2006 Annual Report

THE DSV GROUP

Global Transport and Logistics

DSV is a global supplier of transport and logistics services. DSV has offices in 50 countries all over the world. Together with our partners and agents, we offer services in more than 100 countries, making DSV a truly global player. By our professional and advantageous overall solutions, the 19,000 DSV employees are expected to achieve a worldwide annual revenue nearly DKK 36 billion in 2007.

DSV

Revenue:
DKKm 31,972
Operating profit*:
DKKm 1,504
Number of employees:
19,199

ROAD	AIR & SEA	SOLUTIONS
Revenue: **DKKm 24,294**	Revenue: **DKKm 7,798**	Revenue: **DKKm 1,004**
Operating profit*: **DKKm 885**	Operating profit*: **DKKm 574**	Operating profit*: **DKKm 53**
Number of employees: **15,895**	Number of employees: **2,600**	Number of employees: **704**

* Before special items

DSV A/S
Kornmarksvej 1
2605 Brøndby
Denmark
Tel. +45 43 20 30 40
CVR No. 58 23 35 28
www.dsv.com

30th financial year
Annual Report for the period ended 31 December 2006
Published on 23 March 2007

Printed by: Plæhn Grafisk
Production: Diticon/PM 1199
Translation: Dialog Translatørservice

The Annual Report has been prepared in Danish and English.
In case of discrepancies, the Danish version shall apply.

2006 IN REVIEW

2006 was an exciting, challenging and successful year for DSV in which the Group once more experienced major changes.

The most significant event was the acquisition of Koninklijke Frans Maas Groep N.V. (Frans Maas) with effect from 1 April 2006. The acquisition strengthened the strategic market position of DSV in Europe as the Group now has companies all over Europe. The comprehensive and complicated process of commercial integration, realisation of synergy potential and adjustment of legal and financial structures progresses in most countries as scheduled, except for Germany and France which are slightly behind schedule. It has involved changes to traffic, termination of agency relationships, renegotiation of non-profitable agreements, combination of terminals and offices, consolidation of IT resources as well as staff adjustments. This integration has been completed in many countries.

In addition to the efforts carried out to integrate Frans Maas, the original DSV companies managed to achieve an organic growth in revenue of 7.1%. The Road Division continues to grow organically, particularly in the Nordic countries, Ireland and Eastern Europe. The Air & Sea Division continues to grow and obtained once more record revenue and earnings. The Solutions Division performs according to Management expectations.

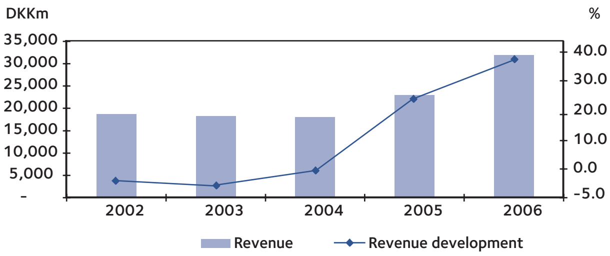
The major 2006 results are:

- Revenue came to DKK 31,972 million, the largest revenue ever realised by the Group.
- Operating profit before special items totalled DKK 1,504 million, corresponding to a margin of 4.7%.
- The net profit came to DKK 719 million, of which DKK 677 million is attributable to DSV.
- Diluted adjusted earnings per share of DKK 2 came to DKK 45.3.
- The Group's funds tied up in net working capital came to DKK 722 million at 31 December 2006.
- The Group's investments exclusive of acquisition and divestment of activities and enterprises netted a negative DKK 18 million.
- The free cash flow of the Group adjusted for the acquisition and divestment of activities and enterprises and normalisation of net working capital amounted to DKK 1,174 million.
- ROIC including goodwill and customer relationships came to 20.2%.

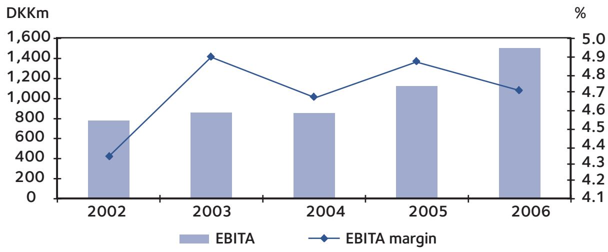
The Group expects to distribute DKK 2.5 per share of DKK 2 as dividend for 2006. The share price increased from DKK 778 per share at 31 December 2005 to DKK 1,032 at 31 December 2006.

In 2007, the Group will focus on successfully integrating Frans Maas and continue as an active partner in the ongoing consolidation of the transport sector. The Group expects its revenue to reach DKK 35,700 million and its operating profit before special items to reach DKK 1,658 million in 2007. Diluted adjusted earnings per share are expected to be DKK 52.0 and the free cash flow DKK 1,000 million.

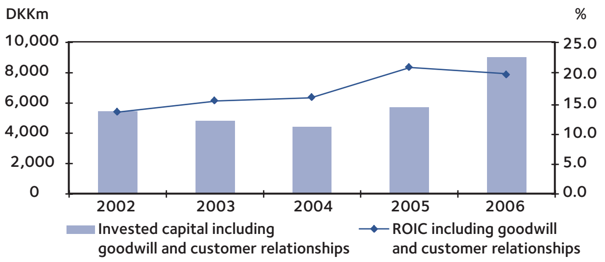
REVENUE DEVELOPMENT



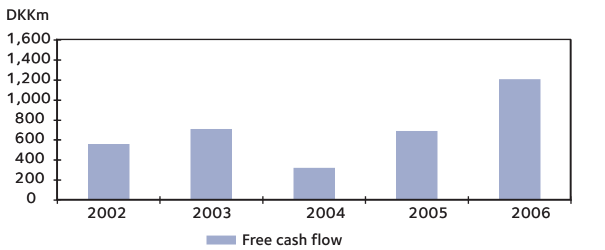
DEVELOPMENT IN OPERATING PROFIT BEFORE SPECIAL ITEMS (EBITA)



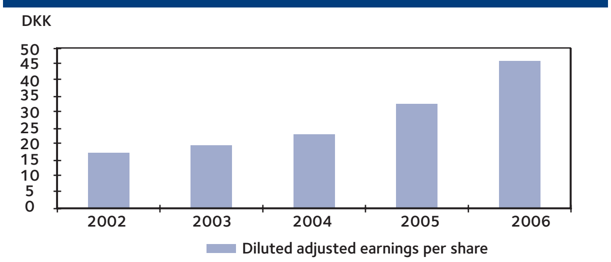
DEVELOPMENT IN ROIC INCL. GOODWILL AND CUSTOMER RELATIONSHIPS AND INVESTED CAPITAL INCL. GOODWILL AND CUSTOMER RELATIONSHIPS



FREE CASH FLOW



DILUTED ADJUSTED EARNINGS PER SHARE



FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS	2002 [1]	2003 [1]	2004	2005	2006
Income statement (DKKm)					
Revenue	17,933	17,676	18,092	23,015	31,972
Gross profit	4,075	3,888	3,863	4,667	6,904
Operating profit before amortisation, depreciation and special items (EBITDA)	1,035	1,071	1,063	1,332	1,834
Operating profit before special items (EBITA)	783	861	854	1,123	1,504
Operating profit (EBIT)	723	728	1,411	1,064	1,221
Net financial expenses	216	195	108	80	207
Profit before tax	507	529	1,301	984	1,014
DSV A/S shareholders' share of net profit for the year	333	304	1,083	658	677
Adjusted earnings	393	437	527	709	914
Balance sheet (DKKm)					
Non-current assets	4,944	4,761	4,624	5,652	9,093
Current assets	3,747	3,269	3,397	4,797	6,969
DSV A/S shareholders' share of equity	2,196	2,399	3,107	3,212	3,699
Minority interests	65	78	84	111	145
Provisions	359	328	-	-	-
Non-current liabilities	2,199	1,555	956	2,463	5,740
Current liabilities	3,872	3,670	3,874	4,663	6,478
Balance sheet total	8,691	8,030	8,021	10,449	16,062
Net interest-bearing debt	2,958	2,260	1,287	2,204	4,835
Invested capital including goodwill and customer relationships	5,524	5,271	4,835	5,865	9,057
Gross investment in property, plant and equipment	476	478	358	392	391
Cash flows (DKKm)					
Operating activities	527	731	599	839	1,092
Investing activities	117	(25)	504	(1,004)	(1.576)
Financing activities (excluding dividends distributed)	(817)	(713)	(1,103)	530	579
Dividends distributed	(12)	(24)	(44)	(158)	(50)
Net cash flow	(245)	(8)	(44)	207	45
Foreign currency translation adjustments	(60)	23	(5)	6	(23)
Cash and cash equivalents, year-end	229	221	172	385	407
Financial ratios (%)					
Gross margin ratio	22.7	22.0	21.4	20.3	21.6
EBITDA margin	5.8	6.1	5.9	5.8	5.7
EBITA margin	4.4	4.9	4.7	4.9	4.7
EBIT margin	4.0	4.1	7.8	4.6	3.8
ROIC including goodwill and customer relationships	13.9	16.0	16.9	21.0	20.2
Return on equity (ROE)	16.0	13.2	39.3	20.8	19.6
Equity ratio	25.3	29.9	38.7	30.7	23.0
Share ratios					
Earnings per share of DKK 2	16.6	15.2	53.9	32.4	34.1
Diluted adjusted earnings per share of DKK 2	17.2	19.2	23.3	33.6	45.3
Net asset value per share of DKK 2	109.3	119.9	158.2	162.1	183.6
Number of shares issued at year-end ('000)	20,770	20,770	21,075	20,896	20,150
Number of shares at year-end ('000)	20,092	20,005	19,637	19,813	19,864
Average number of shares ('000)	20,051	20,017	20,086	20,312	19,854
Average number of diluted shares ('000)	22,850	22,819	22,644	21,115	20,196
Year-end share price (DKK)	173	264	371	778	1,032
Dividend per share	1.20	2.10	7.50	2.50	2.50
Staff					
Year-end number of employees	9,639	9,249	9,225	11,619	19,199

For a definition of the financial highlights, please refer to page 55.

1. The financial highlights for 2004-2006 have been prepared in accordance with IFRS. Comparative figures for 2002-2003 have been prepared in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act and Danish accounting standards.

BUSINESS CONCEPT AND VISION OF DSV

Business concept

DSV is a global provider of transport and logistics services with an expected annual revenue for 2007 of nearly DKK 36 billion. It has a little more than 19,000 employees and companies in 50 countries. The Group reached its current size by its involvement in the consolidation of the transport and logistics sector and through organic growth.

Today the Group is divided into three separate divisions with individual business areas:

- The Road Division offers direct land transport of full loads, part loads and mixed cargo all over Europe. The Group has more than 15,000 trucks on the European roads every day.
- The Air & Sea Division has a global air and sea transport network. The network of the Air & Sea Division is mainly structured around its own operations in countries where DSV is represented and supported by agents in the markets where DSV is not yet present. The great majority of the volume is produced within DSV's own network.
- The Solutions Division supplies logistics services to the European market.

The business concept of DSV implies comprehensive outsourcing. DSV aims to produce a maximum of 10% of the revenue volume itself. The Group primarily uses independent hauliers, airline companies and shipping companies as sub-contractors. As a result, DSV can quickly and cost-effectively adapt to changes in supply and demand in the transport market. The cooperation with sub-contractors is generally long-term and based on an atmosphere of mutual respect and requirements.

Vision

DSV wants to create value to its shareholders by:

- maintaining and expanding its position among the leading and most profitable transport and logistics businesses in Europe;
- providing continued growth above market growth rate, to be achieved through organic growth and acquisitions;
- maintaining and increasing the earnings margin of the Group;
- generating a solid cash flow for investments and adaptation of the capital structure of the Group;
- maintaining a high degree of reporting transparency through full and frequent disclosures;
- being an attractive workplace for the employees of the Group;
- providing quality services to the customers of the Group;
- being a professional partner of the sub-contractors of the Group; and
- acting in a professional manner towards the other stakeholders of the Group.

DSV'S HISTORY

1976	DSV, De Sammensluttede Vognmænd af 13-7 1976 A/S, is founded by ten independent hauliers and Leif Tullberg.
1987	DSV is listed on the Copenhagen Stock Exchange.
1997	DSV acquires Samson Transport Co. A/S, thereby tripling the transport and logistics activities of the Group.
2000	DSV acquires DFDS Dan Transport Group A/S for DKK 5.5 billion. The transport and logistics activities of DSV have quadrupled and continue under the name of DFDS Transport.
2002	DSV enters into a 50/50 joint venture with TNT regarding DFDS Transport Logistics A/S.
2004	DSV divests DSV Miljø A/S (Environment Division) for a consideration of DKK 1.2 billion to focus more on the transport and logistics parts of the DSV Group. DSV buys back the remaining 50% of the Logistics Division from TNT.
2005	DSV acquires J.H. Bachmann GmbH to strengthen the Air & Sea Division.
2006	DSV acquires Koninklijke Frans Maas Groep N.V., thereby becoming the third transport company with its own road activities in all of Europe. Following the acquisition, the operating name is changed from Frans Maas and DFDS Transport to DSV.

2007 BUDGET SUMMARY – UNAUDITED

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AND BUDGET

(DKKm)	2006 Realised	2007 Budget Unaudited
Revenue	31,972	35,698
Direct costs	25,068	27,965
Gross profit	6,904	7,733
Other external expenses	1,737	2,010
Staff costs	3,333	3,626
Operating profit before amortisation, depreciation and special items	1,834	2,097
Amortisation, depreciation and impairment of intangibles and property, plant and equipment	330	439
Operating profit before special items	1,504	1,658
Special items, net	(283)	(150)
Operating profit (EBIT)	1,221	1,508
Financials etc.	207	210
Profit before tax	1,014	1,298
Tax on profit for the year	295	376
Net profit for the year	719	922
Net profit for the year is attributable to:		
Shareholders of DSV A/S	677	889
Minority interests	42	33

QUARTERLY BUDGETS, SUMMARY

(DKKm)	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Revenue	8,619	8,988	8,841	9,250
Direct costs	6,755	7,037	6,936	7,237
Gross profit	1,864	1,951	1,905	2,013
Other external expenses	502	501	493	514
Staff costs	904	906	883	933
Operating profit before amortisation, depreciation and special items	458	544	529	566
Amortisation, depreciation and impairment of intangibles and property, plant and equipment	110	110	109	110
Operating profit before special items	348	434	420	456

The 2007 budget includes a summary of the budgeted income statement of the DSV Group. The budget is broken down by quarters.

The budget comprises the companies owned by DSV at the publication of the 2006 Annual Report, hence also the acquisitions and divestments completed until 23 March 2007.

Budget assumptions

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

EXCHANGE RATES	
FOR DKK 100	
EUR	745
GBP	1,100
NOK	92
SEK	80
USD	580

Revenue

DSV expects organic revenue growth of 5.2% for 2007 compared with 2006. Completion of the Frans Maas integration, including elimination of loss-making customers in Germany in particular, has been included in the budget. Hence, the organic revenue growth is expected to be more than 5.2% for the surviving customers etc.

2006 REVENUE VERSUS 2007 BUDGET	
DKKm	
2006 revenue	31,972
Foreign currency translation adjustments	(201)
Acquisition and divestment of enterprises, net	2,286
Growth	1,641
Budgeted 2007 revenue	35,698

Operating profit before special items

DSV expects a growth of 10.0% in the 2007 operating profit before special items.

The budgeted operating profit before special items includes the following non-cash items: Amortisation of customer relationships in the amount of DKK 56 million (2006: DKK 45 million) and costs for incentive programmes in the amount of DKK 14 million (2006: DKK 6 million). In total, non-cash items in the amount of DKK 70 million (2006: DKK 51 million) are recognised in the budgeted operating profit. Hence, the operating profit before special items adjusted for non-cash item totals DKK 1,728 million (2006: DKK 1,555 million).

OPERATING PROFIT BEFORE SPECIAL ITEMS, 2006 VERSUS 2007 BUDGET	
DKKm	
Operating profit before special items 2006	1,504
Foreign currency translation adjustments	(14)
Acquisition and divestment of enterprises, net	19
Growth	149
Operating profit before special items, budget 2007	1,658

The budgeted margin of the operating profit before special items for 2007 totals 4.6%.

Special items, net

The budget includes expected costs of DKK 150 million for completion of the restructuring process, which was commenced on 1 April 2006 in connection with the acquisition of Frans Maas. The remainder of the budgeted restructuring costs relates mainly to Germany and France.

Special items, net, total DKK 150 million. About 50% of this amount is expected to be defrayed in the first half of 2007 and about 50% in the second half of 2007.

Financials

The budgeted financial expenses for 2007 are DKK 210 million.

This amount includes interest payable on debt incurred to buy back shares to cover an option scheme commencing in 2007.

Tax on profit for the year

The DSV Group expects an effective tax rate of 29% in 2007.

Net profit for the year

The budgeted net profit for the year is DKK 922 million.

Cash flow

The cash flow from operating activities is expected to amount to approx. DKK 1,200 million in 2007. This amount takes into account an outflow of approx. DKK 250 million in connection with the restructuring of Frans Maas. This amount breaks down into DKK 150 million as special items in the budgeted income statement and the payment of approx. DKK 100 million to reduce pension obligations, in particular the Frans Maas pension fund in the UK.

The Group expects its investments in assets to net approx. DKK 200 million in 2007, which amount takes into account an expected divestment of DKK 200 million.

Accordingly, the expected free cash flow amounts to approx. DKK 1,000 million in 2007.

Return on invested capital

Return on invested capital is expected to increase in 2007 as a result of increased earnings. At the same time efforts are made to reduce the invested capital. The Group particularly focuses on a continued adjustment of its working and fixed capital.

FINANCIAL TARGETS	DSV	Road	Air & Sea	Solutions
Revenue growth	6%	5%	10%	5%
Operating profit before special items	6%	6%	7%	7%
ROIC (including goodwill and customer relationships)	25%	25%	30%	20%

The financial targets of the Solutions Division have changed since the publication of the 2005 Annual Report. The reason is the acquisition of Frans Maas, which has lead to a changed profile of the Solutions Division. Other than the profile, the financial targets have not changed.

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

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

Capital structure

The capital structure of DSV is assessed on a regular basis. The target set for the Group's capital structure is: The ratio of net interest-bearing debt to operating profit before amortisation, depreciation and special items must be at least 2-3 (gearing). With the current budget for 2007, this result corresponds to a net interest-bearing debt of between DKK 4 and 6 billion.

The free cash flow is used as follows:

1. For servicing the net interest-bearing debt in periods when the gearing ratio of the Group is above the gearing target.
2. For the acquisition of enterprises if there are attractive candidates.
3. For share buy-backs. Adjustments to the relevant gearing level will mainly be achieved through share buy-backs if no acquisitions are made.
4. For payment of dividends. Dividends per share will be kept constant or increased at a measured rate in consideration of the gearing level of the Group and its plans for future acquisitions as well as planned share buy-backs.

Diluted adjusted earnings per shares
At 28 February 2007, DSV had 20.1 million fully diluted shares. The budgeted diluted adjusted earnings per share are DKK 52.0 as against the amount of DKK 45.3 realised in 2006.

Frans Maas – status of integration
DSV maintains the expectated synergies previously published relating to the acquisition of Frans Maas. DKK 100 million of this amount was realised in 2006, and the Group expects the acquisition to lead to another DKK 175 million in synergies in 2007. As previously disclosed, the completed integration of Frans Maas is expected to give rise to annual synergies of DKK 450 million.

The said synergies will have a positive impact on the operating profit before special items. Amortisation of customer relationships identified in connection with the acquisition of Frans Maas has a negative non-cash impact on the operating profit before special items of DKK 42 million annually. Altogether, the synergies and the amortisation of customer relationships will have a positive impact on the operating profit before special items of DKK 133 million in 2007.

As to investments, the projected reduction of DKK 600 million in the total net investment over a three-year period following the integration of Frans Maas is maintained. DKK 300 million of this reduction was realised in 2006 and another DKK 200 million are expected to be realised in 2007.

The expected costs for the restructuring of Frans Maas have now been raised to approx. DKK 450 million from originally DKK 250 million. The additional costs for the restructuring of Frans Maas are attributable to a larger restructuring need than originally anticipated. An amount of about DKK 300 million was defrayed in 2006. The remaining costs of approx. DKK 150 million are budgeted as a charge on the 2007 income statement.

