charter contracts are included under fixed-interest loans. It is estimated that an increase in interest rates of 1%, compared to the level at the end of December 2013, would have a negative impact on financial performance of approximately DKK 13 million.

- Currency: Transaction risks have not been hedged. They primarily concern SEK, NOK, GBP and USD. Due to some instability in the Eurozone, EUR risks are monitored continuously, but not hedged. USD risk is hedged in connection with hedging of bunker.

- Liquidity: DFDS systematically and regularly conducts internal credit assessments of all financial counterparts. The internal credit assessment is based on ratings from international credit rating agencies. The Board of Directors approve general limits on deposits, etc. with DFDS' counterparts on this basis. At present, the risks are estimated to be limited.

DFDS and Corporate Responsibility (CR)

Challenging transition to greener infrastructure in 2015

New rules regulating the permitted level of sulphur in bunker fuel are set to increase fuel costs by 40-50%. The new rules, coming into force on 1 January 2015, represent a considerable challenge for DFDS and the rest of the ferry industry in Northern Europe.

In line with our environmental policy, we support initiatives to make our world greener – as long as it happens in a sensible way and on a level playing field versus our competition, including other transport modes.

From the outset, we took on the responsibility of adapting our business to the new rules and contributing to making society greener. We are, however, responsible for protecting the interests of all our stakeholders and have, therefore, worked actively to achieve some mitigation or financial support concerning the transition to the new rules – so far without any success.

What is important now is that the rules are implemented as announced without any last minute concessions that would change the level playing field. Ferry operators, like DFDS and others, who in good faith have made substantial investments should be rewarded (over the course of time) for acting responsibly to contribute to a greener infrastructure.

Our strategy for overcoming the challenge of the new rules has three elements: installation of scrubbers on up to 20 ships at a cost of DKK 750 million, preparing customers for the transition to a higher shipping cost and analysing requirements for consolidation of routes.

For DFDS, and all other ferry operators, the new rules will entail a substantial negative financial impact. Prices to customers will increase, shifting some volumes from sea to land. We foresee that several ferry routes in Northern Europe will close and jobs will be lost across the ferry industry. Another potential negative impact is increased road congestion. The resulting economic impact is, of course, not a desirable scenario for our shareholders either.

To adapt and facilitate the transition to a greener infrastructure, we successfully initiated testing of scrubber technology in 2009, and became a front-runner by successfully operating a scrubber onboard one of our ro-ro freight ships. Today, DFDS is considered by many experts to be the leading shipping company when it comes to applying the scrubber technology.

On another positive note, we have expanded the section on community work in the report. Supporting local communities within our network is an important way for DFDS to give back to society. The activities also involve voluntary work by our employees, for example when serving homeless people in Oslo and Copenhagen a Christmas lunch on board our passenger ships.

Our approach to corporate responsibility

DFDS is responsible for a large number of employees and their working conditions, and for health and safety at work. We are a vital part of Europe's infrastructure as we operate the largest ferry route network in Northern Europe and provide transport and logistics solutions across Europe. We are responsible for passenger safety, for customers' freight and for the environmental impact of our activities. We are also responsible for creating a return on shareholders' investment in DFDS – and much more.

We manage our corporate responsibilities through the implementation of policies and standards. In several areas, specific targets are set for CR actions – for example, reducing emissions – and this year we are introducing customer satisfaction targets.

In addition to policies, DFDS lives by an ethical code of conduct, which acts as a supplement to the standards of behaviour to which we aspire, as defined in The DFDS Way.

Our CR strategy

Our CR strategy aims to create and protect value for all stakeholders, thereby underpinning DFDS' position as a preferred supplier and employer.

Identifying stakeholders and understanding their needs and requirements are important priorities in the strategy. CR perspectives are embedded in the organisation through internal initiatives and action plans, but also through actively involving stakeholders in relevant working processes.

The strategy also involves communication of our goals and actions to stakeholders and ongoing improvements to our CR reporting.

Managing CR

The CR strategy, and overall goals and policies, are set by the CR Committee, which reports to Executive Management. The Committee is composed of managers with direct responsibility for implementing CR in business areas and Group functions. Niels Smedegaard, CEO, has overall responsibility for the CR

Committee.

The Committee meets at least once every three months. The intention is that external stakeholders are invited to participate in at least two meetings per year. Twice a year, the chair of the Committee will report to Executive Management, and once a year to the Board of Directors. An important task for the CR Committee is to promote the decentralisation of CR to business areas and Group functions. One Executive Management meeting per year is focused on opportunities and issues related to CR.

The CR Committee is responsible for developing the scope and content of DFDS' CR report, including assessing whether the company should sign up to, for example, the UN Global Compact, and whether the report should be audited by external parties. Our processes for collating and quantifying CR data are still being developed and we foresee the scope of our reporting, including external auditing, will increase over the coming years.

Working with stakeholders:
Value creation through CR requires the involvement of stakeholders. We define stakeholders as any individual or organisation that DFDS affects or that affects DFDS. This includes stakeholders without 'voices', such as the environment and future generations.

About this report
The information and data in this report on corporate responsibility concerns DFDS' activities in Northern Europe, including the operation of ships, port terminals and offices, including the head office in Copenhagen. CO_2 data is based on documentation of bunker consumption and energy and CO_2 data from the Logistics business area and offices. The report does not include joint venture activities or partner organisations' activities. The information in this report meets the amended requirements of the Annual Accounts Act of 2009 and is subject to internal data management systems and audits. The data covers the period from January to December 2013. The report has not been externally and independently evaluated. The report has been drawn up in accordance with the principles for content and quality outlined in the Global Reporting Initiative (GRI)'s Sustainable Development Reporting Guidelines (version 3.1).

LF Investment ApS

	LFI-Group	
DKK million	2013	2012
Revenue	**23**	**108**
Costs	-33	-140
Deprediations	-8	-15
Operating income	**-18**	**-48**
Financial items, net	-8	64
Result before tax	**-25**	**16**
Income tax	2	-14
Result for the year	**-24**	**2**
Non controlling interests of result	3	9
Profit/(loss) for the year	**-21**	**11**
Fixed assets	481	491
Total assets	915	1.910
Equity	744	1.651
Number of employees	4	4
Profit margin, %	-75,4	-44,2
Rate of return, %	0,7	1,3
Return on equity, %	-2,0	0,1
Solvency ratio, %	81,3	86,5

LF Investment ApS is parent to Lauritzen Fonden's venture companies. The company holds a portfolio of 10 smaller companies of which below four companies are classified as subsidiaries, five companies (CMX Holding A/S, AHK NR. 186 ApS, NowShop AS and Commotive A/S) are classified as associates and the last two companies (South Cone Investment A/S and MinervaX A/S) are recognized as shares.