In the 2007 budget, the Frans Maas acquisition is reported under the individual division, as opposed to previously when it was mainly booked under the Road Division. This has resulted in a transfer of about DKK 3.5 billion (full-year revenue) of the acquired revenue from the Road Division to the Air & Sea Division (about DKK 0.4 billion) and to the Solutions Division (about DKK 3.1 billion). However, the Road Division still comprises Air & Sea and Solutions activities, most predominantly in Italy, Spain and France in the 2007 budget. It should be noted that the Frans Maas revenue was only recognised in the 2006 figures for a nine-month period as from the effective date of the acquisition on 1 April 2006.

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

Such factors include, but are not limited to, general financial business conditions, exchange rate changes, changes in the level of interest rates, the demand for DSV's services, competition in the transport sector, operational problems in one or more of the Group's subsidiaries and uncertainty in connection with the acquisition and divestment of enterprises. Please also refer to 'Risk factors' on page 22.

MANAGEMENT'S REVIEW

Financial review

For 2006, DSV achieved highly satisfactory financial results which altogether match the expectations that were published in the 2005 Annual Report and were adjusted in the interim announcement for the period ended 31 March 2006 as a consequence of the acquisition of Frans Maas at 1 April 2006 and a very positive development in the original activities of DSV.

The following shows the financial results achieved relative to the budgets published:

REALISED 2006 VERSUS BUDGET 2006

DKKm	Realised 2006	Adjusted budget	Original budget
Revenue	31,972	32,500	25,548
Operating profit before special items (EBITA)	1,504	1,524	1,231
Special items	(283)	(250)	0
Net financial expenses	(207)	(205)	(80)
Net profit for the year	719	748	806
Net investments[1]	18	200	250
Adjusted free cash flow[2]	1,174	900	750

1. The expected net investments were adjusted to DKK 300 million in Q1 2006 and to DKK 200 million in H1 2006.
2. The expected free cash flow was adjusted to DKK 800 million in Q1 2006 and to DKK 900 million in Q3 2006.

The Group's revenue was slightly below the adjusted budget. This is mainly because more loss-making customers than anticipated were eliminated, in particular in the UK, and because the integration of Germany and France proceeded at a slower pace than that anticipated in the budget, which also reduced revenue.

Operating profit before special items also came to a marginally lower amount that the adjusted budget due to timing differences in connection with the integration in Germany and France, at the same time as the Road Division in Norway recorded reduced earnings because of capacity pressure. This reduction is almost equal to the increase in the earnings of the Air & Sea Division and of the Road Division in Belgium, the Baltic countries, Denmark and Sweden.

The integration of Frans Maas resulted in higher restructuring costs than expected, which is the reason why the special items realised in 2006 were DKK 33 million above the adjusted budget. Moreover, an additional amount of DKK 150 million has been provided for restructuring costs in Germany and France in particular in the 2007 budget.

Net financial expenses were on a par with the adjusted budget. The net profit was DKK 29 million below the adjusted budget. This is due to a lower operating profit before special items and to higher restructuring costs for the integration of Frans Maas. This was set off in part by an effective tax rate lower than the one used in the budget.

The capacity of terminals and buildings was adapted faster than expected in the budget, resulting in net investments that were lower and a free cash flow figure that was higher than expected. The higher free cash flow was also positively affected by the fact that the funds tied up in net working capital were reduced faster than budgeted; hence the net working capital was lower than expected.

The potential synergies, reduced net investments and improved free cash flow expected by DSV as a consequence of the acquisition of Frans Maas have not changed, except that restructuring costs have increased.

The following table shows the financial targets achieved in 2006, compared with the financial targets set out in the 2005 Annual Report.

FINANCIAL TARGETS

	Target	Realised 2006
Organic growth in revenue	6%	7.1%
EBITA margin	6%	4.7%
ROIC including goodwill and customer relationships	25%	20.2%

The organic growth in revenue realised by DSV in 2006 is above target.

The EBITA margin realised as well as ROIC including goodwill and customer relationships were affected negatively by the acquisition of Frans Maas because Frans Maas yielded a lower margin than the existing DSV activities.

Income statement

Revenue

Revenue grew from DKK 23,015 million in 2005 to DKK 31,972 million in 2006, or an increase of 38.9% when adjusted for foreign currency translation differences. This is mainly attributable to acquisitions. The organic growth constituted 7.1%. The acquisition of Frans Maas had a negative impact on the organic growth because DSV is now represented in several new countries with its own company, for which reason agency revenue of the original DSV companies has been converted into own revenue in Frans Maas companies. The conversion of agency revenue reduced the organic growth.

REVENUE 2005 VERSUS 2006

DKKm	
2005 revenue	**23,015**
Foreign currency translation adjustments	80
Acquisition and divestment of enterprises, net	7,232
Growth	1,645
2006 revenue	**31,972**

The Road Division realised a revenue increase of 50.5% on 2005. The Division realised a considerable acquired growth in Germany, the Netherlands, Belgium, France, Italy and Spain in particular following the acquisition of Frans Maas. The Division also contributed to the organic growth by 6.9%, which was largest in Norway, Sweden and the Baltic countries when measured in absolute figures. The organic growth can be explained by higher freight rates and larger volumes.
The Air & Sea Division realised a revenue increase of 18.7% on 2005. The increase is attributable to acquired growth through the acquisition of Frans Maas, the acquisition of J.H. Bachmann in mid-2005 and organic growth. The acquired growth was largest in Germany and the Netherlands, and the organic growth of 7.3% was largest in the Nordic countries, the USA, Hong Kong, China and Central Europe when measured in absolute figures.

The Solutions Division realised a revenue increase of 9.9%.

The Group achieved revenue of 1.6% below budget compared with the adjusted budget for 2006. This is mainly because more loss-making customers than anticipated were eliminated, in particular in the UK, and because the integration of Germany and France proceeded at a slower pace than that anticipated in the budget, which also reduced revenue.

REALISED REVENUE 2006 VERSUS BUDGET 2006	
DKKm	
Budgeted 2006 revenue	32,500
Foreign currency translation adjustments	4
Acquisition and divestment of enterprises, net	0
Growth	(532)
2006 revenue	31,972

Direct costs
Direct costs came to DKK 25,068 million in 2006 compared with DKK 18,348 million in 2005, an increase of 36.6%. The increase is attributable to the rising revenue realised in 2006.

Gross profit
The consolidated gross profit came to DKK 6,904 million for 2006, corresponding to a gross margin ratio of 21.6%, which is an increase of 20.3% on 2005. This is mainly related to a change in the product mix after the acquisition of Frans Maas, which has a comparatively higher proportion of international mixed cargo, which usually realises a higher gross margin ratio. This is partly offset by other enterprises acquired within the Road Division because the enterprises returned a lower gross margin ratio, and to changes in the shipping structure in the Nordic countries yielding a lower gross margin ratio.

Other external expenses
Other external expenses amounted to DKK 1,737 million in 2006 compared with DKK 1,090 million in 2005, an increase of 59.4%, predominantly attributable to other external expenses in acquired enterprises.

Staff costs
Staff costs came to DKK 3,333 million in 2006 compared with DKK 2,245 million in 2005, an increase of 48.5% reflecting the increased level of activity. In 2006, this item was affected by non-cash costs for share-based payments of DKK 6 million. The Group has adapted its capacity following the acquisition of Frans Maas. Costs for employees laid off are recognised under special items as part of the restructuring costs.

Amortisation, depreciation and impairment losses
In 2006, amortisation, depreciation and impairment losses constituted DKK 330 million compared with DKK 209 million in 2005. This item includes amortisation of customer relationships in the amount of DKK 45 million in 2006 compared with DKK 10 million in 2005. The item was affected positively by sales profits of DKK 105 million in 2006, as against sales profits of DKK 40 million in 2005. The sales profits are attributable to the adaptation of capacity made as a result of the Frans Maas integration and to profits of DKK 44 million realised by the sale of a property not part of the Danish activities in Q1 2006. These profits are partly set off by impairment of an IT outsourcing contract amounting to DKK 22 million, which was also realised in Q1 2006.

Operating profit before special items
The Group returned an operating profit before special items in 2006 of DKK 1,504 million compared with DKK 1,123 million in 2005, corresponding to an increase of 34.0% when adjusted for foreign currency translation differences. This is mainly attributable to an organic growth of 23.0%.

The margin was 4.7% in 2006 as against 4.9% in 2005. The decline is due to the acquisition of Frans Maas, which had a level of expenses that was relatively higher than that of DSV. Moreover, the Frans Maas acquisition also increased costs for amortisation of customer relationships.

When adjusted for non-cash items relating to amortisation of customer relationships and costs for share-based payments, the operating profit before special items came to DKK 1,555 million for 2006 compared with DKK 1,135 million for 2005.

OPERATING PROFIT BEFORE SPECIAL ITEMS 2005 VERSUS REALISED 2006	
DKKm	
Operating profit before special items 2005	1,123
Foreign currency translation adjustments	2
Acquisition and divestment of enterprises, net	120
Growth	259
Operating profit before special items 2006	1,504

The operating profit before special items for the Road Division came to DKK 885 million compared with DKK 670 million in 2005, an increase of 31.6%. This increase breaks down into acquired and organic growth in equal shares. The acquired growth originates mainly from the Netherlands and Belgium, whereas the acquisitions in Germany and France contributed negatively to earnings. The organic earnings growth was mainly realised in the UK, Sweden, Denmark, Belgium and the Baltic countries. The earnings growth in Sweden and Belgium was mainly realised by the sale of property in the second half of 2006. The organic earnings growth was partially set off by a decrease in earnings in Germany and Norway.

The Air & Sea Division realised an operating profit before special items of DKK 574 million compared with DKK 408 million in 2005. The organic growth of the Division was 31.8%, the predominant part of which was realised in the USA and Denmark when measured in absolute figures.
The Solutions Division realised an operating profit before special items of DKK 53 million compared with DKK 29 million in 2005. Its growth was organic and was mainly realised in Sweden.

The Group realised an operating profit before special items which was 1.4% below the adjusted budget for 2006 when adjusted for foreign currency translation differences. This deviation is mainly due to timing differences of the integration in Germany and France and to the reduced earnings of Road in Norway because of capacity pressure. This reduction was partly set off by an increase in the earnings of the Air & Sea Division and of the Road Division in Belgium, the Baltic countries, Denmark and Sweden.

REALISED OPERATING PROFIT BEFORE SPECIAL ITEMS 2006 VERSUS ADJUSTED 2006 BUDGET

DKKm	
Operating profit before special items, budget 2006	1,524
Foreign currency translation adjustments	1
Acquisition and divestment of enterprises, net	0
Growth	(21)
Operating profit before special items 2006	1,504

Special items

Special items, net, were a charge of DKK 283 million in 2006 compared with a charge of DKK 59 million in 2005. The budgeted special items, net, for 2006 were a charge of DKK 250 million.

Income recorded under special items totalled DKK 63 million, which relates to a DKK 48 million non-recurring gain in connection with the revision of pension plans in the UK and Norway from defined benefits plans to defined contribution plans and to a DKK 15 million adjustment of proceeds from the divestment of activities and companies in previous years.

Costs recorded under special items totalled DKK 346 million in 2006, which relate to restructuring costs. These costs are mainly attributable to the general adaptation of capacity in connection with the integration of Frans Maas. Most of the costs are for termination benefits and costs payable under terminated leases.

Financials

In 2006, net financials constituted a charge of DKK 207 million compared with a charge of DKK 80 million in 2005.

The increase is mainly due to interest payable for the external debt financing of the acquisition of Frans Maas.

Net financials were on a par with the adjusted budget for 2006.

Profit before tax

Profit before tax came to DKK 1,014 million compared with DKK 984 million in 2005. The increase is mainly attributable to a higher activity level following from the acquisition of Frans Maas and to organic growth, which is set off in part by restructuring costs for the integration of Frans Maas and higher finance costs.

Tax on profit for the year

The effective tax rate was 29.1% in 2006, which is on a level with 2005.

The budgeted effective tax rate in 2006 was 30.0%.

Net profit for the year

Net profit for the year came to DKK 719 million in 2006 compared with DKK 696 million in 2005. The net profit is DKK 29 million below the adjusted budget. This is due to a lower operating profit before special items and to higher restructuring costs for the integration of Frans Maas. This is set off in part by an effective tax rate lower than the one used in the budget.

The adjusted net profit for the year came to DKK 914 million in 2006 compared with DKK 709 million in 2005, corresponding to an increase of 28.9%.

Diluted adjusted earnings per share

Diluted adjusted earnings per share came to DKK 45.3 for 2006 compared with DKK 33.6 for 2005, corresponding to an increase of 34.8%.

Balance sheet

At 31 December 2006, the balance sheet stood at DKK 16,062 million compared with DKK 10,449 million at year-end 2005, up by DKK 5,613 million. The increase is primarily caused by the acquisition of Frans Maas.

Non-current assets

Non-current assets stood at DKK 9,093 million at 31 December 2006 as against DKK 5,652 million at year-end 2005, an increase of DKK 3,441 million. This increase is mainly attributable to increases in goodwill and in land and buildings.

Goodwill amounted to DKK 4,252 million at 31 December 2006 as against DKK 2,854 million at year-end 2005. The increase of DKK 1,398 million is due to acquisitions, in particular the acquisition of Frans Maas.

Land and buildings amounted to DKK 3,000 million at 31 December 2006 as against DKK 1,821 million at year-end 2005. The increase of DKK 1,179 million is partly a result of the acquisition of Frans Maas, less net sales of land and buildings in 2006.

Equity

At 31 December 2006, the equity interest of DSV shareholders came to DKK 3,699 million corresponding to an equity ratio of 23.0%. At 31 December 2005, equity came to DKK 3,212 million corresponding to an equity ratio of 30.7%.

Equity increased by the net profit for the year, value adjustment of hedging instruments, capital increases and tax on entries on shareholders' equity, but decreased as a result of dividend payments, share buy-backs, foreign currency translation adjustments and actuarial losses on defined benefit pension plans.

A capital reduction was effected in the third quarter of 2006 by a nominal amount of DKK 1.5 million through the cancellation of 0.75 million treasury shares.

DEVELOPMENT IN EQUITY		
DKKm	2005	2006
Equity, beginning of year	3,107	3,212
Net profit for the year	658	677
Dividends distributed	(158)	(50)
Share buy-back	(825)	(163)
Foreign currency translation adjustments	37	(29)
Capital increase	395	2
Actuarial pension losses	(39)	(20)
Value adjustment of hedging instruments	8	22
Tax, changes in equity	26	42
Other adjustments, net	3	6
Closing equity	3,212	3,699

Net working capital

The Group's funds tied up in net working capital came to DKK 722 million at 31 December 2006 compared with DKK 451 million at 31 December 2005. The increase is mainly attributable to acquirees with a larger proportion of funds tied up than DSV in relative terms. Moreover, the growth in the Group's activity level implied that more funds were tied up.

Net interest-bearing debt

The net interest-bearing debt amounted to DKK 4,835 million at year-end 2006 as against DKK 2,204 million at year-end 2005. The increase of DKK 2,631 million is primarily attributable to the financing of acquisitions, share buy-backs and the net interest-bearing debt of Frans Maas taken over.

Cash flow statement

Cash flow from operating activities

Cash flow from operating activities came to DKK 1,092 million compared with DKK 839 million in 2005. The increase derived mainly from a higher activity level and a positive net working capital development, which is set off in part by the charging of provisions for restructuring.

Cash flow from investing activities

Cash flow from investing activities excluding the effect of the acquisition and divestment of enterprises amounted to a net payment of DKK 18 million in 2006 compared with a net payment of DKK 229 million in 2005. In 2006, the cash flow was affected by the sale of land and buildings as part of the capacity adaptation following the acquisition of Frans Maas.

The cash flow from investment activities through the acquisition and divestment of enterprises totalled DKK 1,558 million, which is mainly attributable to the payment for the equity of Frans Maas.

Free cash flow

Free cash flow came to a negative amount of DKK 484 million in 2006. Adjusted for the acquisition and divestment of enterprises and normalisation of the net working capital of acquirees, the free cash flow came to DKK 1,174 million in 2006.

Cash flow from financing activities

Cash flow from financing activities constituted a net receipt of DKK 529 million. The development can be ascribed to the raising of non-current bank loans primarily to finance acquisitions, which is set off in part by share buy-backs and distribution of dividends.

Net change in cash and cash equivalents

The net change in cash and cash equivalents constituted a net receipt of DKK 45 million, which increased the Group's cash. The Group's cash and cash equivalents came to DKK 407 million at year-end 2006.

Selected ratios

Invested capital including goodwill

Invested capital including goodwill amounted to DKK 9,057 million at 31 December 2006 as against DKK 5,865 million at 31 December 2005. The increase can mainly be ascribed to acquisitions.

Return on invested capital (ROIC including goodwill and customer relationships)

In 2006, the return on invested capital was 20.2% compared with 21.0% in 2005. The reduction is primarily attributable to the increase in invested capital due to the acquisition of Frans Maas, although it is partly set off by a positive development in the consolidated operating profit before special items.

Environment

DSV reduces the environmental impact from the company's operations on an ongoing basis. The Group's environmental impact is primarily relevant in the Road Division as this Division has its own trucks, while the Air & Sea Division does not own any aircraft or vessels, and the activities of the Solutions Division only affect the environment to a limited extent.

For a number of years, DSV has aimed at reducing the overall environmental burden of the road transport of the Road Division. One of the means of achieving this aim is an ongoing modernisation of the production equipment applied in the production of the Group's services. Furthermore, the Group has strong focus on achieving the highest possible rate of utilisation in operations for the benefit of the environment and Group profitability.

To determine the development in the environmental burden, methods and tools have been developed over time, and their results are compared with the Group's targets. A number of the Group's large customers and other stakeholders are informed about the fulfilment of these targets separately.

The Group will continue working towards improving measurement methods and measures designed to reduce the environmental impact.

Road Division

INCOME STATEMENT FOR THE YEAR (DKKm)	2005 Realised	2006 Adjusted budget Un-audited	2006[1] Realised	2007[1] Budget Unaudited
Revenue	**16,141**	**24,653**	**24,294**	**23,602**
Direct costs	12,868	19,323	19,127	18,689
Gross profit	**3,273**	**5,330**	**5,167**	**4,913**
Other external expenses	761	1,445	1,390	1,259
Staff costs	1,649	2,658	2,593	2,497
Operating profit before amortisation, depreciation and special items	**863**	**1,227**	**1,184**	**1,157**
Amortisation, depreciation and impairment of intangibles and property, plant and equipment, excluding customer relationships	193	272	264	276
Amortisation and impairment of customer relationships	-	30	35	20
Operating profit before and special items	**670**	**925**	**885**	**861**
Special items, net	46	253	279	
Operating profit (EBIT)	**624**	**672**	**606**	
Financial expenses, net	62	190	222	
Profit before tax (EBT)	**562**	**482**	**384**	

1. Reference is made to page 9 for a breakdown of segments in 2006 and 2007.

BALANCE SHEET, SUMMARY (DKKm)	31.12.05	31.12.06
Goodwill and customer relationships	760	2,307
Other intangibles and property, plant and equipment	2,280	3,707
Other non-current assets	204	542
Total non-current assets	**3,244**	**6,556**
Receivables	3,042	5,136
Cash and intercompany balances	1,147	2,402
Total current assets	**4,189**	**7,538**
Total assets	**7,433**	**14,094**
Equity	**1,192**	**827**
Interest-bearing long-term debt	491	848
Other non-current liabilities, including provisions	515	1,037
Total non-current liabilities	**1,006**	**1,885**
Interest-bearing short-term debt, including intercompany debt	2,386	6,702
Other short-term debt	2,849	4,680
Total current liabilities	**5,235**	**11,382**
Total liabilities	**7,433**	**14,094**

ROIC including goodwill and customer relationships came to 15.6% (2005:17.3%). The calculation of ROIC included DKK 3,786 million of goodwill and customer relationships (2005: DKK 2,032 million). The item consists of the Division's goodwill, customer relationships and goodwill allocated from DSV.
Number of employees: 15,895.

Activities

The Road Division handles transport (full loads, part loads and mixed cargo) by trucks domestically and in Europe. The services are provided by its own companies throughout Europe. The actual transport operations have basically been outsourced to sub-contractors.