FME A/S

The company operates property rental and development activities at the former shipyard areas in Frederikshavn and Aalborg.

At year end in Frederikshavn at Havnepladsen, approximately 93% (93% last year) of the 34.000 m2 available was let to 36 (34 last year) different companies.

71% (67%) of the 12.500 m2 prominent 13 storey office building "Kattegat Silo" in the harbor area of Frederikshavn is let to 38 (31) different companies.

In Aalborg approximately 89% (81%) of the 15.000 m2 of space available is let to 8 (8) companies.

Rental activity has in recent years shown a high degree of stability and relatively few tenants have been moving or replaced. Especially in the past year good progress in the rental has been recorded.

The development of the former Aalborg Shipyard of approximately 100.000 m2 began in 2001. The activity is mainly handled through Kommanditaktieselskabet Østre Havn PS, which is a joint venture with TK Development A / S.

At the end of 2013, Østre Havn PS signed a lease with a large company for the construction and lease of a 6.000 m2 office building. Construction is expected to begin in early spring 2014 with delivery 12 months later.

In addition to the above activities the company offers management services for its tenants and other businesses, together with meeting and conference facilities at the Kattegat Silo in Frederikshavn. At the end of 2013 FME employed 10 staff, all situated in Frederikshavn.

Profit for the year show a less satisfactory profit of DKK 0,8 million.

In 2014 rental activity is expected at an unchanged or even slightly higher level. This will, primarily caused by the above mentioned lease, result in a higher profit compared to 2013.

Levitaid A/S

The company develops inflatable disposable pillows for prevention and mitigation of pressure ulcers.

The target customers for the products are primarily hospitals and the home care sector where pressure ulcers and patient positioning generally is a great challenge.

In 2013 the company completed its product range and made the first production for commercial sale. A structured testing of the products in three of the largest hospitals in Copenhagen was launched in December 2013 and the results of this test are expected by end of Q1 2014, after which the commercial sale will commence.

In the first 18 months of its history, Levitaid incurred a loss of DKK 2.856 thousand which is considered satisfactory as the company has gone through a stage of development prior to commercialization of the product.

NanoNord A/S

Through research and development in high technology the company creates innovative cost-effective NMR -based products aimed at commercial exploitation.

The first product based on NMR invented by NanoNord is "CatGuard ™", which measures the catalytic fines and water in fuel.

"CatGuard ™" is aimed at the global shipping industry , oil-based power plants and refineries.

The vision for NanoNord is to further develop the NMR technology in the coming years to a platform technology and thus introduce the technology in several new applications with great business opportunities.

The company incurred a loss before tax of DKK 6,5 million and a loss after tax of DKK 7,1 million. The result is not satisfactory, but is a significant improvement compared to last year. The equity is therefore negative by DKK 4,6 million. In 2013 a subordinated loan of DKK 20 million has been converted into share capital. Research and development together with patents and other intangible assets have been expensed throughout the year over the profit and loss account. As a consequence deferred tax asset amounts to DKK 15 million.

In 2013 "CatGuard™" is marketed towards shipping companies and power plants. The units sold fully live up to expectations.

In 2013 a contract with Siemens has been signed for the development and delivery of analytical equipment for the energy sector. In collaboration with Aarhus University grants have been applied for and approved for analyzing equipment for the agricultural sector. Moreover, patent applications have been prepared and filed for the analyzing equipment to areas where opportunities for NMR technology is anticipated.

In 2014 the management expects a significant increase in revenue owing to both the sale of products and closing of contracts in connection with new developments.

Mama Mia Holding A/S

The Company has no operating activities. The sole purpose of the company is to hold shares in Meabco Holding A / S.

Meabco Holding A / S develops drugs for cancer treatment in humans and animals, as well as treatment against radiation damage from e.g. X-ray and nuclear radiation in humans and animals.

The operations of the company have evolved as expected. Loss for the year of DKK -42.994 relates to administrative expenses. Net profit is as expected and considered acceptable.

Accounting policies

The annual reportof Lauritzen Fonden for 2013 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. In addition, costs, including depreciation and amortisation, incurred to generate the year's earnings are recognised in the income statement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to Lauritzen Fonden and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when they are probable and can be reliably measured. If a liability cannot be measured reliably, the liability will be recognised under contingent liabilities.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount due at maturity. Capital losses and gains are thus distributed over the life of the asset or liability.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Lauritzen Fonden, and subsidiaries in which the Group directly or indirectly holds more than 50% of the voting rigths or which it, in some other way, controls, including J. Lauritzen A/S and DFDS A/S. Enterprises in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates; please refer to the group chart.
The consolidated financial statements are prepared as a consolidation of the audited financial statements of the Parent Company and the individual subsidiaries prepared in accordance with the Danish Financial Statements Act.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' net asset value at the acquisition date.

The Group's investment in certain jointly controlled entities is recognised in revenue.

The Group's investments in other associates are recognised at the proportionate share of earnings and book value.

Newly acquired or newly established companies are recognised in the consolidated financial statements from the acquisition date, whereas divested or discontinued companies are included until the date of disposal; but see description below regarding consolidation of divested business areas. Comparative figures are not restated for companies acquired by purchase or merger or for divested companies.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities of the acquired enterprises are measured at fair value at the acquisition date. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise.

Any excess of the acquisition cost over the fair value of the identifiable assets and liabilities (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset (not exceeding 20 years).

Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at the trade date and is recognised in the income statement over the useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises may be adjusted until the end of the year following the acquisition year if recognition and measurement of the acquired enterprises' net assets change.

Gains or losses on disposal or liquidation of subsidiaries and associates are stated as the difference between the sales amount or liquidating price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal or liquidation costs.

Consolidation of sold business area
The sale of an entire business area is recognised in the consolidated financial statements as follows:

The Group's share of the profit/loss of the sold business area until the date of disposal is recognised in "Profit/loss from sold business area" using the equity method. Comparative figures are restated.

The sold business area is included in the consolidated balance sheet and the consolidated cash flow statement until the date of disposal.

Non-controlling interests
In the consolidated financial statements, the subsidiaries' financial statement items are recognised in full. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

In connection with the purchase and sale of non-controlling interests, the difference between the purchase and selling price, respectively, and the total carrying amount attributable to the purchased or sold non-controlling interests, respectively, are calculated. This amount is transferred from the share of equity attributable to non-controlling interests and the share of equity attributable to Lauritzen Fonden.