The Division in brief

The acquisition of Frans Maas was the most significant event in 2006. The DSV Management and key personnel had set out a strategy of gaining operational control of the European countries. This ambition became true through the acquisition of Frans Maas.

This means that DSV is no longer dependent on partners and agents in the large European markets. It is quite new for the Group itself to control its own operations in Italy, Spain, Portugal, Switzerland, Austria, Hungary, Romania, Bulgaria, Ukraine, Greece and Turkey.

Building up its own business in the relevant markets that the Group will not lose again if partnerships are discontinued due to disagreement, if partners are acquired by competitors, or if agents file for bankruptcy, is of very great value indeed. The fact that the Group has its own network is presumably one of the most essential factors to the shareholders. It is a long-term value. It improves the quality of our network and creates value and security that we would never obtain through partners and agents. Our largest competitors within

Road have also followed and implemented these strategies for the past ten years.
2006 saw the termination of such partnerships and agencies, which obviously implied loss of revenue and earnings in the new countries'.

In spite of these terminations, the Division recorded organic revenue growth of 6.9% and a total growth of 50.5%. EBITA grew organically by 15.8% and 31.6% in total.

Considering the integration and change programmes rolled out to the entire Division, Management considers the results to be excellent and satisfactory.

DEVELOPMENT IN GEOGRAPHICAL SEGMENTS

	Development in revenue	Development in operating profit before special items (EBITA)	Focus
Denmark	Slightly better than budget.	Slightly better than budget.	Excellent corporate development, handsome EBITA margin. Ought to seek higher growth in spite of its market size.
Sweden	Slightly better than budget.	Slightly better than budget.	Improve margin and growth. The largest transport market in the Nordic countries – a potential to be better utilised.
Norway	Slightly better than budget.	Slightly below budget – mostly due to domestic activities.	Mainly domestic services. Restore EBITA margin, strengthen collaboration and integration domestically and internationally.
Finland	Slightly below budget.	Slightly below budget.	Develop domestic market, which includes an improved margin.
UK	Much below budget – a consequence of the termination of onerous contracts taken over.	Somewhat better than budget.	The integration and shared operations with the much bigger Frans Maas were exemplary work. The challenge is to obtain growth and improved EBITA. The results include Road and Solutions.
Ireland	Outperformed budget.	Outperformed budget.	Growth and maintenance of EBITA margin.
Germany	Slightly below budget.	Much below budget – poor results which must and will be improved.	Integration and higher quality of operations and administration to obtain a decent margin. The results include Road and Solutions.
The Netherlands	Almost on a level with budget.	On a level with budget.	Integration has been difficult in certain periods. Road and Solutions are included in results. In spite of difficulties, the EBITA margin recorded is among the highest ones, only surpassed by Belgium. The challenge is to maintain margin and integrate traffic and IT systems without losing revenue.
Belgium	Almost on a level with budget.	Well above budget.	As in the Netherlands, Road and Solutions are included in the results. Definitely no easy integration, yet the highest EBITA margin of the Division. Focus on maintaining margin, if possible and creating growth.
France	Slightly below budget.	Somewhat below budget.	France recorded a small, but handsome profit before Frans Maas. Management in France is now to restructure and integrate the two companies in a very difficult labour market situation. Confidence in the ability of the French Management to accomplish the task. The results include Road, Air & Sea and Solutions.
Italy	On a level with budget.	On a level with budget.	Create growth on all the new traffic added. The results include Road, Air & Sea and Solutions.
Spain and Portugal	Slightly below budget.	Slightly below budget.	Exploit the potential of the traffic added and create value through the very large, professional location established in Barcelona. The results include Road, Air & Sea and Solutions
Poland	Outperformed budget.	Slightly better than budget.	Continued growth and completion of the wisely conducted integration process. The results include Road and Solutions.
The Baltics, Russia and Ukraine	Much better than budget.	Much better than budget.	The Baltic countries have been profitable and well managed for several years. The challenge is to extend this development and profitable trend to Russia and Ukraine.
Central Europe	Outperformed budget.	Outperformed budget.	Good operating profit which ought to return a higher EBITA margin.
South Eastern Europe	Outperformed budget.	Outperformed budget.	Growth and maintenance of handsome margin, particularly for Greece and Turkey.

REVENUE AND OPERATING PROFIT BEFORE SPECIAL ITEMS BY MARKETS

	Revenue				Operating profit before special items				%
(DKKm)	Realised 01.01.05–31.12.05	Budget 01.01.06–31.12.06	Realised 01.01.06–31.12.06	Budget 01.01.07–31.12.07	Realised 01.01.05–31.12.05	Budget 01.01.06–31.12.06	Realised 01.01.06–31.12.06	Budget 01.01.07–31.12.07	Realised 01.01.06–31.12.06
Denmark	4,498	4,623	4,626	4,884	232	245	251	258	5.4
Sweden	3,609	4,071	4,115	4,274	103	131	137	124	3.3
Norway	2,620	2,927	3,029	3,199	142	152	130	158	4.3
Finland	1,040	1,241	1,199	1,218	29	42	38	39	3.2
UK	1,626	2,452	2,111	2,113	51	72	82	82	3.9
Ireland	505	578	601	602	26	25	27	30	4.5
Germany	1,582	3,807	3,691	2,207	(7)	(35)	(74)	(5)	(2.0)
The Netherlands	491	2,117	2,107	1,362	20	175	174	71	8.3
Belgium	414	1,161	1,130	929	36	93	103	49	9.1
France	561	1,267	1,190	1,377	2	(30)	(43)	(22)	(3.6)
Italy	–	570	567	953	–	(3)	(3)	23	(0.5)
Spain and Portugal	–	546	499	728	–	(11)	(14)	–	(2.8)
Poland	264	521	540	414	13	21	22	21	4.1
The Baltics, Russia and Ukraine	565	798	875	1,055	31	38	45	54	5.1
Central Europe[1]	115	588	606	826	3	8	12	12	2.0
South Eastern Europe[2]	164	396	417	342	4	17	19	7	4.6
Total	**18,054**	**27,663**	**27,303**	**26,483**	**685**	**940**	**906**	**901**	**3.3**
Group	491	541	613	756	(11)	14	14	(20)	–
Amortisation of customer relationships	–	–	–		(4)	(29)	(35)	(20)	–
Elimination	(2,404)	(3,551)	(3,622)	(3,637)	–		–	–	–
Net	**16,141**	**24,653**	**24,294**	**23,602**	**670**	**925**	**885**	**861**	**3.6**

1. The segment comprises the following countries: Austria, Switzerland, Hungary, the Czech Republic and Slovakia.
2. The segment comprises the following countries: Greece, Romania, Bulgaria, Slovenia, Croatia, Serbia and Turkey.

Air & Sea Division

INCOME STATEMENT FOR THE YEAR (DKKm)	2005 Realised	2006 Adjusted budget Unaudited	2006[1] Realised	2007[1] Budget Unaudited
Revenue	6,568	7,675	7,798	8,968
Direct costs	5,337	6,112	6,194	7,236
Gross profit	1,231	1,563	1,604	1,732
Other external expenses	284	349	355	375
Staff costs	520	643	649	728
Operating profit before amortisation, depreciation and special items	427	571	600	629
Amortisation, depreciation and impairment of intangibles and property, plant and equipment, excluding customer relationships	19	18	19	23
Amortisation and impairment of customer relationships	–	–	7	7
Operating profit before special items	408	553	574	599
Special items, net	13	–	19	
Operating profit (EBIT)	395	553	555	
Financial expenses, net	17	3	3	
Profit before tax (EBT)	378	550	552	

1. Reference is made to page 9 for a breakdown of segments in 2006 and 2007.

BALANCE SHEET, SUMMARY (DKKm)	31.12.05	31.12.06
Goodwill and customer relationships	531	745
Other intangibles and property, plant and equipment	54	100
Other non-current assets	40	37
Total non-current assets	625	882
Receivables	1,275	1,230
Cash and intercompany balances	422	654
Total current assets	1,697	1,884
Total assets	2,322	2,766
Equity	419	491
Interest-bearing long-term debt	2	1
Other non-current liabilities, including provisions	75	83
Total non-current liabilities	77	84
Interest-bearing short-term debt, including intercompany debt	790	981
Other short-term debt	1,036	1,210
Total current liabilities	1,826	2,191
Total liabilities	2,322	2,766

ROIC including goodwill and customer relationships came to 40.3% (2005: 33.9%). The calculation of ROIC included DKK 1,291 million of goodwill and customer relationships (2005: DKK 1,218 million). The item consists of the Division's goodwill, customer relationships and goodwill allocated from DSV.
Number of employees: 2,600.

Activities

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

The Division in brief

The Air & Sea Division is less affected by the acquisition of Frans Maas than the Road and Solutions Divisions, about 15% of the Frans Maas revenue being related to Air & Sea. Revenue of the Division grew by a total of 18.7%, of which 7.3% stemmed from organic growth. The organic growth was affected by a moderate drop in container and air freight rates. Division earnings increased considerably over the year, yielding an organic growth of 31.8%. If the proportion attributable to Frans Maas is included, the improvement totals 41.3%.

The Division initiated the acquisition of 80% of the shares in our former agent in Taiwan and spent quite a few resources on starting a new enterprise in India. Together with an Indian transport provider, we have four locations in India. DSV owns 72% and our Indian partner 28%. Also the former Frans Maas agent in Hong Kong has been acquired. The long-term plan is to obtain full ownership of the companies.

The Division returned very handsome results. Due to great competencies and an efficient Management, the Division yielded some of the best results among comparable European companies.

DEVELOPMENT IN GEOGRAPHICAL SEGMENTS

	Development in revenue	Development in operating profit before special items (EBITA)	Focus
USA	Outperformed budget.	Slightly better than budget.	Continue growth and maintain margin, which is among the highest of the Division.
Denmark	Slightly better than budget.	Slightly better than budget.	Continue outstanding collaboration with the other divisions. Growth and maintenance of handsome margin.
Denmark Project Dept.	Much better than budget.	Slightly better than budget.	Department has nice growth, but EBITA margin has declined slightly over the years. EBITA margin ought to be higher than the traditional Air and Sea activities.
Norway	Outperformed budget.	Outperformed budget.	Continue growth and maintain its very handsome margin.
Sweden	Somewhat better than budget.	Slightly better than budget.	Continue growth and focus a little on the EBITA margin.
Finland	Outperformed budget.	Outperformed budget.	Continue growth and maintain the growth and earnings levels, which are high considering the nature of the Finnish market.
UK	Below budget.	Slightly below budget.	Create higher growth and maintain the improved EBITA margin.
Germany	Slightly below budget.	On a level with budget.	Focus on higher EBITA margin.
The Netherlands	Outperformed budget.	Slightly better than budget.	Handsome EBITA margin, primarily from the former Frans Maas. Concentrate on growth.
Central Europe	On a level with budget.	Almost on a level with budget.	Improve both growth and margin.
Canada	Much below budget.	Much below budget.	Growth much too low and EBITA margin not satisfactory. Both figures ought to improve considerably.
China	Outperformed budget.	Outperformed budget.	Continue handsome growth, if possible, and maintain the excellent result.
Hong Kong	Below budget – but still considerable growth compared with 2005.	Outperformed budget.	More growth and maintain the highest EBITA margin of the Division, if possible.
Australia	On a level with budget.	On a level with budget.	Continue the handsome growth and improve EBITA margin slightly.
Other Far East	Outperformed budget.	Outperformed budget.	Continue the good trends of growth and EBITA.

REVENUE AND OPERATING PROFIT BEFORE SPECIAL ITEMS BY MARKETS

	Revenue				Operating profit before special items				%
(DKKm)	Realised 01.01.05-31.12.05	Budget 01.01.06-31.12.06	Realised 01.01.06-31.12.06	Budget 01.01.07-31.12.07	Realised 01.01.05-31.12.05	Budget 01.01.06-31.12.06	Realised 01.01.06-31.12.06	Budget 01.01.07-31.12.07	Realised 01.01.06-31.12.06
USA	1,595	1,739	1,769	1,859	151	180	190	184	10.7
Denmark	1,404	1,449	1,479	1,603	54	79	83	87	5.6
Project Dept.	498	471	618	707	22	23	25	29	4.0
Norway	218	239	259	312	14	20	22	22	8.5
Sweden	484	502	559	452	16	20	22	19	3.9
Finland	188	198	219	257	6	9	11	12	5.0
UK	935	948	925	1,137	32	45	43	43	4.6
Germany	708	1,147	1,103	1,085	18	29	29	24	2.6
The Netherlands	172	325	334	591	4	21	22	36	6.6
Central Europe [1]	73	161	162	265	4	6	5	10	3.4
Canada	92	211	142	149	2	7	3	6	2.1
China	402	450	485	470	33	42	43	43	8.9
Hong Kong	306	450	376	442	32	42	45	47	12.0
Australia	114	199	198	230	5	8	8	11	4.0
Other Far East [2]	445	506	514	649	23	26	29	33	5.5
Total	**7,634**	**8,995**	**9,142**	**10,208**	**416**	**557**	**580**	**606**	**6.3**
Group	4	6	12	5	(5)	(1)	1	0	
Amortisation of customer relationships	-	-	-		(3)	(3)	(7)	(7)	-
Elimination	(1,070)	(1,326)	(1,356)	(1,245)	-	-	-	-	-
Net	**6,568**	**7,675**	**7,798**	**8,968**	**408**	**553**	**574**	**599**	**7.4**

1. The segment comprises the following countries: Poland, Hungary, the Czech Republic and Turkey.
2. The segment comprises the following countries: Indonesia, Thailand, Singapore, Malaysia, the Philippines, Korea, Taiwan, Vietnam and India.

Solutions Division

INCOME STATEMENT FOR THE YEAR (DKKm)	2005 Realised	2006 Adjusted budget Un-audited	2006[1] Realised	2007[1] Budget Unaudited
Revenue	913	993	1,004	4,028
Direct costs	722	774	784	2,873
Gross profit	191	219	220	1,155
Other external expenses	72	70	68	433
Staff costs	75	85	85	386
Operating profit before amortisation, depreciation and special items	44	64	67	336
Amortisation, depreciation and impairment of intangibles and property, plant and equipment, excluding customer relationships	15	13	14	81
Amortisation and impairment of customer relationships	-	-	-	30
Operating profit before special items	29	51	53	225
Special items, net	2	-	1	
Operating profit (EBIT)	27	51	52	
Financial expenses, net	6	4	9	
Profit before tax (EBT)	21	47	43	

1. Reference is made to page 9 for a breakdown of segments in 2006 and 2007.

BALANCE SHEET, SUMMARY (DKKm)	31.12.05	31.12.06
Goodwill and customer relationships	76	81
Other intangibles and property, plant and equipment	119	111
Other non-current assets	26	26
Total non-current assets	221	218
Receivables	203	250
Cash and intercompany balances	93	86
Total current assets	296	336
Total assets	517	554
Equity	166	276
Interest-bearing long-term debt	10	8
Other non-current liabilities, including provisions	20	18
Total non-current liabilities	30	26
Interest-bearing short-term debt, including intercompany debt	174	63
Other short-term debt	147	189
Total current liabilities	321	252
Total liabilities	517	554

ROIC including goodwill and customer relationships came to 16.6% (2005: 8.9%). The calculation of ROIC included DKK 168 million of goodwill and customer relationships (2005: DKK 168 million). The item consists of the Division's goodwill, customer relationships and goodwill allocated from DSV.
Number of employees: 704.

Activities

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

The Division in brief

Management of the Solutions Division has had great focus on remedying the very difficult situation faced by the Division in Sweden in 2005. Revenue grew organically by 5.1%. It may look as a relatively modest result, but considering the fact that capacity is almost fully utilised, it is difficult to create organic growth without more square meters or more capacity. Growth totalled 9.9%.

Management obtained very handsome results. EBITA recorded an organic increase of 89%.

Considering the handsome results, heavy demands and insufficient capacity, Group Management supported the decision to improve the Nordic capacity.

2006 was the last year in which the Solutions Division only comprised the Nordic countries. In future, its activities will extend to most of Europe, and the Division will become much larger and much more profitable.

DEVELOPMENT IN GEOGRAPHICAL SEGMENTS	Development in revenue	Development in operating profit before special items (EBITA)	Focus
Nordic countries	Outperformed budget.	Outperformed budget.	Effect capacity increase and maintain the significant improvement seen from 2005 to 2006.

REVENUE AND OPERATING PROFIT BEFORE SPECIAL ITEMS BY MARKETS

	Revenue				Operating profit before special items				%
(DKKm)	Realised 01.01.05–31.12.05	Budget 01.01.06–31.12.06	Realised 01.01.06–31.12.06	Budget 01.01.07–31.12.07	Realised 01.01.05–31.12.05	Budget 01.01.06–31.12.06	Realised 01.01.06–31.12.06	Budget 01.01.07–31.12.07	Realised 01.01.06–31.12.06
The Nordic countries[1]	994	1,067	1,081	981	29	51	53	40	4.9
Other Europe[2]	–	–	–	3,154	–	–	–	215	–
Total	**994**	**1,067**	**1,081**	**4,135**	**29**	**51**	**53**	**255**	**4.9**
Group	6	6	5	5	–	–	–	–	–
Amortisation of customer relationships	–	–	–		–	–	–	(30)	–
Elimination	(87)	(80)	(82)	(112)	–	–	–	–	–
Net	**913**	**993**	**1,004**	**4,028**	**29**	**51**	**53**	**225**	**5.3**

1. The segment comprises the following countries: Denmark, Norway, Sweden and Finland.
2. The segment comprises the following countries: The UK, Germany, the Netherlands, Belgium, France, Poland and Romania.

Corporate governance

The DSV Management emphasises the exercise of corporate management and focus on investor relations.

On 6 October 2005, the Copenhagen Stock Exchange published the revised Recommendations for corporate governance, which will be implemented into the disclosure requirements for listed companies.

The comply-or-explain' principle is a fundamental element of the Recommendations, which makes it legitimate for a company either to comply with the Recommendations or explain why it does not comply with them.

The Recommendations enter into force for financial years commencing as from 1 January 2006.

As mentioned in the 2005 Annual Report, the discussion of DSV's Supervisory Board regarding corporate governance is a continuing process aiming to ensure that DSV relates to the development within corporate governance on an ongoing basis.

The Supervisory Board has reviewed the Recommendations for corporate governance and finds that DSV complies with the Recommendations for corporate governance issued by the Copenhagen Stock Exchange to a very great extent.

For a detailed description of the reaction of DSV to the revised Recommendations for corporate governance see www.dsv.com.

The deviations from the revised Recommendations for corporate governance are explained below. All deviations relate to the composition of the Supervisory Board.

Age limit

- It is recommended that the companies fix an upper age limit for Board members and disclose the age of the individual member of the Supervisory Board in the annual report.
- The Supervisory Board finds that the ability to discharge the duties as a Board member depends on the individual person and is not related to age. The Supervisory Board assesses on a regular basis whether the individual member is still able to actively contribute to its work.

Election period

- It is recommended that members of the Supervisory Board be subject to retirement and re-election every year at the Annual General Meeting and that on that occasion the Board should seek to strike a balance between renewal and continuity, particularly as regards the positions as Chairman and Deputy Chairman.
- According to the Articles of Association of the Company, the members of the Supervisory Board elected by the General Meeting are elected for a three-year period. This ensures the requisite stability and continuity of the Board.

Evaluation of work carried out by the Supervisory and Executive Boards

- It is recommended that the Supervisory Board establish an evaluation procedure according to which the work and results of the Supervisory Board and its individual members, including its Chairman, as well as its composition are evaluated in an ongoing and systematic manner to improve its conduct and that clear criteria for such evaluation be determined. It is recommended to evaluate the Supervisory Board once a year, that this evaluation be performed by the Chairman of the Supervisory Board, possibly by involving external expert assistance, that the outcome of such evaluation be debated by the entire Supervisory Board, and that the procedures applied in connection with the Board's self-evaluation be disclosed in the Annual Report. It is recommended that the Supervisory Board evaluate the work and results of the Executive Board once a year according to pre-determined clear criteria. It is recommended that the Executive and Supervisory Boards establish an evaluation procedure to evaluate the collaboration between the Supervisory Board and the Executive Board once a year through a formalised dialogue between the Group CEO and the Chairman of the Supervisory Board and that the outcome of the evaluation be presented to the entire Supervisory Board.
- DSV does not evaluate the performance of its Supervisory Board through a formal procedure, but follows up on strategic aims and plans on a regular basis. So far this method has ensured an efficient Supervisory Board. The conduct of the Executive Board is evaluated annually in connection with the review of the remuneration for the Executive Board members. DSV has no formal procedure for an evaluation of the internal cooperation between the Supervisory Board and the Executive Board. This cooperation is coordinated on an ongoing basis, and the Chairman of the Supervisory Board has a weekly consultation with the Group CEO.