Foreign currency translation
Transactions denominated in foreign currencies are translated on an ongoing basis at the exchange rates at the transaction date.

Receivables and payables denominated in foreign currencies are translated at the exchange rates at the transaction date.

Gains and losses arising between the exchange rates at the transaction date and the settlement date are recognised in the income statement under financial income or expenses.

On recognition of foreign subsidiaries and associates and Danish companies that are separate entities reporting in currencies other than DKK, the income statement is translated at the exchange rate at the transaction date (average rate), and the balance sheet is translated at the exchange rates at the balance sheet date. Exchange rate differences arisen when translating foreign subsidiaries' equity at the beginning of the year using the exchange rate at the balance sheet date and when translating income statements from the exchange rate at the transaction date (average exchange rate) to the exchange rate at the balance sheet date are recognised directly in equity.

Exchange rate adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the total investment in the subsidiary are recognised directly in equity. Exchange rate adjustments on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent write-down of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are recognised at the historical exchange rates applying to the non-monetary item.

Long-term foreign currency loans are recognised at the exchange rate at the balance sheet date. For loans in foreign currencies taken out ensure the Group's future foreign exchange earnings, the exchange rate adjustment which derives from long-term foreign currency loans by changing historical rates into closing rates, is recognised directly in equity. The item is reduced and is included in the income statement as instalments are paid.

Income statement

Revenue
Income and expenses are accrued in the income statement.

Revenue from passenger services and regular services is recognised in the income statement at the date of delivery to the customer, which is also the date of the transfer of risk.

For shipping in general, a proportionate share of the expected income of ship in progress at year end is included, and a proportionate share of the projected costs is included in costs.

The profit/loss for vessels operating in partnerships where underemployment risk and profit are shared is recognised in revenue on a net dividend basis.

Revenue is measured exclusive of VAT, excise duties and discounts offered in connection with the sale.

Costs
At the date when passenger services and regular services are recognised as revenue, attributable costs are expensed.

Operating costs of vessels
Operating costs of vessels include fuel consumption, maintenance and repairs, crew staff costs, insurance of hulls and machinery, consumption of lubricants and supplies, etc.

Furthermore, cost of sales related to catering and services on bareboat and time charter agreements relating to operations as well as port costs, agent expenses and other travel-related costs are also included.

Staff costs
Staff costs include salaries and wages, pension and social security costs relating to the Group's employees. It also includes costs related to employees who have retired from the Group.

Other operating costs, sales costs and administrative expenses
Other operating costs, sales costs and administrative expenses include land-based activities, including leases, rent and maintenance of equipment. Furthermore, sales costs, marketing costs and administrative expenses are included.

Financial income and expenses
Financial income and expenses include interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, calculated interest expenses in respect of lease liabilities and amortisation of financial assets and liabilities. Financial income and expenses are recognised at the amounts relating to the financial year.

Profit/loss in subsidiaries and associates
The Parent Company's income statement includes the proportionate share of the individual subsidiaries' profit/loss after tax after elimination of intra-group profits/losses and amortisation of goodwill.

In both the Parent Company's and the consolidated income statement, the proportionate share of associates' profit/loss after tax after elimination of the proportionate share of profits/losses and amortisation of goodwill is included. Shares of associates' extraordinary items are recognised under extraordinary profit/loss after tax.

Tax on profit/loss from ordinary activities
Tax for the year comprises income tax, tonnage tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to income and expenses recognised in equity is recognised directly in equity. The Group is subject to the Danish rules on compulsory joint taxation. LF Investment ApS is the administrative company of Danish subsidiaries with a ownership interest exceeding 50%. Subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements until the date at which they are excluded from consolidation.

Extraordinary items
Extraordinary items comprise income and expenses arising from events or transactions that are clearly distinct from the ordinary activities and are not expected to be of a recurring nature.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over the estimated useful life, not exceeding 20 years, and the longest period is when the investment is of strategic importance due to long-term earnings potential of the investment.

The net asset value of goodwill is assessed regularly and is written down to the recoverable amount over the income statement if the carrying amount exceeds the expected future net income from the business or activity to which the goodwill relates.

Development projects

Development projects are recognised as intangible assets when the following conditions are met:

- The projects are clearly defined and identifiable
- The projects are expected to be used within the Group
- Future earnings are expected to cover development costs and administrative expenses
- The cost can be reliably determined.

Development projects that do not meet the above criteria are recognised as expenses in the income statement.

Capitalised development costs are recognised at the lower of cost less accumulated amortisation or recoverable amount. Cost includes costs for subsuppliers, materials, direct payroll costs and indirect production costs.

Capitalised development costs are amortised from the date of completion of the development project over the period in which they are expected to generate economic benefits for the Group. The amortisation period is usually 3-5 years but may in certain cases be up to 10 years.

Other intangible assets such as rights, patents and licences are amortised over the remaining patent period or agreement period, respectively.

An impairment test is carried out annually.

Property, plant and equipment
Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses.

Cost includes costs for subsuppliers, materials, components, direct payroll costs and indirect costs.

Incurred interest expenses on loans to finance the production of non-current asset relating to the production period are included in cost.

Non-current assets acquired in foreign currencies are translated at the exchange rate at the date of acquisition. Gains or losses on hedges relating to the acquisition of non-current assets are recognised as part of the value of the non-current asset.

Vessels

Vessels are recognised at cost less accumulated depreciation and impairment losses. Cost includes costs directly attributable to the acquisition until the date when the vessel is ready for use, including costs for subsuppliers, advisory services, materials, components, direct payroll costs related to supervision, etc., and indirect costs.

As a result of differences in the wear on the components of passenger ships, the cost of these ships is split into components with little wear and excessive wear, respectively.

Conversion of vessels is capitalised if the conversion is attributable to measures for prolonging the life of the vessels or improving earnings. Conversions are treated as additions to cost and are depreciated over the same residual period as the original asset.

For offshore service vessels with accommodation facilities (ASV), the vessel's cost is divided into components with minor wear, such as hull and engine, and components with high wear, such as accommodation and catering areas.

Costs for docking and other improvements of the vessels are capitalised when incurred and depreciated over the period between two dockings. In most cases, the docking interval is 2 years for passenger ships and 2,5 years for other vessels.
Depreciation is made on a straight-line basis over the vessels' expected useful lives.

The expected useful lives of vessels are 25-30 years.

For vessels written down to 0 or older than 25 years, an individual assessment of the vessels' remaining lives is made annually.

For passenger ships, cost is divided into components with minor wear, such as hull and engines, and components with high wear, such as accommodation and catering areas. Components with high wear are depreciated over 10-15 years, while components with minor wear are depreciated over the remaining lives of the ships determined based on an assessment of the individual ships. Components with minor wear are depreciated over 30 years from the year when the ship was built.

Estimated useful lives and residual values are assessed at least once a year. When assessing the expected economic life of vessels, the substantial funds used for ongoing maintenance are taken into account.
An impairment test of the vessels is carried out annually. Vessels are written down to the lower of the recoverable amount and carrying amount. The recoverable amount is the higher of the present value of the net income the vessel is expected to generate (value in use) and the net selling price of the vessel. For vessels which are expected to be sold, the recoverable amount equals the net selling price of the vessel.

Gains and losses on the disposal of vessels are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses on the disposal of vessels are recognised as a separate line item in the income statement.

Income Statement 1 January – 31 December 2013

DKK '000

Parent 2012	Parent 2013	Note		Group 2013	Group 2012
			Revenue		
		1	Net turnover	15.591.773	15.817.045
2.118	2.185		Other income	87.586	30.581
2.118	**2.185**		**Total**	**15.679.360**	**15.847.626**
			Costs		
			Vessels running costs	-9.842.570	-9.972.188
-8.329	-11.211	2	Other external costs	-1.625.098	-1.798.174
-5.195	-6.016	3	Staff costs	-2.712.797	-2.566.038
-13.523	**-17.227**		**Total**	**-14.180.464**	**-14.336.400**
-11.405	-15.042		RESULT BEFORE DEPRECIATIONS	1.498.895	1.511.226
			Profit on sale of vessels	-46.452	-552.103
-1.383	-1.405	4	Depreciations and write-downs	-2.264.161	-2.253.765
-12.788	-16.447		OPERATING INCOME	-811.718	-1.294.642
-1.950.695	-1.529.077	5	Share of result in subsidiaries		
-	-	6	Share of result in joint ventures	-69.045	-150.905
			Financial items		
21.837	6.533	7	Financial income	276.747	189.535
-	-66	8	Financial expenses	-747.724	-595.004
21.837	**6.467**		**Total**	**-470.977**	**-405.469**
-1.941.646	-1.539.056		RESULT BEFORE TAX	-1.351.741	-1.851.015
-	-	9	Income tax	-17.174	-11.678
-1.941.646	-1.539.056		RESULT FOR THE YEAR	-1.368.915	-1.862.693
		10	Non controling interests share of result	-170.141	-78.952
-1.941.646	**-1.539.056**		**PROFIT/(LOSS) FOR THE YEAR**	**-1.539.056**	**-1.941.646**
			Proposed allocation of the result for the year:		
28.398	24.550		Approved grants		
-315.792	-		Transferred to net revaluation according to the intrinsic value method		
-1.654.252	-1.563.607		Transferred to other reserves		
-1.941.646	-1.539.056				

Statement of financial position 31 December 2013

DKK '000

Parent 2012	Parent 2013	Note		Group 2013	Group 2012
			ASSETS		
		11	FIXED ASSETS		
			Intangible assets		
			Goodwill	348.170	319.944
			Other intangible assets	139.840	125.699
			Total	**488.010**	**445.644**
			Tangible assets		
40.926	39.560		Land, building, terminals and yard facilities	1.042.305	1.091.151
			Vessels	14.724.174	16.859.013
605	677		Machinery, tools and equipment	376.715	367.793
			Financial leased machinery, tools and equipment	48.882	61.242
			Assets under construction and prepayments	571.063	264.059
41.531	**40.237**		**Total**	**16.763.138**	**18.643.258**
			Financial fixed assets		
8.911.574	7.488.418	5+11	Investment in subsidiaries		
-	-	6+11	Investments in joint ventures	673.576	846.264
-	-	11	Other securities	147	213
-	-	11	Other receivables	121.266	260.951
8.911.574	**7.488.418**		**Total**	**794.990**	**1.107.427**
8.953.105	7.528.655		TOTAL FIXED ASSETS	18.046.138	20.196.329
			CURRENT ASSETS		
			Stocks		
		12	Bunkers and goods for sale	219.527	248.920
			Total	**219.527**	**248.920**
			Receivables		
			Trade receivables	1.675.271	1.564.444
-	-		Receivables from joint ventures	49.321	54.366
5.390	4.470		Other receivables	377.739	400.164
		9	Deferred tax asset	100.167	88.411
-	-		Prepayments	145.636	197.262
5.390	**4.470**		**Total**	**2.348.135**	**2.304.648**
118.892	**94.691**	16	**Securities**	**769.228**	**618.404**
24.416	**4.070**	16	**Cash**	**2.030.863**	**3.068.693**
148.698	103.231		TOTAL CURRENT ASSETS	5.367.753	6.240.666
9.101.803	**7.631.886**		**TOTAL ASSETS**	**23.413.891**	**26.436.995**

Statement of financial position 31 December 2013

DKK '000

Parent 2012	Parent 2013	Note		Group 2013	Group 2012
			LIABILITIES		
		13	EQUITY		
250.000	250.000		Initial capital	250.000	250.000
-	-		Net revaluation according to the intrinsic value method	0	-
8.827.092	7.339.155		Other reserves	7.339.155	8.827.092
9.077.092	**7.589.155**		**Equity**	**7.589.155**	**9.077.092**
		10	Non controlling interest	3.463.681	4.474.753
9.077.092	7.589.155		TOTAL EQUITY	11.052.836	13.551.845
			PROVISIONS		
-	-	9	Deferred tax	136.223	132.454
-	-	14	Other provisions	308.165	248.334
-	-		TOTAL PROVISIONS	444.388	380.788
			DEBT		
		15	**Long-term debt**		
			Mortgage debt, real properties	141.718	144.053
			Mortgage debt, vessels	4.326.725	6.979.697
			Debt, financial leasing	12.969	37.239
			Other debt	1.918.138	1.768.635
-	-		**Total**	**6.399.550**	**8.929.624**
			Short-term debt		
-	-	15	Short-term portion of long-term debt	2.889.811	1.283.934
-	13.576		Credit institutions	15.614	70.963
			Trade payables	1.531.762	1.170.717
2.330	-		Debt to subsidiaries		
-	-		Corporate tax	18.305	34.786
1.182	5.371		Other payables	925.298	880.701
-	-		Prepayments	112.543	112.435
21.201	23.784		Approved not yet paid grants	23.784	21.201
24.712	**42.731**		**Total**	**5.517.117**	**3.574.738**
24.712	42.731		TOTAL DEBT	11.916.667	12.504.361
9.101.803	**7.631.886**		**TOTAL LIABILITIES**	**23.413.891**	**26.436.995**