Risk factors

General risks

The risks of the DSV Group relate to its exposure to the economic development in society. DSV's business model is based on leasing rather than owning equipment. This ensures a degree of operational flexibility which makes it possible to adapt the Group's capacity to the current demand on an ongoing basis.

Consolidation in the transport sector

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

The strategy of DSV is to participate actively in this consolidation process, which implies integration risks in connection with future acquisitions. Historically, the Group has grown considerably in connection with several acquisitions and has managed to integrate the acquirees successfully over time. The latest major acquisitions were Samson Transport Co. A/S in 1997, DFDS Dan Transport Group A/S in 2000, J.H. Bachmann GmbH in 2005 and Frans Maas in 2006.

Partners

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

Staff

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

Financial risks

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

Currency risks

The Group's foreign subsidiaries are not affected where costs and income are settled in local currencies. This applies to most of the Group's activities. Moreover, a great proportion of the income and expense of the Group is settled in euro. The aggregate currency risk is therefore limited. DSV seeks to eliminate foreign currency risks related to revenue settled in foreign currencies in both Danish and foreign subsidiaries by hedging currency exposures centrally via the Treasury Department. Hedging is made on a net basis by raising foreign currency loans, making foreign currency overdrafts or by applying forward exchange transactions and currency options.

The Group is also affected by changes in exchange rates because results and equity of the foreign subsidiaries are translated into Danish kroner at year-end based on average exchange rates for operations and year-end exchange rates for the balance sheet. No hedging is carried out in relation to the Parent's total net investments in subsidiaries.

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

EXCHANGE RATE					
		31 December		Annual average	
	Currency	2005	2006	2005	2006
Euroland	EUR	746	746	745	746
UK	GBP	1,089	1,110	1,090	1,094
Norway	NOK	93	91	93	93
Sweden	SEK	79	82	80	81
USA	USD	632	566	600	595

Interest rate risks

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

Credit risks

The Group's credit risks relate mainly to its debtors. The Group has issued an internal credit limit for each individual debtor. Where credits issued exceed these credit limits, insurance for the outstanding amount is taken out with a credit insurance company. Historically, owing to this procedure the Group has experienced few bad debts. No segments or geographical areas see any special concentration.

Liquidity risks

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

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

The acquisition of Frans Maas was financed by a bridge loan from Danske Bank. By the end of the year, this loan was replaced by definite undertakings for 5-7 years from the three main bankers of the Group.

Risk management

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

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

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

Shareholder Information

The DSV share

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

At 31 December 2006, the share capital equalled a nominal value of DKK 40,300,000, and 20,150,000 shares with a denomination of DKK 2.00 had been issued.

The Company's register of shareholders is kept by VP Investor Services.

The DSV share in 2006

At year-end, the closing price of the DSV share at the OMX Nordic Exchange was DKK 1,032. Compared with the 2005 year-end closing price of DKK 778, the DSV share increased by DKK 254 or 33% in 2006.

In 2006, the OMXC20 Index of the OMX Nordic Exchange went up by 12%, and the DSV share outperformed the OMXC20 Index by more than 21 percentage points.

The DSV share was among the most traded shares on the Copenhagen Stock Exchange with a daily average turnover of 140,147 shares.

At year-end 2006, DSV's market capitalisation was DKK 20.8 billion.

Dividends

The Supervisory Board proposes an unchanged ordinary dividend of DKK 2.50 per share for 2006, corresponding to DKK 50.4 million in total.

DATE OF DIVIDEND DISTRIBUTION	
Annual General Meeting	30 April 2007
Cut-off date for dividend	30 April 2007
DSV share traded ex-dividend	1 May 2007
Distribution of dividend	7 May 2007

In the financial year 2006, DSV acquired a total of 165,551 treasury shares at a total acquisition price of DKK 154.1 million.

Cancellation of treasury shares

The 2006 Annual General Meeting of DSV decided, at the recommendation of the Supervisory Board, to reduce the share capital by a nominal amount of DKK 1,508,324 through the cancellation of 754,162 treasury shares acquired at an average price of DKK 613.98 per share with a nominal amount of DKK 2.00.

Policy for treasury shares

At 28 February 2007, the Company held 269,079 treasury shares equal to 1.34% of the share capital. The Company has acquired treasury shares in order to meet the requirements of the Company's incentive programmes and as a consequence of initiated share buy-back schemes.

Incentive programmes

The Executive Board of DSV was authorised by the Supervisory Board in meeting on 22 March 2007 to allocate 150,000 share options at the average price as at 31 March 2007. DSV will buy back shares before 31 March 2007 to cover the incentive programme.

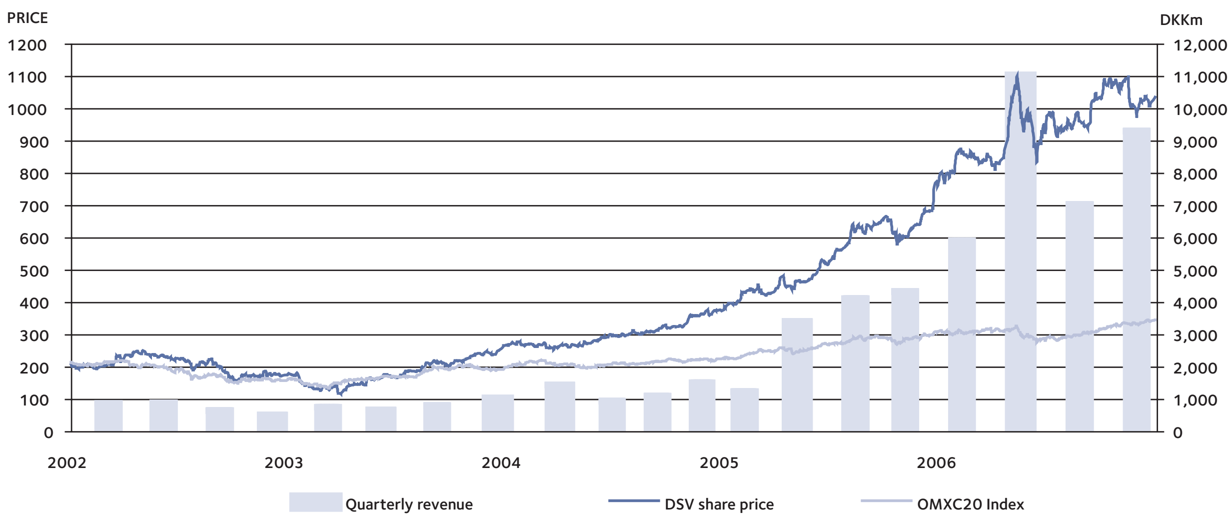
Authorisation

A proposal will be made to the Annual General Meeting on 30 April 2007 to extend the period of authorisation to buy back 10% of the Company's share capital. It will also be proposed to extend the Supervisory Board's authorisation to issue new shares from 5 million to 10 million shares to ensure quick access to funding.

Proposal to split shares and issue bonus shares

The Supervisory Board expects to propose to the 2007 Annual General Meeting that the shares be subdivided by a share split and/or issuance of bonus shares to maintain and, if possible, even improve the liquidity of the DSV share. Further details will be provided in the notice convening the Annual General Meeting. These changes relating to share capital and incentive programmes etc. may be proportionally affected in case such decision is implemented.

DEVELOPMENT IN DSV'S SHARE PRICE COMPARED WITH THE OMXC20 INDEX AND TOTAL AMOUNT OF DSV SHARES TRADED



LIST OF ANALYSTS

Dealer	Analyst	Tel.	E-mail
ABG Sundal Collier	Lars Heindorff	+45 3318 6115	lars.heindorff@abgsc.com
ABN Amro	Jeff Saul	+45 3396 1929	copenhagen@dk.abnamro.com
Alm. Brand Bank A/S	Stephen Rammer	+45 3547 7066	stephen.rammer@abh.dk
Carnegie Danmark	Lars Topholm	+45 3288 0353	lars.topholm@carnegie.dk
Dansk Aktie Analyse A/S	Kalle Huhdanmäki	+45 3296 0960	kh@danskeaktieanalyse.dk
Danske Bank A/S	Philip Christoffer Christensen	+45 3344 0356	phch@danskebank.dk
Enskilda Securities	Steven M. Brooker	+45 3697 7532	steven.brooker@enskilda.dk
FIH – Capital Markets	Johannes Møller	+45 7222 5445	jml@fih.dk
Handelsbanken Securities	Dan Togo Jensen	+45 3341 8246	dato01@handelsbanken.dk
HSBC Bank plc	Tommy Bryson	+44 (0) 20 7991 6799	tommy.bryson@hsbcib.com
HSH Gudme	Tue Østergaard	+45 3344 9094	tue@gr.dk
Jyske Bank	Michael Nielsen	+45 8922 2866	michael-nielsen@jyskebank.dk
LD Markets	Brian Børsting	+45 3338 7320	bbo@ldmarkets.dk
Standard & Poors/Nordea	Finn Bjarke Petersen	+45 8896 8686	finn.bjarke.petersen@standardandpoors.com
Spar Nord Bank	Poul Henrik Svendsen	+45 9634 4280	phs@sparnord.dk
Sydbank	Jacob Pedersen	+45 7436 4452	jacob.pedersen@sydbank.dk

Shareholder composition, registered shareholders

DSV A/S had a total of 13,396,842 registered shares corresponding to 66% of the share capital at 31 December 2006.

COMPOSITION OF SHAREHOLDERS

	Proportion of share capital (%)
Financial enterprises, trusts and pension funds	40
Private individuals	4
DSV A/S	1
Other	21
Not registered	34
Total	100

At 31 December 2006, DSV had 21,011 registered shareholders, the largest 100 of which owned 44.6% of the entire share capital.

SHAREHOLDERS – GEOGRAPHICAL DISTRIBUTION

	Proportion of share capital (%)
Denmark	50
Foreign countries	16
Not registered	34
Total	100

SHAREHOLDERS TO BE DISCLOSED UNDER SECTION 28B OF THE DANISH PUBLIC COMPANIES ACT

	Proportion of share capital (%)
ATP, Hillerød, Denmark	7.66

SHARES HELD BY MANAGEMENT

	Total shareholding	Price at 31.12.06 (DKKm)
Executive Board	58,946 shares	61
Supervisory Board	248,255 shares	256
Total	307,201 shares	317

Investor relations policy

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

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

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

All interim reports and selected stock exchange announcements are sent to the registered shareholders who subscribe for mail delivery of shareholder material from DSV. All announcements are delivered electronically free of charge to subscribers for the DSV e-mail service.

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

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

Financial calendar

The financial calendar lists the expected dates for stock exchange announcements for the financial year 2007:

DATE	Announcement
30 April 2007	Q1 2007 Report
30 April 2007	Annual General Meeting
3 August 2007	H1 2007 Report
31 October 2007	Q3 2007 Report

Statement by the Executive and Supervisory Boards

The Supervisory Board and the Executive Board have today considered and adopted the 2006 Annual Report of DSV A/S.

The Annual Report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies applied to be appropriate so that the Annual Report gives a true and fair view of the Group's and the Parent's assets, equity, liabilities and financial position at 31 December 2006 and of the results of the Group's and Parent's activities and cash flows for the financial year ended 31 December 2006.

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

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

Brøndby, 23. March 2007

Executive Board

Kurt K. Larsen Group CEO	Jens Lund CFO

Supervisory Board

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

Independent auditors' report

To the shareholders of DSV A/S

We have audited the annual report of DSV A/S for the financial year 1 January-31 December 2006, which comprises the statement by the Executive and Supervisory Boards, Management's review, income statement, balance sheet, statement of recognised income and expense, cash flow statement and notes for the Group as well as for the Parent company. Our audit has not included information about the budget 2007, pages 7 to 9, and the other information on social responsibility, pages 58 to 59. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Company's preparation and fair presentation of the annual report 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

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

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent company's financial position at 31 December 2006 and of the results of the Group's and the Parent company's operations and cash flows for the financial year 1 January-31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 23 March 2007

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

Jesper Koefoed
State-Authorised
Public Accountant

Charlotte Enkebølle Nielsen
State-Authorised
Public Accountant

CONSOLIDATED ANNUAL REPORT

INCOME STATEMENT

(DKKm)	Note	2005	2006
Revenue	2	23,015	31,972
Direct costs		18,348	25,068
Gross profit		**4,667**	**6,904**
Other external expenses	3	1,090	1,737
Staff costs	4, 5	2,245	3,333
Operating profit before amortisation, depreciation and special items (EBITDA)		**1,332**	**1,834**
Amortisation, depreciation and impairment of intangibles and property, plant and equipment	6	209	330
Operating profit before special items (EBITA)		**1,123**	**1,504**
Special items, net	7	(59)	(283)
Operating profit (EBIT)		**1,064**	**1,221**
Share of associates' net profit after tax	14	-	-
Financial income	8	41	94
Financial expenses	9	121	301
Profit before tax		**984**	**1,014**
Tax on profit for the year	10	288	295
Net profit for the year		**696**	**719**
Net profit for the year is attributable to:			
Shareholders of DSV A/S		658	677
Minority interests		38	42
Earnings per share:	11		
Earnings per share of DKK 2 (DKK)		32.4	34.1
Diluted earnings per share of DKK 2 (DKK)		31.2	33.5
Diluted adjusted earnings per share of DKK 2 (DKK)		33.6	45.3

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(DKKm)	2005	2006
Foreign currency translation adjustments, foreign enterprises	42	(34)
Value adjustment of hedging instruments for the year	4	26
Value adjustment of hedging instruments transferred to income statement	4	(4)
Share-based payments	2	6
Actuarial gains (losses)	(44)	(25)
Other adjustments	1	1
Tax on changes in equity	27	42
Net income recognised directly in equity	**36**	**12**
Net profit for the year	696	719
Statement of recognised income and expense	**732**	**731**
Recognised income and expense is attributable to:		
Shareholders of DSV A/S	693	698
Minority interests	39	33
Total	**732**	**731**

BALANCE SHEET, ASSETS

(DKKm)	Note	2005	2006
Non-current assets			
Intangibles			
Goodwill		2,854	4,252
IT software		99	148
Customer relationships		121	503
Other intangibles		24	–
Intangibles in progress		11	33
Total intangibles	12	3,109	4,936
Property, plant and equipment			
Land and buildings		1,821	3,000
Other plant and operating equipment		486	697
Property, plant and equipment in progress		44	50
Total property, plant and equipment	13	2,351	3,747
Other non-current assets			
Investments in associates	14	11	15
Other securities and other receivables	15	28	133
Deferred tax assets	16	153	262
Total other non-current assets		192	410
Total non-current assets		5,652	9,093
Current assets			
Assets held for sale	17	41	142
Operating current assets			
Trade and other receivables	18	4,311	6,317
Prepayments		60	103
Cash		385	407
Total operating current assets		4,756	6,827
Total current assets		4,797	6,969
Total assets		10,449	16,062

BALANCE SHEET, EQUITY AND LIABILITIES

(DKKm)	Note	2005	2006
Equity			
Share capital		42	40
Reserves		3,170	3,659
DSV A/S shareholders' share of equity		3,212	3,699
Minority interests		111	145
Total equity	19	3,323	3,844
Liabilities			
Non-current liabilities			
Deferred tax	16	97	308
Pensions and similar obligations	20	348	559
Provisions	21	131	269
Financial liabilities	22	1,887	4,604
Total non-current liabilities		2,463	5,740
Current liabilities			
Liabilities relating to assets held for sale	17	2	–
Other current liabilities			
Provisions	21	24	81
Financial liabilities	22	702	638
Trade and other payables	23	3,857	5,757
Corporation tax		78	2
Total other current liabilities		4,661	6,478
Total current liabilities		4,663	6,478
Total liabilities		7,126	12,218
Total equity and liabilities		10,449	16,062

CASH FLOW STATEMENT

(DKKm)	Note	2005	2006
Profit before tax		984	1,014
Adjustment, non-cash operating items etc.			
Amortisation, depreciation and impairment losses		209	330
Share-based payments		2	6
Changes in provisions		75	(57)
Financial income		(41)	(94)
Financial expenses		121	301
Cash flow from operating activities before changes in net working capital		1,350	1,500
Changes in net working capital		(184)	85
Financial income, paid		41	39
Financial expenses, paid		(115)	(225)
Operating cash flow from primary activities		1,092	1,399
Corporation tax, paid		(253)	(307)
Cash flow from operating activities		839	1,092
Acquisition of intangibles		(21)	(84)
Acquisition of property, plant and equipment		(392)	(391)
Sale of property, plant and equipment		187	494
Acquisition of subsidiaries and activities	25	(779)	(1,558)
Divestment of subsidiaries and activities		4	-
Change in other financial assets		(3)	(37)
Cash flow from investing activities		(1,004)	(1,576)
Free cash flow		(165)	(484)
Proceeds from the incurrence of non-current liabilities		1,350	3,355
Repayments on loans and credits		(128)	(2,447)
Incurrence of other financial liabilities		151	121
Change in current liabilities		(348)	(288)
Shareholders:			
Dividends		(158)	(50)
Capital increase		395	2
Fee concerning warrants issued		(66)	-
Distribution to minority interests		(2)	(1)
Share buy-back		(822)	(163)
Cash flow from financing activities		372	529
Net cash flow		207	45
Foreign currency translation adjustments		6	(23)
Cash at 1 January		172	385
Cash at 31 December		385	407

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

Specification 1: Statement of adjusted free cash flow	2005	2006
Free cash flow	(165)	(484)
Acquisition of subsidiaries and activities	779	1,558
Divestment of subsidiaries and activities	(4)	-
Normalisation of net working capital in acquirees and activities	62	100
Adjusted free cash flow	672	1,174

Specification 2: Statement of enterprise value of acquirees	2005	2006
Acquisition of subsidiaries and activities	779	1,558
Interest-bearing debt	166	1,910
Enterprise value of acquirees	945	3,468
Normalisation of net working capital in acquired subsidiaries and activities	62	100
Enterprise value of acquirees, inclusive of normalisation of net working capital	1,007	3,568

NOTES

LIST OF NOTES

NOTES – FINANCIAL STATEMENTS

NOTES – INCOME STATEMENT

NOTES – BALANCE SHEET

NOTES – SUPPLEMENTARY INFORMATION

NOTE 1 – SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

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

Forwarding in progress

Revenue comprises the freight forwarded and the services provided in the financial year as well as changes in the value of forwarding in progress. Direct costs comprise costs paid to generate the revenue for the year.
At the close of periods, including at the end of the financial year, estimates and assessments are made regarding forwarding in progress and the pertaining revenue and costs. These assessments are based on historical experience and ongoing follow-up on provisions for forwarding in progress relative to subsequent invoicing. Management assesses on the basis of this experience that the assessment and estimates of forwarding in progress and the pertaining revenue and costs have been correctly determined.

Acquisitions

In connection with the acquisition of other enterprises, the assets, liabilities and contingent liabilities of the acquiree must be recognised according to the purchase method. Management makes several estimates of the assets, liabilities and contingent liabilities acquired in connection with the determination of their market value. Such determination may be subject to some uncertainty and may be readjusted within the following 12-month period.
The non-allocated purchased price is recognised in the balance sheet as goodwill, which is allocated to the cash-generating units of the Group. In that connection, Management estimates the cash-generating units acquired and the consequential goodwill allocation. In the assessment of Management, the allocation made is correct in consideration of the uncertainty connected with the determination of the cash-generating units acquired.

Goodwill impairment test

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

Special items

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

Provisions and contingencies

Management assesses provisions, contingent assets and liabilities and the likely outcome of pending and threatened legal proceedings on an ongoing basis. The outcome of such contingencies depends on future events, which are obviously uncertain. Management involves external legal experts and existing case law for its assessment of the probable outcome of major legal proceedings, tax issues, etc.