11 Booked value of mortgages assets
17 Other mortgages and deposists
18 Contingent liabilities
19 Contractual commitments
24 Related parties

Cash Flow statement

DKK '000	Note		2013	2012
		Operating income	-811.718	-1.294.642
		Depreciations and write-downs carried back	2.264.161	2.253.765
	20	Adjustments	24.716	586.305
	21	Change in working capital	478.543	-220.967
		Cash flow from operations before financial items	1.955.702	1.324.461
		Ingoing financial payments	276.747	189.535
		Outgoing financial payments	-747.724	-595.004
		Cash flow from ordinary operations	1.484.724	918.992
		Paid corporate tax	-18.651	-11.114
		Paid grants	-21.967	-31.033
		Cash flow from ordinary activities	**1.444.107**	**876.845**
		Investment in intangible fixed assets	-117.648	-59.159
		Investment in tangible fixed assets	-1.233.125	-825.804
		Investment in financial fixed assets	-98.138	-386.682
	22	Investments in subsidiaries/activities	-198.732	-8.667
		Investment in securities	-150.824	-66.651
		Sale of tangible fixed assets	475.921	1.676.046
		Sale of financial fixed assets	296.181	102.113
		Cash flow from investment activities	**-1.026.366**	**431.195**
		Installment on long.term debt	-1.847.324	-2.908.648
		Proceeds from long-term debt	1.203.065	2.272.083
		Paid dividend to non-controlling interest in DFDS	-127.550	-
		Acquisition of treasury shares in DFDS	-628.412	-
	23	Change in pledged securities and cash	193.430	-193.430
		Change in operating credits	-55.349	59.118
		Cash flow from financing activities	**-1.262.141**	**-770.878**
		Changes for the year in cash position	-844.400	537.163
		Cah begining of year	2.875.263	2.338.100
	16	**Cash end of year**	**2.030.863**	**2.875.263**

Notes

1. Net turnover

2013	Net turnover	Resultat before financial items	Fixed assets	Liabilities
J. Lauritzen	3.472.397	-1.283.511	8.620.300	6.156.750
DFDS	12.097.088	430.194	8.966.594	5.992.533
Other	22.289	-27.445	459.239	211.772
	15.591.773	-880.763	18.046.133	12.361.055

2012	Net turnover	Resultat before financial items	Fixed assets	Liabilities
J. Lauritzen	4.010.007	-1.659.742	10.778.785	7.324.468
DFDS	11.699.925	267.937	8.947.629	5.279.038
Other	107.112	-53.740	469.915	281.643
	15.817.045	-1.445.546	20.196.330	12.885.149

2. Other external costs

	2013	2012	2013	2012
Fee to auditors elected by the Board of directors:	Group		Parent Company	
Audit	11.386	11.315	300	400
Other assurance engagements	238	229	-	-
Tax and VAT advisory services	3.724	3.001	6	-
Other services	2.118	1.453	104	146
	17.466	15.998	410	546

3. Staff costs

Group

	2013	2012
Salaries	2.229.029	2.147.345
Pensions	102.731	100.674
Social security	381.037	318.019
	2.712.797	2.566.038
Average number of employees	7.329	6.664
Number of employees as at 31/12	7.273	7.289

Parent

	2013	2012
Salaries	5.651	4.833
Pensions	365	355
Social security	-	6
	6.016	5.195
Average number of employees	4	4
Renumeration to:		
Board of directors	2.500	2.500
Executive management	2.084	1.920
Executive management in other group entities	6.130	5.591

4. Depreciations and write-downs

Group

	2013	2012
Goodwill	36.093	33.503
Other intangible assets	16.187	28.680
Buildings, terminals and yard facilities	58.498	48.523
Vessels	2.060.508	2.049.632
Machinery, tools and equipment	80.680	81.025
Financial leased machinery, tools and equipment	12.196	12.401
	2.264.161	2.253.765

Parent

	2013	2012
Buildings	1.367	1.367
Tools and equipment	38	16
	1.405	1.383

5. Investments in subsidiaries – (parent)

		2013		2012	
	Ownership in %	Result	Equity	Result	Equity
J. Lauritzen A/S, Copenhagen	100	-1.619.138	4.005.223	-2.007.810	4.821.615
DFDS A/S, Copenhagen	45	110.833	2.823.245	46.128	2.503.279
LF Investment ApS, Copenhagen	100	-20.772	701.700	10.987	1.628.429
		-1.529.077	7.530.168	-1.950.695	8.953.324
Internal profit/(loss)		-	-41.750	-	-41.750
		-1.529.077	7.488.418	-1.950.695	8.911.574

DFDS is considered a subsidiary based on de-facto control.

6. Investments in Joint Ventures – (group)

	2013		2012	
	Result	Equity	Result	Equity
In total	-69.045	673.576	-150.905	846.264
Share of negative equity set off against receivables	-	-	-	-
	-69.045	673.576	-150.905	846.264

7. Financial income

Group

	2013	2012
Interest income	81.337	124.041
Currency exchange gains and losses, net	195.409	65.494
	276.747	189.535

Parent

Interest income	4.486	10.431
Exchange gains and losses on securites, net	2.047	11.406
	6.533	21.837

8. Financial costs

Group

Interest expenses	484.350	523.825
Other financial expenses	111.980	62.999
Exchange gains and losses on securites, net	151.394	8.180
	747.724	595.004

Parent

Interest expenses	66	-
	66	-

9. Tax

Group

	2013	2012
Deferred tax	-10.092	-962
Current tax	-7.082	-10.715
INCOME TAX	-17.174	-11.678
Deferred tax 1/1	44.043	33.726
Addition from investment in subsidiaries	6.503	-
Currency exghance adjustment of deferred tax in foreign subsidiaries	-1.347	4.840
Adjustment to previous year	-23.236	4.515
Tax on profit	10.092	962
DEFERRED TAX 31/12	36.056	44.043
Deferred tax concerns:		
Tangible assets	-133.800	-133.800
Liabilties	27.364	27.364
Taxable losses carried forward	62.623	62.623
Other	-230	-230
	-44.043	-44.043
Deferred tax is shown as:		
Deferred tax asset	100.167	88.411
Deferred tax Liability	-136.223	-132.454
	-36.056	-44.043

Parent

Current tax	-	-
	-	-

Lauritzen Fonden is not reliable to deferred taxes.

10. Non controlling interests

	2013	2012	2013	2012
	Result		Equity	
Non controlling interests in DFDS A/S	-171.220	-80.906	3.417.872	4.449.845
Other non controlling interests	1.079	1.954	45.809	24.909
	-170.141	-78.952	3.463.681	4.474.753

The development in non-controlling interests in DFDS A/S from 64 % to 55% at year end is caused by Lauritzen Fondens acquisition of 2 % of the share capital and DFDS A/S acquisition of treasury shares corresponding to 12 % of the share capital.

11. Fixed assets

Group

	Goodwill	Other intangible assets	Land, buildings and terminals	Vessels	Machinery, tools and equipment
Costs as at 1/1 2013	685.103	379.229	1.443.585	24.083.664	1.060.682
Exchange rate adjustments	-13.417	-560	-9.383	-710.758	-19.819
Transferred to/from other items	-	786	-	825.555	3.802
Additions from investment in subsidiaries	-	-	13.505	-	16.191
Additions	64.465	53.183	3.630	180.275	89.018
Disposals	-	-81.909	-	-846.357	-67.648
Costs as at 31/12 2013	736.152	350.730	1.451.337	23.532.379	1.082.227
Depreciation and write-down as 1/1 2013	365.159	253.530	352.434	7.224.651	692.889
Exchange rate adjustments	-8.121	1.003	-1.899	-308.790	-14.041
Transferred to/from other items	-	786	-	182.474	3.475
Depreciation	30.781	19.727	58.498	2.060.508	80.680
Disposals	163	-64.156	-	-350.637	-57.491
Depreciation and write-down as 31/12 2013	387.982	210.889	409.033	8.808.205	705.512
Booked value as at 31/12 2013	348.170	139.840	1.042.305	14.724.174	376.715
Booked value as at 31/12 2012	319.944	125.699	1.091.151	16.859.013	367.793
Booked value of mortgages assets				14.943.844	

Fixed assets – continued

	Financial leased machinery, tools and equipment	Assets under construction and prepayments	Investments in joint ventures	Other securities	Other receivables
Costs as at 1/1 2013	114.571	421.699	1.065.675	263	260.951
Exchange rate adjustments	-	19.429	-32.176	-	-13.753
Transferred to/from other items	-	-830.268	-	-	0
Additions	23	1.205.824	51.488	-	46.650
Disposals	-694	-245.622	-169.672	-	-172.582
Costs as at 31/12 2013	113.901	571.063	915.315	263	121.266
Depreciation and write-down as at 1/1 2013	53.329	157.641	219.411	50	-
Exchange rate adjustments	1	30.877	263	-	-
Transferred to/from other items	-	-186.735	-	-	-
Depreciation	12.196	-	-	-	-
Write-downs	-	73.497	65.138	66	-
Reversed write-downs	-	-16.715	2.999	-	-
Reversed write-downs on disposals	-507	-58.564	-46.072	-	-
Depreciation and write-down as at 31/12 2013	65.019	0,05	241.739	116	-
Booked value as at 31/12 2013	48.882	571.063	673.576	147	121.266
Booked value as at 31/12 2012	61.242	264.059	846.264	213	260.951

Fixed assets – continued

Parent

	Land, buildings and terminals	Tools and equipment	Investments in subsidiaries
Costs as at 1/1 2013	50.740	2.369	10.657.559
Additions	-	110	1.008.842
Costs as at 31/12 2013	50.740	2.479	11.666.401
Depreciation and write-down as at 1/1 2013	9.813	1.764	1.745.985
Received dividend	-	-	978.589
Depreciation	1.367	38	-
Write-downs	-	-	1.453.408
Reversed write-downs	-	-	-
Disposals	-	-	-
Depreciation and write-down as at 31/12 2013	11.180	1.802	4.177.982
Booked value as at 31/12 2013	39.560	677	7.488.418
Booked value as at 31/12 2012	40.926	605	8.911.574

Specifcation of movements in investments in subsidiaries:

Balance as at 1/1 2013	8.911.574
Addittions	1.008.842
Value adjustments of hedging instruments	77.899
Share of other equity movements	227.854
Currency adjustment of equity and result in foreign currencies	-230.084
Share of result in subsidiaries, cf note 5	-1.529.077
Received dividend	-978.589
	7.488.418

The share options in DFDS is granted to the Executive Board and some executive employees. The options consist of 455.072 shares in DFDS A/S, hereof 35.750 options at a exercising price at DKK 341 in 2014, 52.405 options at a exercising price at DKK 456 in 2015, 146.647 options at a exercising price at DKK 346 in 2016 and 220.270 at a exercising price at DKK 294 in 2017. The options can only be exercised within a period of 4 weeks after publication of annual or interim reports.

12. Stocks

Group

	2013	2012
Bunkers	153.241	177.715
Goods for sale	66.286	71.205
	219.527	248.920

13. Lauritzen Fonden's share of equity

Group

	Initial capital	Net revaluation according to the intrinsic value method	Other reserves	Total
Balance as at 1/1 2013	250.000	-	8.827.092	9.077.092
Currency adjustment of equity and result in foreign currencies			-230.084	-230.084
Share of other equity movements			-62.106	-62.106
Value adjustments of hedging instruments			77.899	77.899
Changes in non controlling interests			289.960	289.960
Profit/(loss) for the year			-1.539.056	-1.539.056
Approved grants			-24.550	-24.550
	250.000	-	7.339.155	7.589.155
Balance as at 1/1 2012	250.000	-	10.832.721	11.082.721
Currency adjustment of equity and result in foreign currencies			-262.458	-262.458
Share of other equity movements			215.577	215.577
Value adjustments of hedging instruments			11.295	11.295
Profit/(loss) for the year			-1.941.645	-1.941.645
Approved grants			-28.398	-28.398
	250.000	-	8.827.092	9.077.092

DFDS A/S holding of treasury shares at 31 december 2013 is 2.135.444 shares (2012: 352.714 shares) corresponding to 14.37% (2012: 2,37%)

Equity – continued

Parent

	Initial capital	Net revaluation according to the intrinsic value method	Other reserves	Total
Balance as at 1/1 2013	250.000	-	8.827.092	9.077.092
Currency adjustment of equity and result in foreign currencies			-230.084	-230.084
Share of other equity movements			305.754	305.754
Profit/(loss) for the year		-	-1.539.056	-1.539.056
Approved grants			-24.550	-24.550
	250.000	-	7.339.155	7.589.156
Balance as at 1/1 2012	250.000	315.792	10.516.929	11.082.721
Currency adjustment of equity and result in foreign currencies			-262.458	-262.458
Share of other equity movements			226.872	226.872
Profit/(loss) for the year		-315.792	-1.625.853	-1.941.645
Approved grants			-28.398	-28.398
	250.000	-	8.827.092	9.077.092