Pensions

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

Leases

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

NOTE 2 – REVENUE

(DKKm)	2005	2006
Sale of services	22,960	31,899
Other income	55	73
Total revenue	**23,015**	**31,972**

NOTE 3 – FEE TO AUDITORS ELECTED BY THE GENERAL MEETING

(DKKm)	2005	2006
KPMG, audit	10	18
KPMG, other services	4	16
KPMG total	**14**	**34**
Others, audit	1	–
Others, other services	2	–
Others total	**3**	**–**
Total fee	**17**	**34**

NOTE 4 – STAFF COSTS

(DKKm)	2005	2006
Salaries and wages etc.	2,886	4,417
Defined contribution pension plans, cf. note 20	197	191
Defined benefit pension plans, cf. note 20	35	55
Other expenses for social security	326	593
Share-based payments	2	6
	3,446	5,262
Transferred to direct costs	(1,201)	(1,929)
Total staff costs	2,245	3,333
Average number of employees	10,336	16,404
Number of employees at year-end	11,619	19,199

Salaries and bonuses for the Executive Board

	Kurt K. Larsen		Jens Lund		Total	
	2005	2006	2005	2006	2005	2006
Fixed salary	2.2	2.2	1.8	1.9	4.0	4.1
Bonus	3.0	3.5	0.8	1.0	3.8	4.5
Pension	2.9	3.0	0.1	0.1	3.0	3.1
Share-based payments	0.1	0.4	0.1	0.2	0.2	0.6
Total salaries and bonuses for the Executive Board	8.2	9.1	2.8	3.2	11.0	12.3

In 2005, DKK 2.0 million for other Executive Board members was charged to the income statement.
For information on the exercise of share options and warrants by the Executive Board, please refer to note 5.

Remuneration of the Supervisory Board of the Parent

(DKK '000)	2005	2006
Palle Flackeberg	525	525
Erik B. Pedersen	175	175
Leif Tullberg [1]	175	175
Kaj Christiansen [2]	175	175
Hans Peter Drisdal Hansen	175	175
Egon Korsbæk	175	175
Per Skov	175	175
Total remuneration of the Supervisory Board of the Parent	1,575	1,575

1. In 2006, Leif Tullberg moreover received DKK 1.5 million as consultant's fees and DKK 0.4 million as remuneration for being on the supervisory board of a subsidiary.
2. In 2006, Kaj Christensen received DKK 0.1 million as consultant's fees.

NOTE 5 – INCENTIVE PROGRAMMES

DSV has launched incentive programmes consisting of options with a view to motivating and retaining staff, senior staff and members of the Executive Board. The incentive programmes launched are also to make staff and shareholders identify with the same interests.
The option schemes can be utilised by cash purchase of the shares.

2003 OPTION SCHEME

Tranche I

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

Tranche II

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

2005 OPTION SCHEME

The scheme comprises options to buy 99,800 shares. The options were granted to two Company managers and 481 senior staff members. The exercise price is DKK 445.00 per share with a nominal amount of DKK 2, which was the market price at the grant date.
Continued employment with DSV at the date of exercise is a condition for exercise of the options.
The market value of the scheme at the grant date was DKK 8.2 million.

2006 OPTION SCHEME

Tranche I

Tranche I comprises options to buy 150,000 shares. The options were granted to two Company managers and 765 senior staff members. The exercise price is DKK 820.00 per share with a nominal amount of DKK 2, which was the market price at the grant date.
Continued employment with DSV at the date of exercise is a condition for exercise of the options.
The market value of the scheme at the grant date was DKK 25.3 million.

Tranche II

Tranche II comprises options to buy 10,000 shares. The options were granted to one Company manager. The exercise price is DKK 650,00 per share with a nominal amount of DKK 2, which was the market price at the grant date.
The market value of the scheme at the grant date was DKK 0.3 million.

	Exercise period	Executive Board	Senior staff	Other staff	Total	Average exercise price per option	Average share price at date of exercise	Expected remaining term (years)	Market value (DKKm)
Outstanding at 1 January 2005		**46,500**	**673,236**	**1,560**	**721,296**	**194.5**			
Granted in 2005		10,000	89,800		99,800	445.0			
Exercised in 2005		10,000	260,673	180	270,853	228.4	457.2		
Options waived/ expired			102,291		102,291	229.6			
Outstanding at 31 December 2005		**46,500**	**400,072**	**1,380**	**447,952**	**221.8**			
Granted in 2006		13,000	147,000		160,000	809.4			
Exercised in 2006		36,500	230,186	180	266,866	144.2	918.5		
Options waived/ expired			64,163	1,200	65,363	172.4			
Outstanding at 31 December 2006		**23,000**	**252,723**	**-**	**275,723**	**605.7**			
Outstanding Tranche I options of 2003 scheme	24.03.06- 24.03.07		17,833		17,833	141.5		0.1	15.8
Outstanding Tranche II options of 2003 scheme	01.01.07- 31.12.09		15,000		15,000	217.0		0.8	12.2
Outstanding options of 2005 scheme	26.04.09- 26.04.10	10,000	89,800		99,800	445.0		2.6	60.3
Outstanding Tranche I options of 2006 scheme	01.04.09- 31.03.10		3,000		3,000	650.0		2.5	1.3
Outstanding Tranche II options of 2006 scheme	30.03.10- 30.03.11	13,000	127,090		140,090	820.0		3.5	44.9
Outstanding at 31 December 2006		**23,000**	**252,723**	**-**	**275,723**	**605.7**			**134.5**
Exercise period open at 31 December 2006		**-**	**17,833**	**-**	**17,833**	**141.5**			**15.8**

The outstanding incentive programmes and the market value at 31 December 2006 appear from the table.

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

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

The interest rate used in connection with tranche I of the most recent granting of options in 2006 was a risk-free rate of 4.0% based on a Danish swap rate with the same term as the expected term of 4.5 years. For Tranche II, the interest rate used was a risk-free rate of 4% based on a Danish swap rate with the same expected term of 3.5 years. For both tranches, an expected dividend per share of 1% and average historical volatility of 18% were applied.

For the calculation of the market value of the incentive programmes at the balance sheet date, a risk-free interest rate of between 3.88% and 4.18% based on Danish swap rates with the same term as the expected term of the outstanding programmes was applied. The exptected term of the programmes launched in 2003 is determined to be one month after the first day of the exercise period, and for other programmes three months after the first day of the exercise period. The expected dividend per share is 1%, and the historical volatility of the DSV share for a rolling three-year period is 21%. The price of DSV shares was DKK 1,032 per share with a nominal amount of DKK 2 at 31 December 2006.

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

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

(DKKm)	2005	2006
Amortisation and depreciation		
IT software	20	52
Customer relationships	10	45
Other intangibles	4	1
Buildings	59	103
Other plant and operating equipment	155	212
Net profit from the divestment of property, plant and equipment	(40)	(105)
Total amortisation and depreciation of intangibles and property, plant and equipment	208	308
Impairment		
Other intangibles	–	25
IT software	–	9
Other plant and operating equipment	1	–
Total impairment of property, plant and equipment and intangibles	1	34
Total amortisation, depreciation and impairment of intangibles and property, plant and equipment	209	342
The cost has been recognised in the following items of the income statement:		
Amortisation, depreciation and impairment of intangibles and property, plant and equipment	209	330
Special items	–	12
Total	209	342

NOTE 7 – SPECIAL ITEMS

(DKKm)	2005	2006
Special items, income		
Profit on divestment of activities and enterprises including adjustments relating to previous years	1	15
Gain from change in pension plans	11	48
Special items, total income	12	63
Special items, costs		
Restructuring costs	63	321
Other special items	8	25
Special items, total costs	71	346
Special items, net	(59)	(283)

The restructuring costs mainly relate to capacity adaptations at the integration of Frans Maas and primarily consist of termination benefits, costs from terminated leases and impairment of software.

NOTE 8 – FINANCIAL INCOME

(DKKm)	2005	2006
Interest income	23	39
Expected return on pension assets, cf. note 20	18	48
Foreign currency translation adjustments, net	–	7
Total financial income	41	94

NOTE 9 – FINANCIAL EXPENSES

(DKKm)	2005	2006
Interest expenses	87	239
Calculated interest relating to pension obligations, cf. note 20	28	62
Foreign currency translation adjustments, net	6	–
Total financial expenses	121	301

NOTE 10 – TAX

(DKKm)	2005	2006
The tax for the year is calculated as follows:		
Tax on profit for the year	288	295
Tax on changes in equity	(27)	(42)
Total tax for the year	**261**	**253**
The tax on profit for the year is calculated as follows:		
Current tax	298	298
Deferred tax	(9)	1
Adjustment of tax relating to previous years	(1)	(4)
Total tax on profit for the year	**288**	**295**
The tax on profit for the year breaks down as follows:		
Assessed 28% tax on profit for the year before tax	276	284
Adjustment of assessed tax in foreign Group enterprises relative to 28%	15	5
Change in deferred tax as a result of change in corporation tax rate	(3)	(4)
Tax effect of:		
Non-deductible expenses/non-taxable income	3	8
Non-deductible losses/non-taxable gains on shares	(5)	3
Adjustment of tax relating to previous years	(1)	(4)
Other adjustments	3	3
Total	**288**	**295**
Effective tax rate	29.2%	29.1%

NOTE 11 – EARNINGS PER SHARE

(DKKm)	2005	2006
Net profit for the year	696	719
Share of consolidated net profit for the year attributable to minority interests	38	42
DSV A/S shareholders' share of net profit for the year	**658**	**677**
Amortisation of customer relationships	10	45
Share-based payments	2	6
Special items, net	59	283
Tax effect thereof	(20)	(97)
Adjusted net profit for the year	**709**	**914**
Total average number of shares ('000)	21,661	20,607
Average number of treasury shares ('000)	(1,349)	(753)
Average number of shares ('000)	**20,312**	**19,854**
Average dilutive effect of applicable incentive programmes/outstanding subscription rights ('000)	803	342
Diluted average number of shares ('000)	**21,115**	**20,196**
Earnings per share of DKK 2 (DKK)	32.4	34.1
Diluted earnings per share of DKK 2 (DKK)	31.2	33.5
Diluted adjusted earnings per share of DKK 2 (DKK)	33.6	45.3

NOTE 12 – INTANGIBLES

2005 (DKKm)	Goodwill	IT software	Customer relationships	Other intan-gibles	Intangibles in progress	Total
Cost at 1 January 2005	2,161	134	30	28	-	2,353
Additions relating to acquirees	701	7	102	-	-	810
Additions for the year	-	8	-	2	11	21
Disposals at cost	-	(1)	-	-	-	(1)
Foreign currency translation adjustments	2	-	-	-	-	2
Total cost at 31 December 2005	2,864	148	132	30	11	3,185
Total amortisation and impairment at 1 January 2005	10	30	1	2	-	43
Amortisation for the year	-	20	10	4	-	34
Amortisation of assets disposed of	-	(1)	-	-	-	(1)
Total amortisation and impairment at 31 December 2005	10	49	11	6	-	76
Carrying amount at 31 December 2005	2,854	99	121	24	11	3,109
Of which, assets under finance leases	-	57	-	-	-	57

(DKKm)	Goodwill	IT software	Customer relationships	Other intangibles	Intangibles in progress	Total
Cost at 1 January 2006	2,864	148	132	30	11	3,185
Additions relating to acquirees	1,402	51	427	3	-	1,883
Additions for the year	-	61	-	-	23	84
Disposals at cost	-	(7)	-	(2)	(1)	(10)
Reclassification	-	-	-	(28)	-	(28)
Foreign currency translation adjustments	(4)	-	-	-	-	(4)
Total cost at 31 December 2006	4,262	253	559	3	33	5,110
Total amortisation and impairment at 1 January 2006	10	49	11	6	-	76
Amortisation for the year	-	52	45	1	-	98
Impairment for the year	-	9	-	25	-	34
Amortisation of assets disposed of	-	(5)	-	(1)	-	(6)
Reclassification	-	-	-	(28)	-	(28)
Total amortisation and impairment at 31 December 2006	10	105	56	3	-	174
Carrying amount at 31 December 2006	4,252	148	503	-	33	4,936
Of which, assets under finance leases	-	46	-	-	-	46

Breakdown of goodwill and customer relationships by divisions
The original cost of goodwill and customer relationships is DKK 5,245 million (2005: DKK 3,418 million). The original cost has been applied for calculating ROIC. Goodwill and customer relationships have been allocated to the legal entities in the individual countries in the Road, Air & Sea and Solutions Divisions, respectively.

	Goodwill		Customer relationships		Total		%	
2005 (DKKm)	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount
Road	1,999	1,722	33	30	2,032	1,752	59%	58%
Air & Sea	1,149	1,024	69	65	1,218	1,089	36%	37%
Solutions	138	114	30	26	168	140	5%	5%
Total	3,286	2,860	132	121	3,418	2,981	100%	100%

	Goodwill		Customer relationships		Total		%	
2006 (DKKm)	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount	Cost	Carrying amount
Road	3,333	3,056	453	416	3,786	3,472	72%	73%
Air & Sea	1,215	1,082	76	64	1,291	1,146	25%	24%
Solutions	138	114	30	23	168	137	3%	3%
Total	4,686	4,252	559	503	5,245	4,755	100%	100%

NOTE 12 CONTINUED – INTANGIBLES

Impairment test of goodwill

At 31 December 2006, Management carried out an impairment test of the carrying amount of goodwill.

The impairment test is made by the Group's cash-generating units based on management structure and financial management. Usually it is made at country level and for the Road, Air & Sea and Solutions Divisions individually, which most frequently coincides with a legally independent company.

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

The expected future net cash flow is based on budgets and business plans approved by Management for the year 2007 and projections for subsequent years up to and including 2011. Important parameters are revenue development, EBIT margin, future investments in plant and growth expectations for the years following 2007, based on assessments of the individual unit.

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

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

	Road	Air & Sea	Solutions
Expected annual revenue growth	2-21%	2-19%	1-13%
Expected EBITA margin	1.0-12.3%	2.2-10.6%	1.0-14.1%
Expected growth during terminal period, %	2,5%	2,5%	2,5%
Discount rate before tax, %	10,05-14,56%	9,82-13,58%	10,64-14,17%

The impairment tests made at 31 December 2006 showed no basis for impairment.

Impairment test of intangibles in progress

Intangibles in progress were tested for impairment, and no basis for impairment was found at 31 december 2006.

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

2005 (DKKm)	Land and buildings	Other plant operating and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2005	2,148	1,208	107	3,463
Additions relating to acquirees	70	80	-	150
Additions for the year	92	192	108	392
Disposals at cost	(135)	(220)	(1)	(356)
Transferred to assets held for sale	-	-	-	-
Reversed from assets held for sale	-	-	-	-
Reclassifications	166	(4)	(168)	(6)
Foreign currency translation adjustments	16	10	(2)	24
Total cost at 31 December 2005	2,357	1,266	44	3,667
Total depreciation and impairment at 1 January 2005	513	790	-	1,303
Depreciation for the year	59	156	-	215
Depreciation of assets disposed of	(42)	(166)	-	(208)
Reclassifications	1	(7)	-	(6)
Foreign currency translation adjustments	5	7	-	12
Total depreciation and impairment at 31 Dec. 2005	536	780	-	1,316
Carrying amount at 31 December 2005	1,821	486	44	2,351
Of which, assets under finance leases	159	185	-	344

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

2005 (DKKm)	Land and buildings	Other plant and operating equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2006	2,357	1,266	44	3,667
Additions relating to acquirees	1,420	350	13	1,783
Additions for the year	95	181	115	391
Disposals at cost	(293)	(228)	(5)	(526)
Transferred to assets held for sale	(159)	0	-	(159)
Reversed from assets held for sale	85	-	-	85
Reclassifications	109	(5)	(118)	(14)
Foreign currency translation adjustments	12	(8)	1	5
Total cost at 31 December 2005	3,626	1,556	50	5,232
Total depreciation and impairment at 1 January 2006	536	780	-	1,316
Depreciation for the year	103	212	-	315
Depreciation of assets disposed of	(37)	(119)	-	(156)
Transferred to assets held for sale	(17)	-	-	(17)
Reversed from assets held for sale	44	-	-	44
Reclassifications	-	(7)	-	(7)
Foreign currency translation adjustments	(3)	(7)	-	(10)
Total depreciation and impairment at 31 Dec. 2006	626	859	-	1,485
Carrying amount at 31 December 2006	3,000	697	50	3,747
Of which, assets under finance leases	628	173	-	801

Public land assessment values for 2006 of Danish properties owned amounted to DKK 647 million. The carrying amount of the Danish properties owned was DKK 551 million.

NOTE 14 – INVESTMENTS IN ASSOCIATES

(DKKm)	2005	2006
Cost at 1 January	13	13
Additions for the year	-	4
Cost at 31 December	13	17
Value adjustments at 1 January	(1)	(2)
Transferred to other securities	(1)	-
Value adjustments for the year	-	-
Value adjustments at 31 December	(2)	(2)
Carrying amount at 31 December	11	15

2005 (DKKm)	Country	Ownership share	Revenue	Net profit for the year	Assets	Liabilities	Equity	DSV Group's share of net profit for the year	DSV Group's share of equity
Elix E.L.GmbH	Germany	34%	7	-	6	-	6	-	2
Supertrans S.A.	Greece	25%	146	1	43	39	4	-	1
IDS Logistik GmbH	Germany	27%	40	-	16	10	6	-	2
DFDS Logistics (M) Sdn. Bhd.	Malaysia	30%	2	-	2	2	-	-	-
DFDS Transport (Bangladesh) Ltd.	Bangladesh	20%	1	-	2	1	1	-	-
B&D International GmbH	Germany	50%	14	-	1	-	1	-	-
OOO Logistic Center of St. Petersburg	Finland	40%	3	-	-	-	-	-	-
Total			213	1	70	52	18	-	5
Goodwill at 31 December 2005									6
Total								-	11

2006 (DKKm)	Country	Ownership share	Revenue	Net profit for the year	Assets	Liabilities	Equity	DSV Group's share of net profit for the year	DSV Group's share of equity
Elix E.L.GmbH	Germany	34%	6	1	7	-	7	-	2
Supertrans S.A.	Greece	25%	159	2	50	45	5	-	1
IDS Logistik GmbH	Germany	31%	38	1	31	12	19	-	6
DFDS Logistics (M) Sdn. Bhd.	Malaysia	30%	1	-	1	-	1	-	-
DFDS Transport (Bangladesh) Ltd.	Bangladesh	20%	1	1	3	2	1	-	-
B&D International GmbH	Germany	50%	6	-	1	1	-	-	-
GT Stevedores Oy	Finland	26%	4	1	3	1	2	-	1
Vastgoed Beek CV	The Netherlands	100%	-	-	36	36	-	-	-
Automotive Logistics (UK) Limited	UK	50%	18	-	2	1	1	-	-
Auxilia Zorglogistiek BV	The Netherlands	33%	-	-	4	3	1	-	-
Frans Maas Campillo S.L.	Spain	50%	-	-	4	6	(2)	-	(1)
Frans Maas Transmotta Logistics S.L.	Spain	50%	-	-	-	-	-	-	-
LOGI.CO S.R.L.	Italy	50%	37	-	18	18	-	-	-
Total			270	6	160	125	35	-	9
Goodwill at 31 December 2006									6
Total								-	15

For contractual reasons, the controlling interest in Vastgoed Beek CV has been ceded to a third party, and the company is therefore treated as an associate.

NOTE 15 – OTHER SECURITIES AND RECEIVABLES

(DKKm)	2005	2006
Other securities	11	38
Deposits	16	39
Other receivables	1	56
Other securities and receivables	28	133

Investments in other securities mainly relate to unlisted shares and other equity investments recognised at cost as reliable measurement of their fair value is impossible.
Other receivables mainly relate to loans granted. The terms of the loans are up to four years, and they will be fully repaid in 2010. The carrying amount of other securities and receivables is estimated to equal their fair value.