14. Other provisions

	2013	2012
Pension obligations	262.280	166.355
Other provisions	45.885	81.979
	308.165	248.334

15. Lang-term debt

Group

	2013 Expires after more than 5 years	2013 Short-term portion	2012 Expires after more than 5 years	2012 Short-term portion
Mortgage debt, real properties	110.670	6.821	116.632	6.395
Mortgage debt, vessels	530.913	2.651.084	1.199.144	1.140.177
Debt, financial leasing	-	24.224	-	16.151
Credit institutions	-	148.593	-	53.623
Other debt	1.000	59.089	1.000	67.588
	642.583	2.889.811	1.316.776	1.283.934

Parent

	2013 Expires after more than 5 years	2013 Short-term portion	2012 Expires after more than 5 years	2012 Short-term portion
Credit institutions	-	13.576	-	-

16. Free cash and securities

Group

	2013		2012	
Securities		769.228		618.404
Hereof shares		-598.330		-417.240
Cash	2.030.863		3.068.693	
Hereof pledged, cf note 23	-	2.030.863	-193.430	2.875.263
		2.201.761		3.076.427

17. Other mortgages and deposits

	2013	2012
Bankdebt, other long-term debt, prepayments from customers and guarantees and contractual commitments, has been secured by assets at following booked values:		
Cash, cf note 23	-	193.430

18. Contingent liabilities

Guarantees and surety commitments	1.116.640	1.294.338
Max. obligation for partipitation in projects	633.949	470.622
	1.750.589	1.764.960

If DFDS leaves the Danish tonnagetax regime there could be a deferred tax liability of up to a maximum of DKKM 263 (2012: DKKM 252)

If JL leaves the Danish tonnagetax regime there could be a deferred tax liability of up to a maximum of DKKM 38 (2012: DKKM 56)

Certain claims has been raised against the group companies. The judgment of the management is that the outcome of these claims will not have any material impact on the groups financial position

In connection with disposals of activitiy and assets, certain guarantees, inclusive for tax and environment items, are issued.

19. Contractual commitments

	2013	2012

JL had entered into newbuilding contracts for 4 vessels for delivery in 2013.
The contractual commitment is DKKM 0 (2012: DKKM 588)

DFDS has entered into newbuilding contracts for 2 vessels for delivery i 2014.
The contractual commitment is DKKM 393 mio. (2012: DKKM 0)

Lease and rent obligations, off-balance items	Minimum obligation	Minimum obligation
Land and buildings, remaining life 1 - 100 year	166.895	198.186
Port terminal , remaining life 1 - 42 year	1.599.525	1.628.357
Vessels, remaning life 1 - 14 year	5.152.287	5.606.086
Machinery, tools and equipment, remaining life 1 - 4 year	207.960	169.524
	7.126.667	7.602.153

Longterm charterparties of vessels concerns:	Number	Number
Bulk-carriers, remaining life 1 - 13 year	57	43
Product tankers, remaining life 1 year	7	7
Cargo vessels, remaining life 1 - 6 year	14	16
Gas-carriers, remaining life 1 - 3 year	9	9

20. Adjustments

	2013	2012
Currency exchange	-12.792	-28.333
Profit/Loss on sale of fixed assests	29.956	603.478
Other	7.552	11.160
	24.716	586.305

21. Change in working capital

Change in stocks	29.393	-36.630
Change in receivables	13.769	71.435
Change in provisions	59.731	-8.477
Change in tradepayables inclusive other short-term debt	375.649	-247.295
	478.543	-220.967

22. Investment in subsidiaries/activities

	2013	2012
Intangible fixed assets	-64.465	-16.169
Other fixed assets	-29.696	-115.203
Current assets	-45.500	-118.600
Provisions	100	35.100
Long-term debt	16.700	111.900
Short-term debt	30.100	97.527
Acquisition of non controlling interests	-105.971	-3.222
	-198.732	-8.667

23. Change in pledged securities and cash

Pledged cash as at 1/1	193.430	-
Pledged cash as at 31/12	-	-193.430
	193.430	-193.430

24. Related parties

Related parties with a significant influence of the activities in the Lauritzen Fonden is Lauritzen Fonden's Board of Directors and the Executive Management. Other related parties comprise all companies in the Lauritzen Fonden Group and their Board of Directors and Executive Management.

Directorships of the Board of Directors and Executive Board

Board of Directors:

Jens Ditlev Lauritzen
Chairman

Chairman of the Board of:
Rederklubben

Member of the Board of:
Simons Golfklub (Deputy chairman)
Klampenborg Galopselskab A/S
Dansk Galop
Fødevarebanken

Member of the presidium of:
Mary Fonden

Michael Fiorini
Vice Chairman, Director

Chairman of the Board of:
Investering & Tryghed A/S
Easypark Holding AS, Norway

Member of the Board of:
Tooling Invest A/S
Danmark-Amerika Fondet

Bendt Bendtsen
Member of the European Parliament and former Minister of Economic and Business Affairs

Member of the Board of:
Esvagt A/S
SeeMall ApS
Udviklingsfonden for Odense Zoo
Nordic Synergi Park
1'st Vice President in SME Europe

Kigge Hvid
Managing Director INDEX: Design to Improve Life

Chairman of the Board of:
Hong Kong Jockey Club, Design Institute for Social Innovation, Hong Kong

Member of the Board of:
Beyond Risør
Ørestad Gymnasium

Betina Ipsen
Member of the Board of Komiteen til støtte for international Spejderformål
Member of the Lauritzen Fonden Grant Committee

Richard Berg-Larsen*
Member of the Board of:
Shipmasters' Association Copenhagen, Esbjerg Harbour services and Seaman Centre.
Member of Ankenævnet for Søfartsforhold.