NOTE 16 – DEFERRED TAX

(DKKm)	2005	2006
Deferred tax at 1 January	(54)	(56)
Value adjustments, foreign subsidiaries	(1)	–
Deferred tax for the year	(9)	1
Adjustment concerning previous years	22	(2)
Tax on equity items	(11)	(5)
Additions relating to acquirees	(6)	108
Other adjustments	3	–
Total	(56)	46
Transferred to assets held for sale	–	–
Deferred tax at 31 December	(56)	46
Deferred tax asset		
Intangibles	6	20
Property, plant and equipment	(18)	(14)
Current assets	5	7
Provisions	55	99
Other liabilities	21	16
Tax losses allowed for carryforward	84	134
Deferred tax asset	153	262
Deferred tax liability		
Intangibles	59	180
Property, plant and equipment	79	180
Current assets	–	2
Provisions	(34)	(36)
Other liabilities	(7)	(18)
Deferred tax liability	97	308
Breakdown of deferred tax		
Deferred tax asset	(153)	(262)
Deferred tax liability	97	308
Deferred tax at 31 December	(56)	46
Deferred tax assets not recognised in the balance sheet		
Temporary differences	–	1
Tax losses [1]	18	266
Total deferred tax assets not recognised	18	267

1. Of the tax loss, DKK 125 million may be carried forward indefinitely, but it is uncertain whether the tax loss can be utilised.
Of the tax loss, DKK 141 million may be carried forward for a limited period, but it is uncertain whether the tax loss can be utilised.
A reliable measurement of the deferred tax asset therefore cannot be made due to uncertainty about the time aspect of its use.

NOTE 16 CONTINUED – DEFERRED TAX

2005 (DKKm)	Balance sheet at 1 January	Foreign currency translation adjustments	Additions relating to acquirees	Recognised in net profit for the year	Recognised in equity, net	Other adjustments	Balance sheet at 31 Dec.
Change in temporary differences during the year							
Intangibles	40	1	19	(7)	–	–	53
Property, plant and equipment	87	2	4	4	–	–	97
Current assets	–	–	(3)	(2)	–	–	(5)
Provisions	(82)	(2)	(6)	9	(11)	3	(89)
Other liabilities	(40)	(1)	(6)	19	–	–	(28)
Tax losses allowed for carryforward	(59)	(1)	(14)	(10)	–	–	(84)
Total	(54)	(1)	(6)	13	(11)	3	(56)

2006 (DKKm)	Balance sheet at 1 January	Foreign currency translation adjustments	Additions relating to acquirees	Recognised in net profit for the year	Recognised in equity, net	Other adjustments	Balance sheet at 31 Dec
Intangibles	53	1	94	12	–	–	160
Property, plant and equipment	97	1	62	34	–	–	194
Financial assets	–	–	25	(25)	–	–	–
Current assets	(5)	–	(6)	6	–	–	(5)
Provisions	(89)	(1)	(66)	26	(5)	–	(135)
Other liabilities	(28)	–	5	(11)	–	–	(34)
Tax losses allowed for carryforward	(84)	(1)	(6)	(43)	–	–	(134)
Total	(56)	–	108	(1)	(5)	–	46

NOTE 17 – ASSETS AND LIABILITIES HELD FOR SALE

(DKKm)	2005	2006
Assets held for sale		
Property, plant and equipment	41	142
Total assets held for sale	41	142

Assets held for sale relate to properties expected to be sold within the next 12 months. The properties are all attributable to the Road Division.

(DKKm)	2005	2006
Liabilities relating to assets held for sale		
Deferred tax	2	–
Total liabilities relating to assets held for sale	2	–

NOTE 18 – TRADE AND OTHER RECEIVABLES

(DKKm)	2005	2006
Trade receivables	3,649	5,266
Receivables from associates	2	–
Accrued revenue	330	491
Other receivables etc.	330	560
Trade and other receivables at 31 December	4,311	6,317

Impairment losses of DKK 157 million (2005: DKK 106 million) are included in the above trade receivables at 31 December.
The carrying amount of receivables is estimated to equal their fair value.

NOTE 19 – EQUITY

Share capital

At year-end 2006, the share capital amounted to DKK 40,300,000 (equalling 20,150,000 shares of DKK 2) as against DKK 41,792,286 (equalling 20,896,143 shares of DKK 2) at year-end 2005

(DKKm)	2002	2003	2004	2005	2006
Developments in the share capital over the past five years					
Beginning of year	41.5	41.5	41.5	42.2	41.8
Capital increase	-	-	0.7	3.2	-
Capital reduction	-	-	-	(3.6)	(1.5)
Year-end	41.5	41.5	42.2	41.8	40.3

Statement of changes in equity – 2005

(DKKm)	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Proposed dividends	DSV A/S sharehold-ers' share of equity	Minority interrests	Total equity
Equity at 1 January 2005	42	(4)	(15)	2,926	158	3,107	84	3,191
Recognised income and expense for the year	-	6	37	596	54	693	39	732
Dividends distributed	-	-	-	-	(158)	(158)	(2)	(160)
Purchase and sale of treasury shares, net [1]	-	-	-	(825)	-	(825)	-	(825)
Cancellation of shares	(3)	-	-	3	-	-	-	-
Capital increase including share premium	3	-	-	392	-	395	-	395
Purchase/disposal minority interests	-	-	-	-	-	-	(10)	(10)
Dividends treasury shares	-	-	-	-	-	-	-	-
Total changes in equity in 2005	-	6	37	166	(104)	105	27	132
Equity at 31 December 2005	42	2	22	3,092	54	3,212	111	3,323

Statement of changes in equity – 2006

(DKKm)	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Proposed dividends	DSV A/S sharehold-ers' share of equity	Minority interrests	Total equity
Equity at 1 January 2006	42	2	22	3,092	54	3,212	111	3,323
Recognised income and expense for the year	-	16	(29)	661	50	698	33	731
Dividends distributed	-	-	-	-	(54)	(54)	(1)	(55)
Purchase and sale of treasury shares, net [1]	-	-	-	(163)	-	(163)	-	(163)
Capital reduction	(2)	-	-	(461)	-	(463)	-	(463)
Cancellation of shares	-	-	-	463	-	463	-	463
Capital increase including share premium	-	-	-	2	-	2	-	2
Purchase/disposal minority interests	-	-	-	-	-	-	2	2
Dividends treasury shares	-	-	-	4	-	4	-	4
Total changes in equity in 2006	(2)	16	(29)	506	(4)	487	34	521
Equity at 31 December 2006	40	18	(7)	3,598	50	3,699	145	3,844

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

Treasury shares

	Shares of DKK 2		% of share capital	
	2005	2006	2005	2006
Beginning of year	1,438,395	1,082,804	6.8	5.2
Purchases	1,472,992	165,551	7.0	1.1
Sales	(28,583)	(208,041)	(0.1)	(1.3)
Capital reduction	(1,800,000)	(754,162)	(8.5)	(3.6)
Treasury shares, year-end	1,082,804	286,152	5.2	1.4

NOTE 19 CONTINUED – EQUITY

By authority of the General Meeting, DSV A/S may buy a maximum of 2,015,000 treasury shares, equalling 10% of the share capital, until 28 October 2007.
Treasury shares are bought back to cover the Company's incentive programmes and for other purposes. The market value of treasury shares at 31 December 2006 was DKK 296 million (2005: DKK 834 million).
Sales of treasury shares relate to settlement of options.

Dividends
Distribution of dividends to the shareholders of DSV A/S has no tax consequences for DSV A/S.
Distribution is not subject to any particular restrictions.
The dividend per share is DKK 2.50 per share of DKK 2 (2005: DKK 2,50 per share).

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

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

NOTE 20 – PENSIONS AND SIMILAR OBLIGATIONS

(DKKm)	2005	2006
Present value of defined benefit plans	688	1,638
Fair value of pension plan assets	340	1,079
Pensions and similar obligations at 31 December	**348**	**559**
Development in present value of defined benefit obligations		
Obligations at 1 January	**534**	**688**
Foreign currency translation adjustments	8	19
Pension costs concerning current financial year	35	55
Calculated interest concerning obligations	28	62
Actuarial gains (losses)	57	(25)
Gain from change in pension plans	(11)	(98)
Benefits paid	(9)	(22)
Additions relating to acquisitions	46	959
Obligation at 31 December	**688**	**1,638**
Specification of present value of defined benefit obligations at year-end		
Present value of obligations covered in full or in part	481	1,368
Present value of non-covered obligations	207	270
Present value of defined benefit obligations	**688**	**1,638**
Development in fair value of pension plan assets		
Pension plan assets at 1 January	**270**	**340**
Foreign currency translation adjustments	8	5
Expected return on pension plan assets	18	48
Actuarial gains (losses)	19	(50)
Gain from change in pension plans	-	(50)
Payments received	29	44
Benefits paid	(9)	(22)
Additions relating to acquisitions	5	764
Pension plan assets at 31 December	**340**	**1,079**

DSV expects to pay DKK 64 million into the assets of the plans in 2007.

	2005	2006
Pension costs recognised in the income statement		
Pension costs concerning current financial year	35	55
Calculated interest concerning obligations	28	62
Expected return on pension plan assets	(18)	(48)
Gain from change in pension plans	(11)	(48)
Total recognised for defined benefit plans	**34**	**21**
Total recognised for defined contribution plans	197	191
Total recognised in income statement	**231**	**212**
The cost is recognised under the following items of the income statement:		
Staff costs	232	246
Special items, net	(11)	(48)
Financial income	(18)	(48)
Financial expenses	28	62
Total costs recognised	**231**	**212**

NOTE 20 CONTINUED – PENSIONS AND SIMILAR OBLIGATIONS

(DKKm)	2005	2006
The following cumulative actuarial gains (losses) have been recognised in the statement of recognised income and expense since 1 January 2004:		
Cumulative actuarial gains (losses)	(61)	(86)
Social security costs relating to actuarial gains (losses)	(9)	(9)
Cumulative actuarial gains (losses) including social security costs recognised in the statement of recognised income and expense	**(70)**	**(95)**
Breakdown of pension plan assets:		
Shares	59%	31%
Bonds	33%	12%
Properties	7%	2%
Cash and cash equivalents	1%	2%
Insurance contracts	0%	53%
Total	**100%**	**100%**

The Dutch pension plan is a multi-employer plan. Its assets must cover obligations towards employees covered by the pension plan irrespective of who is their employer. The assets of the plan are insurance contracts whose funds are invested in financial assets.

	2005	2006
Return on pension plan assets		
Actual return on pension plan assets	37	(2)
Expected return on pension plan assets	(18)	(48)
Total actuarial gains on pension plan assets	**19**	**(50)**

Actuarial assumptions

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

	2005	2006
Discount rate	3.80%-5.25%	3.90%-5.20%
Expected return on pension plan assets	3.85%-6.24%	5.50%-6.43%
Future rate of wage/salary increases	1.75%-4.40%	2.00%-4.10%
Future inflation	1.75%-3.00%	1.80%-3.10%

FIVE-YEAR OVERVIEW	2002	2003	2004	2005	2006
Pension obligations	-	-	-	688	(1,638)
Pension plan assets	-	-	-	(340)	(1,079)
Inadequate cover	**-**	**-**	**-**	**348**	**559**
Changes in pension obligations as per experience	-	-	-	-	(11)
Changes in pension plan assets as per experience	-	-	-	-	(59)

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

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

The pension obligations of certain Group enterprises are covered by insurance. Foreign enterprises with no or only partial insurance cover (defined benefit plans) measure the uncovered pension obligations actuarially at the present value as at the balance-sheet date.

In 2005, a member of the Executive Board received an amount of DKK 27 million on the basis of existing pension commitments.

NOTE 21 – PROVISIONS

2005 (DKKm)	Restructuring costs	Provisions for disputes and legal actions	Onerous contracts	Other	Total
Provisions at 1 January 2005	1	22	10	113	146
Additions relating to acquirees	–	–	–	12	12
Disposals relating to divestment of enterprises	–	–	–	–	–
Applied for the year	(41)	–	(2)	(73)	(116)
Provisions for the year	63	–	20	30	113
Provisions at 31 December 2005	23	22	28	82	155
Expected time frame of the provisions:					
Current provisions	9	–	2	13	24
Non-current provisions	14	22	26	69	131
Provisions at 31 December 2005	23	22	28	82	155

2006 (DKKm)	Restructuring costs	Provisions for disputes and legal actions	Onerous contracts	Other	Total
Provisions at 1 January 2006	23	22	28	82	155
Additions relating to acquirees	–	46	129	44	219
Applied for the year	(212)	(15)	(78)	(74)	(379)
Provisions for the year	321	5	9	20	355
Provisions at 31 December 2006	132	58	88	72	350
Expected time frame of the provisions:					
Current provisions	40	–	33	8	81
Non-current provisions	92	58	55	64	269
Provisions at 31 December 2006	132	58	88	72	350

Provisions have not been discounted as the effect thereof is immaterial.

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

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

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

Other provisions mainly relate to demolition obligations, complaints and disputes concerning suppliers.

NOTE 22 – FINANCIAL LIABILITIES

(DKKm)	2005	2006
Loans and credit facilities	2,139	4,594
Finance leases	415	624
Other non-current liabilities	35	24
Total financial liabilities	2,589	5,242
Financial liabilities as recognised in the balance sheet:		
Non-current liabilities	1,887	4,604
Current liabilities	702	638
Financial liabilities at 31 december	2,589	5,242

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

			Effective interest rate		Carrying amount		Fair value	
	Expiry	Fixed/ variable	2005	2006	2005	2006	2005	2006
Bank loans DKK	2010-2013	Variable	2.9%	4.0-4.4%	1,378	2,356	1,378	2,358
Bank loans EUR	2013	Variable	0.0%	4.2%	–	1,394	–	1,395
Mortgage loans DKK	2007-2024	Variable/fixed	4.0%	4.4%	135	318	135	318
Overdraft facility	2007	Variable	2.7%	4.3%	626	526	626	526
Financial liabilities at 31 December					2,139	4,594	2,139	4,597
Effective interest rate, weighted average			2.9%	4.2%				

Bank loans are subject to standard trade covenants.

NOTE 22 CONTINUED – FINANCIAL LIABILITIES

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

	Lease payments		Interest		Carrying amount	
(DKKm)	2005	2006	2005	2006	2005	2006
0-1 year	85	104	(16)	(26)	69	78
1-5 years	230	389	(50)	(72)	180	317
> 5 years	219	312	(53)	(83)	166	229
Total	534	805	(119)	(181)	415	624

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

The most important finance leases relate to terminals. Such leases typically have a term of between 10 and 18 years. Finance leases concluded have either an extension option or a purchase option.

NOTE 23 – TRADE AND OTHER PAYABLES

(DKKm)	2005	2006
Trade payables	2,263	3,098
Deferred income relating to forwarding in progress	661	1,001
Other payables	933	1,658
Trade and other payables at 31 December	3,857	5,757

The fair value of trade and other payables equals the carrying amount.

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

(DKKm)	2005	2006
Collaterals:		
Cash deposited	80	-
Carrying amount of land and buildings etc. provided as collateral to mortage banks [1]	257	398
Total collaterals	337	398

1. Mortgage loans amounted to DKK 287 million at 31 December 2006.

(DKKm)	2005	2006
Other financial liabilities:		
DSV A/S has entered into IT service contracts with terms of 3-7 years and a notice period of 6 months. The minimum payments during the notice period amount to:	66	42
DSV A/S has guaranteed for subsidiaries' bank commitments and subsidiaries' liabilities to leasing companies, suppliers, public authorities etc.	1,907	2,238
Subsidiaries have guaranteed for bank commitments and liabilities to leasing companies, suppliers, public authorities etc.	828	2,088
Total other financial liabilities	2,801	4,368
Operating leases:		
Operating lease obligations relating to land and buildings (including terminals) fall due:		
0-1 year	300	486
1-5 years	717	1,282
> 5 years	820	1,097
Total	1,837	2,865
Operating lease obligations relating to operating equipment fall due:		
0-1 year	307	393
1-5 years	268	383
> 5 years	6	24
Total	581	800
The following is recognised in the income statement:		
Operating leases relating to properties	315	566
Operating leases relating to operating equipment	361	418
Total	676	984

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

The Group leases properties under operating leases. Such leases typically have a term of between 10 and 18 years with an extension option after expiry of the lease term.
The Group leases operating equipment under operating leases. Such leases typically have a term from 0 to 6 years with an extension option after expiry of the lease term. There are no purchase rights for assets held under operating leases.

Pending legal actions:
Furness Logistics (Zaandam) BV has been sued for DKK 350 million in connection with the burning of a stockpile of cocoa in 2004. The dispute is currently the subject of arbitration proceedings. DSV is of the opinion that Furness Logistics (Zaandam) BV cannot be held liable for the fire and the ensuing consequences. Under the contract concluded it was the customer's own responsibility to insure its stock against fire. The customer's supplementary views that the claim could rely on inadequate precautions and poor maintenance of the warehouse and transport material have not so far been supported by specific facts. The Company thus estimates that the risk of incurring liability is limited.
In connection with the above, it should be mentioned that a claim against the Company was also raised by the owner of the leased building and its insurance company. The claim amounted to DKK 62 million. The owner of the building and its insurance company formally abandoned the actions instituted in early 2007.

In addition, serveral minor actions are pending, but are estimated not to result in payment in excess of the provisions in the financial statements.

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

NOTE 25 – ACQUISITION AND DIVESTMENT OF ENTERPRISES AND ACTIVITIES

2005 (DKKm)	Carrying amount according to IFRS before the takeover date	Adjustment at fair value	Fair value at takeover date
Intangibles	7	102	109
Property, plant and equipment	144	6	150
Financial assets	6	-	6
Deferred tax	28	(22)	6
Receivables	635	-	635
Cash	40	-	40
Total assets	**860**	**86**	**946**
Pension provisions	41	-	41
Other provisions	12	-	12
Financial liabilities	158	-	158
Trade payables	513	-	513
Other current liabilities	182	-	182
Total liabilities	**906**	**-**	**906**
Net assets	**(46)**	**86**	**40**
Net assets in minorities acquired			8
Total net assets			**48**
Goodwill			701
Cash of enterprises acquired			(40)
Cash acquisition cost, inclusive of purchase costs			**709**
Adjustment of purchase consideration receivable			70
Cash acquisition cost, inclusive of adjustment of purchase consideration receivable			**779**
Interest-bearing debt assumed			166
Enterprise value of enterprises taken over			**945**

Names of acquirees, 2005

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

NOTE 25 CONTINUED – ACQUISITION AND DIVESTMENT OF ENTERPRISES AND ACTIVITIES

	Carrying amount according to IFRS before the takeover date		Adjustment at fair value		Fair value at takeover date		
2006 (DKKm)	Frans Maas	Others	Frans Maas	Others	Frans Maas	Others	Total
Intangibles	135	–	338	8	473	8	481
Property, plant and equipment	1,331	57	395	–	1,726	57	1,783
Financial assets	43	1	–	–	43	1	44
Deferred tax	82	3	(82)	–	–	3	3
Receivables	2,099	43	–	–	2,099	43	2,142
Cash	381	7	–	–	381	7	388
Total assets	**4,071**	**111**	**651**	**8**	**4,722**	**119**	**4,841**
Deferred tax	–	–	111	–	111	–	111
Pension provisions	197	–	–	–	197	–	197
Other provisions	173	–	46	–	219	–	219
Financial liabilities	1,899	11	–	–	1,899	11	1,910
Trade payables	975	33	–	–	975	33	1,008
Other current liabilities	801	49	–	–	801	49	850
Total liabilities	**4,045**	**93**	**157**	**–**	**4,202**	**93**	**4,295**
Net assets	**26**	**18**	**494**	**8**	**520**	**26**	**546**
Minorities	(18)	16	–	–	(18)	16	(2)
Total net assets	**8**	**34**	**494**	**8**	**502**	**42**	**544**
Goodwill					1,221	181	1,402
Cash of acquirees					(381)	(7)	(388)
Cash acquisition cost, inclusive of purchase costs					**1,342**	**216**	**1,558**
Adjustment of purchase consideration receivable					–	–	–
Cash acquisition cost, inclusive of adjustment of purchase consideration receivable					**1,342**	**216**	**1,558**
Interest-bearing debt assumed					1,899	11	1,910
Enterprise value of enterprises taken over					**3,241**	**227**	**3,468**

Names of acquirees, 2006

	Country	Division	Date of recognition	Share of acquired share capital
Koninklijke Frans Maas Groep N.V.	The Netherlands	All	1 April 2006	100%
Transitas Internationale Spediteure GmbH	Germany	Road	1 January 2006	100%
Frigoscandia	Denmark	Road	1 January 2006	Activity acquired
Arne Jensen Vognmandsforretning	Denmark	Road	1 September 2006	Activity acquired
Vognmand Bent Christensen A/S	Denmark	Road	1 December 2006	Activity acquired
DSV Air & Sea Co. Ltd.	China	Air & Sea	1 June 2006	Remaining 34% acquired
Trans Force Ltd.	Taiwan	Air & Sea	1 June 2006	Activity acquired
CDS-Frans Maas (Asia) Ltd.	Hong Kong	Air & Sea	1 July 2006	Activity acquired

Divestments of enterprises and activities, 2005 and 2006
There were no major divestments of enterprises or activities in 2005 and 2006.

Post-balance sheet acquisitions of enterprises
At the beginning of 2007, there are ongoing negotiations on the acquisition of a few small enterprises. No agreeements on acquisitions have been concluced after the balance sheet date.

Information on individual transactions
In 2005 and 2006, the Group acquired a number of enterprises and activities. Details on the acquisition of Frans Maas are shown separately above. The acquisition cost of J.H. Bachmann GmbH in 2005 was DKK 366 million. The individual acquisitions are not otherwise of a size necessitating separate disclosure.
Due to the continuous adjustments of the purchase considerations, the amounts recognised in relation to acquisitions are subject to change.

Disposal of operating units as a result of acquisitions of enterprises
In connection with the acquisition of enterprises it has been decided not to dispose of parts of existing or acquired units.

Costs of business combinations
Purchase costs are included in the cash acquisition cost and comprise fees to lawyers, accountants and other experts as well as other directly attributable costs. In 2006, the purchase costs were DKK 44 million (2005: DKK 9 million).

Identification of intangibles
In connection with the acquisition of enterprises and activities in 2005 and 2006, DSV measured identifiable intangibles in the form of customer relationships, which were recognised in the takeover balance sheet at their fair value. The value of customer relationships at the acquisition of Frans Maas was calculated at DKK 420 million.

Other adjustments at fair value
Other than the value of customer relationships, adjustments of intangibles in 2006 relates to adjustment of software at fair value.
Adjustments of property, plant and equipment in 2005 and 2006 relate to adjustments of property, and operating equipment at fair value.
Adjustments of other provisions relate to pending legal actions and claims raised against Frans Maas. The provision has been made on the basis of an individual assessment of each action. Please refer to note 24, which discusses pending actions under contingent liabilities.

NOTE 25 CONTINUED – ACQUISITION AND DIVESTMENT OF ENTERPRISES AND ACTIVITIES

Goodwill
Following recognition of identifiable assets, liabilities and contingent liabilities at their fair value, the goodwill related to the takeovers has been measured at DKK 1,402 million (2005: DKK 701 million). The difference represents the value of assets whose fair value cannot be reliably measured, the value of the staff and know-how taken over, expected synergies from combining the enterprises acquired and the existing DSV activities and the value of access to new markets.

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

Change in treatment of previous acquisitions
Ad adjustment of DKK 28 million has been made to goodwill relating to business combinations in 2005 owing to contractual settlement and other adjustments to the opening balance sheet.

Impact on income statement from acquisitions of enterprises

	2005	2006
Share of revenue and net profit for the year for the acquirees from the takeover date until 31 December		
Revenue	2,770	5,554
Operating profit before amortisation, depreciation and special items	32	141
Acquirees, measured as if they had been owned on a full-year basis		
Revenue	4,363	7,722
Operating profit before amortisation, depreciation and special items	25	175

NOTE 26 – DERIVATIVE FINANCIAL INSTRUMENTS

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

Currency risks
The following table shows the forward exchange transactions concluded by the Group to hedge the currency risk on future expected cash flows. They do not constitute hedges in accounting terms as the Group's risk exposure is low. Adjustment of forward exchange transactions at fair value is recognised directly in the income statement.

Outstanding forward exchange transactions at 31 December 2005

CURRENCY (DKKm)	Contractual value	Gain (loss) at adjustment at fair value	Maturity
EUR	312		< 1 year
NOK	51		< 1 year
USD	1		< 1 year
Total	**364**	**0.6**	**< 1 year**

Outstanding forward exchange transactions at 31 December 2006

CURRENCY (DKKm)	Contractual value	Gain (loss) at adjustment at fair value	Maturity
EUR	(471)		< 1 year
GBP	(44)		< 1 year
NOK	27		< 1 year
SEK	(74)		< 1 year
USD	57		< 1 year
Total	**(505)**	**(1.2)**	**< 1 year**

Outstanding currency option transactions

	Contractual value		Gain (loss) at adjustment at fair value		Maturity	
CURRENCY (DKKm)	2005	2006	2005	2006	2005	2006
Purchase NOK/DKK PUT		66		(0.8)		< 1 year
Total		**66**		**(0.8)**		

Exposure in major foreign currencies breaks down as follows:

	Change in exchange rate	Impact on revenue		Impact on EBIT	
CURRENCY RISK (DKKm)		2005	2006	2005	2006
GBP	+/- 5%	109	126	5	6
NOK	+/- 5%	144	158	9	8
SEK	+/- 5%	193	211	7	9
USD	+/- 5%	73	78	7	10
Total	**+/- 5%**	**519**	**573**	**28**	**33**

The currency effect on revenue and EBIT has been calculated on the basis of the effect of a 5% change in average rates for 2005 and 2006.

NOTE 26 CONTINUED – DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate risks

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

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

TYPE (DKKm)	Currency	Nominal value	Interest rate	Fair value	Of which, recognised in income statement	Of which, recognised in equity	Maturity
CAP	EUR	261	2.9%				11-06
CAP	DKK	250	3.7%				01-07
SWAP	DKK	250	2.8%				01-07
SWAP	DKK	350	2.5%				01-08
SWAP	DKK	300	2.6%				05-08
CAP	DKK	250	3.4%/3.9%				11-10
Total		1,661		4.1	-	4.1	

At 31 December 2006, the following interest rate instruments were in use for the hedging of interest rate risks:

TYPE (DKKm)	Currency	Nominal value	Interest rate	Fair value	Of which, recognised in income statement	Of which, recognised in equity	Maturity
CAP	DKK	250	3.7%				01-07
SWAP	DKK	250	2.8%				01-07
SWAP	DKK	350	2.5%				01-08
SWAP	DKK	350	3.8%				08-10
SWAP	EUR	373	3.7%				04-08
CAP	EUR	373	3.4%				04-09
SWAP	EUR	373	3.7%				04-11
SWAP	DKK	300	2.6%				05-08
SWAP	DKK	300	3.9%				01-11
CAP	DKK	250	3.4%/3.9%				11-10
Total		3,169		34.0	7.4	26.6	

Interest rate sensitivity

The Group has hedged the interest rates for 65% of its loans and credit facilities.
A 1% change in the interest rate will have an impact on the Group's annual financials of DKK 14 million.
The calculation of interest rate sensitivity includes the non-hedged part of the Group's net loans and credit facilities at 31 December 2006.

NOTE 27 – RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

DSV has no related parties with controlling interests. Related parties of DSV A/S with significant influence comprise associates as mentioned in note 14 and members of the enterprises' supervisory boards, executive boards and senior staff as well as family members of these persons. Related parties also comprise companies in which the aforementioned persons have significant interests.

The Group has had the following transactions with related parties:

(DKKm)	2005	2006
Sale of services		
Associates	10	21
Total sale of services	10	21
Purchase of services		
Associates	26	18
Consultancy fee to member of Supervisory Board	-	2
Enterprises related to Supervisory Board	1	1
Total purchase of services	27	21

Please refer to note 4 and note 5 concerning remuneration and share-based payments to Management.
Properties in an amount of DKK 35 million have been sold to a company related to a Supervisory Board member in 2006.
Transactions with related parties have been made on an arm's length basis.

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

(DKKm)	2005	2006
Receivables		
Loan to a company related to a Supervisory Board member	-	35
Associates	1	1
Receivables at 31 December	1	36
Liabilities		
Associates	2	1
Liabilities at 31 December	2	1

NOTE 28 – SEGMENT INFORMATION

2005 (DKKm)

ACTIVITIES – PRIMARY SEGMENT	Road Division	Air & Sea Division	Solutions Division	Parent	Non-allo-cated items	Total
Income statement – Highlights						
Gross revenue	16,141	6,568	913	6	-	23,628
Intercompany revenue	(455)	(152)	(6)	-	-	(613)
Revenue	15,686	6,416	907	6	-	23,015
Amortisation, depreciation and impairment of Intangibles and property, plant and equipment	193	19	15	(18)	-	209
Operating profit before special items	670	408	29	16	-	1,123
Operating profit (EBIT)	624	395	27	18	-	1,064
Profit before tax (EBT)	562	378	23	21	-	984
Share of associates' net profit after tax	-	-	-	-	-	-
Balance sheet – Highlights						
Total gross investments	807	517	29	20	-	1,373
Total investments in associates	9	2	-	-	-	11
Total assets	6,418	1,949	394	1,688	-	10,449
Total liabilities	4,493	1,079	141	1,410	3	7,126

GEOGRAPHICAL LOCATION – SECONDARY SEGMENT	Europe	North America	Rest of world	Non-allo-cated items	Total
Revenue	20,852	1,423	740	-	23,015
Total assets	9,836	361	252	-	10,449
Total gross investments	1,319	39	15	-	1,373

2006 (DKKm)

ACTIVITIES – PRIMARY SEGMENT	Road Division	Air & Sea Division	Solutions Division	Parent	Non-allo-cated items	Total
Income statement – Highlights						
Gross revenue	24,294	7,798	1,004	3	-	33,099
Intercompany revenue	(896)	(216)	(15)	-	-	(1,127)
Revenue	23,398	7,582	989	3	-	31,972
Amortisation, depreciation and impairment of intangibles and property, plant and equipment	299	26	14	(9)	-	330
Operating profit before special items	885	574	53	(8)	-	1,504
Operating profit (EBIT)	606	555	52	8	-	1,221
Profit before tax (EBT)	384	552	43	35	-	1,014
Share of associates' net profit after tax	-	-	-	-	-	-
Balance sheet – Highlights						
Total gross investments	3,854	265	22	-	-	4,141
Total investments in associates	14	1	-		-	15
Total assets	12,216	2,198	864	784	-	16,062
Total liabilities	7,038	1,194	165	3,821	-	12,218

GEOGRAPHICAL LOCATION – SECONDARY SEGMENT	Europe	North America	Rest of world	Non-allo-cated items	Total
Revenue	29,440	1,574	958	-	31,972
Total assets	15,494	285	283	-	16,062
Total gross investments	4,089	6	46	-	4,141

Frans Maas is included in the Road Division. For further details, see page 9.
Segment information on assets and liabilities cannot be reconciliated with the reviews of the divisions in Management's Review owing to elimination of interdivisional transactions.

NOTE 29 – ACCOUNTING POLICIES

The 2006 Annual Report of DSV has been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union as well as the supplementary Danish disclosure requirements for annual reports of listed companies. The accounting policies applied are consistent with those applied last year.

Amounts in the Annual Report are stated in Danish kroner.

The consolidated financial statements have been prepared under the historical cost convention, except for revaluation of available-for-sale financial assets and financial liabilities (including derivative financial instruments), which are recognised at fair value. Non-current assets held for sale are measured at the lower of carrying amount before the change in classification and fair value less selling costs.

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

New accounting regulations

In 2006, DSV applied all new and changed standards and interpretations of relevance to DSV which have entered into force with effect for accounting periods commencing on 1 January 2006 or later.

In 2006, the following standards and interpretations have been applied as from 1 January 2006:

- Amendment to IAS 21 "The Effect of Changes in Foreign Exchange Rates"
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement"

The application of these standards has not resulted in changes in accounting amounts for 2006 or previous years.

DSV has not implemented the following standards, which have been adopted, but not entered into force at 31 December 2006:

- Amendment to IAS 1 "Presentation of financial statements – Capital Disclosures"
- IFRS 7 "Financial Instruments: Disclosures"
- IFRS 8 "Operating Segments"

The implementation of these standards is expected not to result in material changes in amounts of the consolidated Annual Report, but solely in the disclosure of additional information on the financial instruments and asset management of the Group.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements include the Parent, DSV A/S, and the subsidiaries over which DSV A/S exercises control of the financial and operating policies to achieve an investment return or other advantages from their activities. Control is obtained through direct or indirect ownership, through exercise of more than 50% of the voting rights or otherwise.

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

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

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

Business combinations

Recently acquired or established enterprises are recognised in the consolidated financial statements as from the date of acquisition. Enterprises divested or wound up are recognised in the consolidated income statement until the date of disposal.

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

Comparative figures are not adjusted for enterprises recently acquired, divested or wound up.

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

As regards business combinations made on or after 1 January 2004, positive differences (goodwill) between the cost of the enterprise and the fair value of identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangibles. Goodwill is not amortised, but tested for impairment annually. The first impairment test must be carried out before the end of the year of acquisition. On acquisition, goodwill is attributed to the cash-generating units on which the impairment test is subsequently based. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity whose functional currency differs from the presentation currency of the DSV Group are treated as assets and liabilities belonging to the foreign entity and are translated into the functional currency of the foreign entity using the exchange rate ruling at the date of acquisition.

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

If, at the date of acquisition, there is uncertainty connected with measurement of the identifiable assets, liabilities and contingent liabilities acquired, the first recognition is made on the basis of a preliminary calculation of fair value. If it subsequently turns out that the identifiable assets, liabilities and contingent liabilities had another fair value at the date of acquisition than first assumed, goodwill may be adjusted for up to 12 months following the date of acquisition. The effect of the adjustments is recognised in equity at the beginning of the financial year, and comparative figures are restated. After that, goodwill is only adjusted due to changes in estimated contingent purchase consideration unless a material error has occurred. Subsequent realisation of the deferred tax assets of the acquired enterprise not recognised at the date of acquisition entails recognition of the tax advantage in the income statement and simultaneous reduction of the carrying amount of goodwill to the amount that would have been recognised had the deferred tax asset been recognised as an identifiable asset at the date of acquisition.

Gains or losses on disposal or winding up of subsidiaries and associates are stated as the difference between the selling price or winding up loss and the carrying amount of the net assets, including goodwill, at the date of disposal as well as selling or winding up costs. To the extent that goodwill from companies acquired before 1 January 2002 were written off immediately against equity, the carrying amount of goodwill is DKK 0 at the date of disposal.

Acquisition of minority interests

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

Foreign currency translation

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

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

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

NOTE 29 CONTINUED – ACCOUNTING POLICIES

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

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

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

Derivative financial instruments

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

Changes in the fair value of derivative financial instruments which are classified as and meet the criteria for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the value of the part of the asset or liability that has been hedged. Hedging of future cash flows pursuant to contract, except for hedging of foreign currency risks, is treated as a fair value hedge of a recognised asset or liability.

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

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

Income statement

Revenue

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

Direct costs

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

Other external expenses

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

Staff costs

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

Special items

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

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

Profit from investments in associates

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

Financials

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

Tax on profit for the year

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

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

Balance sheet, assets

Intangibles

Goodwill

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

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. Determination of cash-generating units follows the management structure and internal management control. Such determination is generally made at country level and broken down into Road, Air & Sea and Solutions, which coincides with legally independent companies in most cases.

Customer relationships

On initial recognition, customer relationships are recognised in the balance sheet at fair value as described under 'Business combinations'. Subsequently, customer relationships are measured at fair value less accumulated amortisation and impairment losses. Customer relationships are amortised on a straight-line basis over the expected duration of these relations, which is estimated to be not more than 10 years.

IT software

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

Cost is calculated as costs, salaries and amortisation directly or indirectly attributable to IT software.

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

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

NOTE 29 CONTINUED – ACCOUNTING POLICIES

amortisation, depreciation and impairment losses.

Other intangibles
Other intangibles are amortised on a straight-line basis over their expected useful lives of not more than 10 years.

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

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

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

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

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

Buildings and building elements	10-50 years
Technical plant and machinery	6-10 years
Other plant and operating equipment	3-8 years

Land is not depreciated

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 29 CONTINUED – ACCOUNTING POLICIES

Equity

Dividends

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

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

Treasury shares

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

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

Foreign currency translation reserve

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

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

Incentive programmes

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

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

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

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

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

Balance sheet, liabilities

Pension obligations

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

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

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

The differences between the expected development in pension assets and liabilities and the realised values are referred to as actuarial gains or losses and are recognised directly in equity. Accumulated gains and losses recognised directly in equity are disclosed in the notes.

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

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

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

Corporation tax and deferred tax

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

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

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

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

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

Provisions

Provisions are recognised when, due to an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, and it is probable that the Group will have to give up future economic benefits to meet the obligation. In this connection an estimate is made of the most probable outcome of the event. If no reliable estimate can be made, a contingent liability will be disclosed instead.

When provisions are measured, the costs necessary to settle the obligation are discounted to net present value if such discounting has a material impact on the measurement of the obligation. A pre-tax discount rate is used, which reflects the general level of interest rates in society with the addition of the actual risks which are deemed to affect the provision in question. Changes in present values during the financial year are recognised under financial expenses. Provisions are measured on the basis of Management's best estimate of the amount at which it expects to be able to settle the relevant obligation.

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

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

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

Financial liabilities

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

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

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

Deferred income

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

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents

NOTE 29 CONTINUED – ACCOUNTING POLICIES

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank deposits.

Segment information
Information is provided on business segments (the Group's primary segment reporting format) and geographical markets (the Group's secondary segment reporting format). Segments are based on the risk factors affecting the Group and the internal financial management of the Group. Segment information has been prepared in accordance with the Group's accounting policies.
Income/expenses and assets/liabilities in the segments comprise the items directly attributable to the individual segment as well as the items that may be allocated to the individual segment on a reliable basis. Non-allocated items mainly comprise assets and liabilities as well as income and expenses relating to the Group's administrative functions, investing activities, corporation tax, etc.
The non-current assets in a segment comprise the non-current assets which are used directly for the operation of the segment, including intangibles and property, plant and equipment as well as investments in associates.
The current assets in a segment comprise the current assets which are used directly for the operation of the segment, including trade receivables, other receivables, prepayments and cash and bank deposits.
Segment liabilities comprise liabilities resulting from the operation of the segment, including trade payables and other payables. Segment liabilities also comprise interest-bearing liabilities.

Definition of key figures and financial ratios
Net interest-bearing debt
Interest-bearing debt at year-end less interest-bearing assets at year-end.

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

Invested capital including goodwill and customer relationships
The sum of the net working capital with the addition of property, plant and equipment, intangibles exclusive of goodwill and customer relationships and the acquisition cost of goodwill and customer relationships less provisions, other operating non-current liabilities, writedown for impairment losses on goodwill and customer relationships and negative goodwill.

Gross margin ratio
Gross profit multiplied by 100 and divided by revenue.

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

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

EBIT margin
EBIT multiplied by 100 divided by revenue.

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

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

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

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

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

Adjusted earnings
The DSV A/S shareholders' share of the net profit for the year, adjusted for amortisation and impairment of goodwill and customer relationships, costs related to share-based payments and special items, net.