Erik Bierre*
Member of the Board of:
K/S Handybulk

Ib Møller Sørensen*
Member of the Board of:
DFDS Stevedoring A/S

(* Staff elected)

Executive Board:

Bent Østergaard
Managing Director

Chairman of the Board of:
J. Lauritzen A/S
DFDS A/S
Frederikshavn Maritime Erhvervspark A/S
NanoNord A/S
Cantion A/S

Member of the Board of:
Comenxa A/S
Mama Mia Holding A/S
Royal Arctic Line A/S
Meabco Holding A/S og Meabco A/S
With Fonden
Durisol UK
Desmi A/S

Inge Grønvold
Director

Chairman of the Board of:
Levitaid A/S

List of Group Companies

Name	Country	Ownership share %
Lauritzen Fonden	Denmark	
J. Lauritzen A/S	Denmark	100
Segetrans Argentina S.A	Argentina	100
Greden Limited	Bahamas	100
Labas (Bahamas) Ltd.	Bahamas	100
Shoreoff Invest Bermuda Ltd.	Bermuda	100
J. Lauritzen Shanghai Co. Ltd.	China	100
Owneast Shipping Limited	China	100
De Forenede Sejlskibe I/S*	Denmark	43
KRK 4 ApS	Denmark	100
K/S Bulkinvest 30*	Denmark	18
K/S Danred I*	Denmark	44
K/S Danred II*	Denmark	40
K/S Danred III*	Denmark	35
K/S Danred V*	Denmark	50
K/S Danskib 30*	Denmark	10
K/S Danskib 34*	Denmark	20
K/S Danskib 63*	Denmark	14
K/S Handybulk*	Denmark	26
Lauritzen Bulkers A/S	Denmark	100
Lauritzen Kosan A/S	Denmark	100
Lauritzen Offshore Services A/S	Denmark	100
Lauritzen Reefers A/S	Denmark	100
Lauritzen Ship Owner A/S	Denmark	100
Lauritzen Tankers A/S	Denmark	100
LB Ship Owner II A/S	Denmark	100
Quantum Tankers A/S***	Denmark	50
Star Management Associates**	Japan	30
Lauritzen Shuttletankers Netherlands B.V.	The Netherlands	100
Axis Offshore Pte. Ltd.*	Singapore	34
Handyventure Singapore Pte. Ltd.*	Singapore	50
J. Lauritzen Singapore Pte. Ltd.	Singapore	100
Lauritzen Kosan Singapore Pte. Ltd.	Singapore	100
Lauritzen Offshore Pte. Ltd.	Singapore	100
Lauritzen Shutteltankers Singapore Pte. Ltd.	Singapore	100
LKT Gas Carriers Pte. Ltd.*	Singapore	50
Milau Pte. Ltd.*	Singapore	50
Gasnaval S.A.	Spain	100
J. Lauritzen (USA) Inc.	USA	100

* Joint Venture
** Associated company
*** Recognized as subsidiary as JL holds more than 50% of the voting capital.

Navn	Country	Ownership share %
DFDS A/S*	Denmark	45
DFDS Seaways NV	Belgium	100
DFDS Logistics NV	Belgium	100
DFDS Logistics Services NV	Belgium	100
Aukse Multipurpose Shipping Ltd.	Cyprus	96
Lisco Optima Shipping Ltd.	Cyprus	96
Tor Finlandia Shipping Ltd.	Cyprus	96
Lisco Maxima Shipping Ltd.	Cyprus	96
Mare Blue Shipping Ltd.	Cyprus	96
DFDS A/S	Denmark	100
New Channel Holding A/S	Denmark	82
New Channel Company A/S	Denmark	82
DFDS Stevedoring A/S	Denmark	100
DFDS Logistics Intermodal A/S	Denmark	100
DFDS Seaways Newcastle Ltd	England	100
DFDS Seaways Plc.	England	100
DFDS Logistics Partner Ltd	England	100
DFDS Logistics Services Ltd	England	100
DFDS Seaways Holding Ltd	England	100
DFDS Logistic Contracts Ltd	England	100
DFDS Logistics Ltd	England	100
DFDS Seaways OÜ	Estonia	65
DFDS Logistics OY	Finland	100
DFDS Logistics SARL	France	100
DFDS Seaways S.A.S	France	82
New Channel Company S.A.S	France	82
DFDS Logistics BV	The Netherlands	100
DFDS Seaways Terminals BV	The Netherlands	100
DFDS Shipping BV	The Netherlands	100
DFDS Holding BV	The Netherlands	100
DFDS Seaways IJmuiden BV	The Netherlands	100
DFDS Logistics Container line BV	The Netherlands	100
DFDS Dailyfresh BV	The Netherlands	100
DFDS Logistics Contracts (Ireland) Ltd	Ireland	100
DFDS Logistics (Ireland) Ltd	Ireland	100
DFDS Logistics S.p.A	Italy	100
DFDS Logistics Baltic SIA	Latvia	100
DFDS Seaways SIA	Latvia	100
AB DFDS Seaways	Lithuania	96
UAB Laivyno Technikos Prieziuros Base	Lithuania	96
UAB Krantas Travel	Lithuania	96

Navn	Country	Ownership share %
DFDS Logistics AS	Norway	100
Moss Container Terminal AS	Norway	100
DFDS Logistics Rederi AS	Norway	100
DFDS Seaways AS	Norway	100
NorthSea Terminal AS	Norway	100
DFDS Polska Sp. Z.o.o.	Poland	100
DFDS Logistic East	Russia	100
DFDS Seaways Ltd	Russia	99
DFDS Seaways AB	Sweden	100
DFDS Logistics AB	Sweden	100
DFDS Seaways Holding AB	Sweden	100
Gösta Nerös Åkeri AB	Sweden	100
DFDS Logistics Karlshamn AB	Sweden	100
Karlshamn Express AB	Sweden	100
Karlshamn Express & Spedition AB	Sweden	100
DFDS Seaways GmbH	Germany	100
DFDS (Deutschland) GmbH	Germany	100
DFDS Logistics GmbH	Germany	100
DFDS Seaways Baltic GmbH	Germany	96

* Recognized as subsidiary as Lauritzen Fonden has de-facto control. DFDS owns a number of treasury shares. Lauritzen Fonden's ownership percentage including DFDS's treasury shares amounts to 38%.
DFDS has 20 dormant companies

Name	Country	Ownership share %
LF Investment ApS	Danmark	100
Frederikshavn Maritime Erhvervspark A/S	Denmark	100
Østre Havn ApS	Denmark	50
K/S Østre Havn PS	Denmark	50
Levitaid A/S	Denmark	100
Comenxa A/S	Denmark	70
NanoNord A/S	Denmark	61
MamaMia Holding A/S	Denmark	63
AHK NR. 186 ApS	Denmark	50
CMX Holding ApS	Denmark	42
Commotive A/S	Denmark	25
Erhvervsinvest I K/S	Denmark	10
Erhvervsinvest II K/S	Denmark	7
South Cone Investment A/S	Denmark	14
Minervax A/S	Denmark	13
NowShop AS	Norway	50

Company domiciles

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LF Investment ApS
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