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

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

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

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

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

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

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

EXECUTIVE BOARD

Kurt K. Larsen
Group CEO
DSV A/S
Born: 17 September 1945
DSV shares held: 55,689
Member of the Executive Board since: 1991

Jens H. Lund
CFO
DSV A/S
Born: 8 November 1969
DSV shares held: 3,257
Member of the Executive Board since: 2002
Board positions: Niras A/S

SUPERVISORY BOARD

Palle Flackeberg
Chairman of the Supervisory Board
Born: 3 August 1952
DSV shares held: 46,500
Member of the Supervisory Board since: 1987
Elected until: 2007
Special competencies: General management experience. Experience from sector-specific production. Independent haulier since 1974

Erik B. Pedersen
Deputy Chairman of the Supervisory Board
Born: 13 June 1948
DSV shares held: 63,000
Member of the Supervisory Board since: 1989
Elected until: 2009
Special competencies: General management experience. Experience from sector-specific production. Independent haulier since 1976

Hans Peter Drisdal Hansen
Member of the Supervisory Board
Born: 4 November 1944
DSV shares held: 836
Member of the Supervisory Board since: 1998
Elected until: 2008
Board positions: Chairman of the Supervisory Boards of Ammongas A/S, P/S Firgas, PV Fonden and its group enterprises. Member of the Board of the Tokai University Boarding School foundation and several minor charities.
Special competencies: Attorney entitled to appear before the Supreme Court. Corporate law expert

Kaj Christiansen
Member of the Supervisory Board
Born: 20 February 1944
DSV shares held: 6,300
Member of the Supervisory Board since: 1995
Elected until: 2008
Special competencies: General management experience. Experience from sector-specific production. Independent haulier since 1978

Leif Tullberg
Member of the Supervisory Board
Born: 5 October 1945
DSV shares held: 118,379
Member of the Supervisory Board since: 1976
Elected until: 2008
Board positions: Chairman of the Supervisory Boards of DSV Miljø A/S, DSV Råstoffer A/S, Hedehusene Ejendomsselskab A/S, RGS 90 A/S. Member of the Supervisory Board of GDL AB.
Special competencies: Co-founder of DSV A/S in 1976. Managing Director of DSV A/S 1976-2005. Managing Director of DSV Miljø A/S 2000-2006. General management experience from serving on supervisory boards. Member of the LD Equity 2 investment committee

Per Skov
Member of the Supervisory Board
Born: 28 September 1941
DSV shares held: 1,440
Member of the Supervisory Board since: 2000
Elected until: 2007
Board positions: Chairman of the Supervisory Boards of Utility Development A/S, Nordlux A/S, Cobra Holding A/S. Deputy Chairman of the Supervisory Boards of Tryg i Danmark smba. Member of the Supervisory Boards of Tryg Vesta A/S, Tryg Forsikring A/S, Dagrofa A/S, Kemp & Lauritzen A/S.
Special competencies: General management experience from AP Møller, Lauritz Knudsen, FDB (CEO 1989-1998) and from serving on the supervisory boards of Danish and international companies. Financial management experience

Egon Korsbæk
Member of the Supervisory Board
Born: 25 September 1947
DSV shares held: 11,800
Member of the Supervisory Board since: 2002
Elected until: 2009
Board positions: Chairman of the Supervisory Boards of Ebh bank A/S and its subsidiaries, Egnsbank Han Herreds Fond, Erhvervsinvest Han Herred ApS, Raunstrup Gruppen A/S and its subsidiaries, RBM HOLDING A/S and its subsidiaries, INWIDO DK A/S and its subsidiaries. Member of the Supervisory Boards of Løgstør Erhvervs Invest A/S, Alm. Brand Formue A/S, A/S Han Herreds Tømmerhandel, Korsbæk/Roed Holding ApS, Samson Group A/S, Industri Invest Herning A/S.
Special competencies: Managing Director of Vest-Wood A/S (listed company) 1981-2002. International management experience

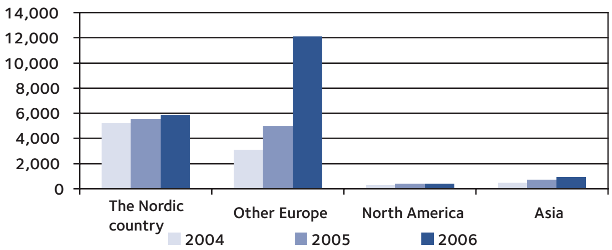
Social responsibility

DSV experienced major staff changes in 2006. The total number of staff grew by as much as 65% in connection with the acquisition of Frans Maas. The acquisition also implied restructuring of many parts of the Group. As a consequence, the figures relating to absence due to illness and staff turnover increased in 2006 compared with previous years, as expected.

The acquisition also had a major impact on the composition of staff in the DSV Group. A large part of the former Frans Maas activities are logistics activities, where the proportion of hourly workers is usually higher than among DSV's other activities. As a consequence, the proportion of hourly workers of the Group increased from 36% in 2005 to 42% in 2006. The proportion of salaried staff of the Group thus decreased from 64% in 2005 to 58% in 2006.

The figure 'DSV staff by region' shows the growth in the number of employees in DSV by regions and continents since 2004. The numbers in the figure show that the other European countries have experienced growth in recent years as a natural consequence of the acquisition strategy, which was primarily aimed at these countries.

DSV STAFF BY REGION

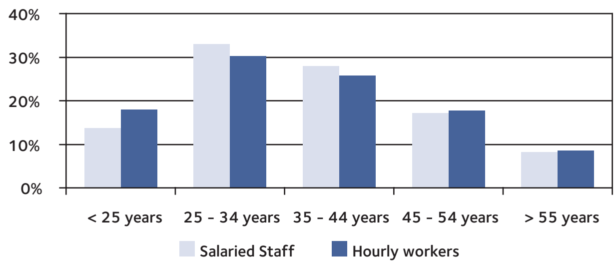


Age distribution

It can be established that the staff became even younger in 2006. The proportion of DSV staff below 45 years of age has now increased to 74% of the total staff, whereas the proportion was 69% in 2004. As was also established in 2004, salaried staff are still younger than hourly workers in general, and the employees of the Air & Sea Division are generally younger than the employees of the two other divisions.

In general, the Road Division staff have become younger, and the staff of the Air & Sea and Solutions Divisions more or less have the same age composition as in 2004.

DSV STAFF BY AGE INTERVAL



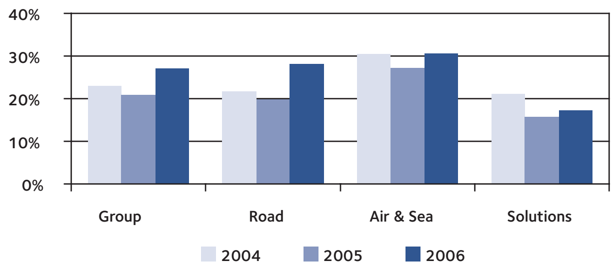
Staff turnover

Following the acquisition of Frans Maas and the subsequent restructuring of a number of companies, Management expected an increase in staff turnover in 2006 compared with previous years. This expectation proved correct, and staff turnover increased to an average of 27% for the entire DSV Group.

Staff turnover increased in all three divisions, but mostly in the Road Division and somewhat less in the Air & Sea and Solutions Divisions, which are the divisions affected the least by restructuring in connection with the Frans Maas acquisition. A trend that continues from previous years is a falling staff turnover in most of the large North European DSV companies, which have been less affected by the recent acquisition.

Total staff turnover for the Group increased mainly for salaried staff, whereas the turnover of hourly workers only saw a very small increase relative to the 2005 calculation. In the Road Division, a small decrease in the staff turnover of hourly workers can be established compared with 2005.

STAFF TURNOVER

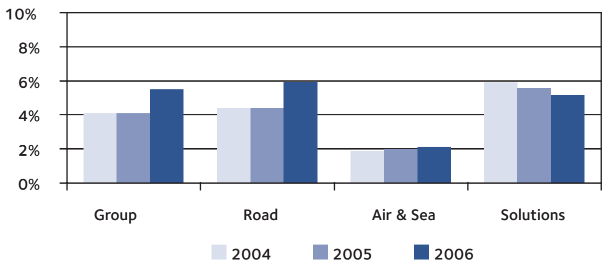


Absence due to illness

Absence due to illness among DSV employees also increased in 2006 compared with previous years. Absence due to illness mainly increased in the companies of the Group which have experienced the most comprehensive restructuring in connection with the acquisition of Frans Mass.

Similar to staff turnover among the majority of the large North European companies of the DSV Group, a downward trend can be seen in respect of absence due to illness among salaried staff and hourly workers.

ABSENCE DUE TO ILLNESS

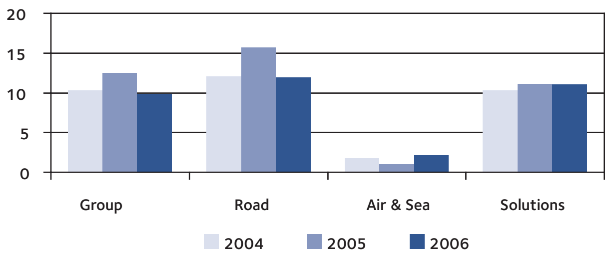


Rate of industrial accidents

The overall rate of industrial accidents per million working hours decreased for DSV in 2006. The rate of accidents decreased markedly in the Road Division, it increased slightly in the Air & Sea Division compared with 2005, and the Solutions Division maintained the level from the previous year.

The DSV Management recognises the efforts made in the Group's companies in 2006 to minimise the rate of industrial accidents and urges the individual companies to continue their efforts.

RATE OF INDUSTRIAL ACCIDENTS PER MILLION WORKING HOURS



SOCIAL INDICATORS

	2005	2006
Staff (Full-time staff)		
Group	11,619	19,199
Salaried staff	7,451	11,124
Hourly workers	4,168	8,075
Staff turnover (%)		
Group	20.8	27.1
Salaried staff	18.1	27.8
Hourly workers	25.4	26.2
Absence due to illness (%)		
Group	4.0	5.3
Salaried staff	3.5	4.3
Hourly workers	5.1	6.6
Rate of industrial accidents (per million working hours)		
Group	12.5	9.9
Salaried staff	1.7	1.9
Hourly workers	32.3	20.6

DEFINITION OF INDICATORS

Staff
2006: Average number of full-time staff of the year.
2005: Number of staff at 31 December 2005.
Note that the calculation method has been changed as from 2006. The figures are therefore not directly comparable.

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

Rate of absence
Number of days of absence due to illness relative to the number of working days during the year adjusted for national public holidays.

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

GROUP OVERVIEW

The Group overview shows active companies as at 31 December 2006 by segment applicable in 2006 and not by legal structure.

GROUP OVERVIEW					
			Division		
	Country	Ownership %	Road	Air & Sea	Solutions
Parent					
DSV A/S	Denmark	-			
Subsidiaries					
Europe					
DSV Road N.V.	Belgium	100.0	x		
DSV Solutions NV	Belgium	100.0	x		
DSV Solutions (Automotive) NV	Belgium	100.0	x		
DSV Solutions Puurs NV	Belgium	100.0	x		
Corsa Logistics O.o.d.	Bulgaria	85.0	x		
Vectra O.o.d.	Bulgaria	75.0	x		
DSV Road Holding A/S	Denmark	100.0	x		
DSV Road A/S	Denmark	100.0	x		
DSV Niels Larsen Transport A/S	Denmark	100.0	x		
DSV Air & Sea Holding A/S	Denmark	100.0		x	
DSV Air & Sea A/S	Denmark	100.0		x	
DSV Air & Sea Asia Holding A/S	Denmark	100.0		x	
DSV Solutions Holding A/S	Denmark	100.0			x
DSV Solutions A/S	Denmark	100.0			x
DSV Transport AS	Estonia	100.0	x		
DSV Road OY	Finland	100.0	x		
Kiinteistö Oy Raision Vuorelankatu 3	Finland	100.0	x		
DSV Domestic Oy	Finland	100.0	x		
Uudenmaan Pikakuljetus OY	Finland	100.0	x		
Frans Maas Road Oy	Finland	100.0	x		
Frans Maas Air & Sea Oy	Finland	100.0	x		
DSV Air & Sea Oy	Finland	100.0		x	
DSV Solutions OY	Finland	100.0			x
Kiinteistö Oy Vantaan Ansatie 4	Finland	100.0			x
DFDS Transport Group S.A.	France	100.0	x		
DSV S.A.	France	100.0	x		
Frans Maas Holding France S.A.	France	100.0	x		
Frans Maas Logistique France SNC	France	100.0	x		
Frans Maas France SNC	France	100.0	x		
DSV HELLAS S.A.	Greece	99.5	x		
Frans Maas Groep NV	The Netherlands	100.0	x		
Frans Maas International B.V.	The Netherlands	100.0	x		
Frans Maas Rusland B.V.	The Netherlands	100.0	x		
Frans Maas Nederland B.V.	The Netherlands	100.0	x		
DSV Road B.V.	The Netherlands	100.0	x		
DSV Road Transport B.V.	The Netherlands	100.0	x		
Frans Maas Special Forwarding B.V	The Netherlands	100.0	x		
DFDS Transport B.V.	The Netherlands	100.0	x		
DSV Solutions B.V.	The Netherlands	100.0	x		
DSV Solutions (Zaandam) B.V.	The Netherlands	100.0	x		
DSV Solutions (Schiphol-Rijk) B.V.	The Netherlands	100.0	x		
Frans Maas Logistics Bergen op Zoom B.V.	The Netherlands	100.0	x		
Frans Maas Logistics Maastricht B.V.	The Netherlands	100.0	x		
FL Tax Services B.V.	The Netherlands	100.0	x		
Frans Maas Logistics Venlo B.V.	The Netherlands	100.0	x		
Frans Maas Logistics Amsterdam B.V.	The Netherlands	100.0	x		
Frans Maas Logistics Horst B.V.	The Netherlands	100.0	x		

GROUP OVERVIEW					
			Division		
	Country	Ownership %	Road	Air & Sea	Solutions
DSV Solutions (Dordrecht) B.V.	The Netherlands	100.0	x		
Frans Maas Logistics Terneuzen B.V.	The Netherlands	100.0	x		
DSV Solutions (Venray) B.V.	The Netherlands	100.0	x		
Vastgoed Oostrum C.V.	The Netherlands	100.0	x		
Furness Logistics ('s Heerenberg) B.V.	The Netherlands	100.0	x		
DSV Solutions (Moerdijk) B.V.	The Netherlands	100.0	x		
DSV Air & Sea B.V.	The Netherlands	100.0		x	
DFDS Transport Belarus OOO	Belarus	50.0	x		
DSV Ireland Limited	Ireland	100.0	x		
Frans Maas Italia S.p.A.	Italy	100.0	x		
Giacomelli Spedizioni S.r.l.	Italy	100.0	x		
DSV Hrvatska d.o.o.	Croatia	100.0	x		
DSV Transport SIA	Latvia	100.0	x		
Garment Logistics UAB	Lithuania	100.0	x		
DSV Transport UAB	Lithuania	100.0	x		
DSV Road S.A.	Luxemburg	100.0	x		
DSV Road AS	Norway	100.0	x		
Tollpost-Globe AS	Norway	50.0	x		
DSV Air & Sea AS	Norway	100.0		x	
DSV Solutions AS	Norway	100.0			x
DSV Road Sp. z.o.o.	Poland	100.0	x		
Frans Maas Polska Sp.z o.o.	Poland	100.0	x		
DSV Promexim Sp.z o.o.	Poland	100.0	x		
Agencja Celna Sp.z o.o.	Poland	100.0	x		
DSV Solutions Sp.z o.o.	Poland	100.0	x		
DSV Air & Sea Sp. z o.o.	Poland	100.0		x	
Frans Maas Portugal SGPS	Portugal	100.0	x		
DSV Solutions, Lda.	Portugal	100.0	x		
DSV Transitarios, Lda.	Portugal	100.0	x		
Giacomelli Expeditii SRL	Romania	100.0	x		
Frans Maas Romania SRL	Romania	100.0	x		
Kamino Int. Transport SRL	Romania	100.0	x		
DFDS Transport (Moscow) OOO	Russia	100.0	x		
DFDS Transport (Kaliningrad) OOO	Russia	100.0	x		
RusTransService OOO	Russia	90.0	x		
Frans Maas Logistics Istra ooo	Russia	97.0	x		
Frans Maas Logistics Sheremetyevo ooo	Russia	97.0	x		
DSV Speditionslogistik AG	Switzerland	100.0	x		
e-LOG d.o.o. Beograd (Serbia)	Serbia	100.0	x		
DSV Slovakia S.R.O.	Slovakia	100.0	x		
DSV Transport d.o.o.	Slovenia	100.0	x		
FM Freight Forw. & Logistics S.L	Spain	100.0	x		
DSV Logistics & Freight Forwarding Spain, S.A.	Spain	100.0	x		
DSV Road Holding Ltd.	UK	100.0	x		
DSV Commercials Ltd.	UK	100.0	x		
DSV Road Ltd.	UK	100.0	x		
Inter Forward UK Ltd.	UK	100.0	x		
InterForward Freight Services Ltd.	UK	100.0	x		
Frans Maas Holding UK Ltd.	UK	100.0	x		
Frans Maas Logistics (UK) Ltd.	UK	100.0	x		
Frans Maas (UK) Ltd.	UK	100.0	x		
Furness Logistics (UK) Ltd.	UK	100.0	x		
DSV Air & Sea Limited	UK	100.0		x	
DFDS Transport Group AB	Sweden	100.0	x		

GROUP OVERVIEW

			Division		
	Country	Ownership %	Road	Air & Sea	Solutions
DSV Road AB	Sweden	100.0	x		
Göinge Frakt EK	Sweden	100.0	x		
NTS European Distribution AB	Sweden	100.0	x		
DSV Samson Transport AB	Sweden	100.0	x		
DSV Air & Sea AB	Sweden	100.0		x	
DSV Solutions AB	Sweden	100.0			x
DSV Road a.s.	Czech Republic	100.0	x		
DSV Air & Sea s.r.o.	Czech Republic	100.0		x	
Frans Maas Uluslararasi TIO	Turkey	97.5	x		
DSV Air & Sea A.S.	Turkey	100.0		x	
DSV Road GmbH	Germany	100.0	x		
FMG Immobilien GmbH	Germany	100.0	x		
DSV Solutions Group GmbH	Germany	100.0	x		
DSV Solutions GmbH	Germany	100.0	x		
DSV Stuttgart GmbH & Co. KG	Germany	100.0	x		
Steinle Automotive Logistics GmbH	Germany	100.0	x		
DSV Air & Sea GmbH	Germany	100.0		x	
Frans Maas Ukraine	Ukraine	100.0	x		
DSV Hungaria Kft.	Hungary	100.0	x		
DSV Air & Sea (Hungary) Kft.	Hungary	100.0		x	
DSV Österreich Spedition GmbH	Austria	100.0	x		
North America					
DSV Air & Sea Inc.	Canada	100.0		x	
DFDS International Corporation	USA	100.0		x	
DSV Air & Sea Inc.	USA	100.0		x	
Asia					
DSV Air & Sea Inc.	The Philippines	100.0		x	
DSV Air & Sea Ltd.	Hong Kong	100.0		x	
J.H. Bachmann (Hong Kong) Ltd.	Hong Kong	100.0		x	
DSV Air & Sea Pvt. Ltd.	India	72.0		x	
PT. DSV Air & Sea	Indonesia	100.0		x	
DSV Air & Sea Co., Ltd.	China	100.0		x	
DSV Air & Sea Ltd.	Korea	75.0		x	
Frans Maas (Malaysia) Sdn.Bhd.	Malaysia	87.5	x		
Clement Int. Transport Sdn.Bhd.	Malaysia	75.0	x		
DSV Air & Sea Sdn Bhd	Malaysia	100.0		x	
DSV Air & Sea Pte. Ltd.	Singapore	100.0		x	
DSV Air & Sea Co. Ltd.	Taiwan	80.0		x	
DSV Air & Sea Ltd.	Thailand	100.0		x	
J.H. Bachmann (Thailand) Ltd.	Thailand	100.0		x	
DSV Air & Sea Co., Ltd.	Vietnam	100.0		x	
Other					
Frans Maas Algerie S.a.r.l.	Algeria	100.0	x		
DSV Air & Sea Pty Ltd.	Australia	100.0		x	
Elan Transport International S.A.	Morocco	62.9	x		
Terminal Handling Company	Morocco	90.0	x		
Frans Maas Tunisie S.A.	Tunisia	49.9	x		


DSV
2006 Annual Report for
DSV A/S – Parent

DSV A/S

ROAD

Kornmarksvej 1
2605 Brøndby
Denmark
Tel. +45 43 20 30 40

AIR & SEA

Kornmarksvej 1
2605 Brøndby
Denmark
Tel. +45 43 20 30 40

SOLUTIONS

Litauen Allé 4
2630 Taastrup
Denmark
Tel. +45 72 15 27 00

2006 Annual Report for DSV A/S – Parent

The Annual Report of DSV A/S (Parent) is an integral part of the 2006 Consolidated Annual Report of DSV

2006 ANNUAL REPORT FOR DSV A/S – PARENT

FINANCIAL STATEMENTS

NOTES – FINANCIAL STATEMENTs

NOTES – INCOME STATEMENT

NOTES – BALANCE SHEET

NOTES - SUPPLEMENTARY INFORMATION

DSV A/S
Kornmarksvej 1
2605 Brøndby
Denmark
Tel. +45 43 20 30 40
CVR No. 58 23 35 28
www.dsv.com

30th financial year
Annual Report for the period ended 31 December 2006
Published on 23 March 2007

Production: Diticon/PM 1199
Translation: Dialog Translatørservice

INCOME STATEMENT

(DKKm)	Note	2005	2006
Revenue	2	11	3
Direct costs		-	-
Gross profit		11	3
Other external expenses	3, 4	9	12
Staff costs	4, 5	4	2
Operating profit before amortisation, depreciation and special items		(2)	(11)
Amortisation, depreciation and impairment of intangibles and property, plant and equipment	6	(21)	(12)
Operating profit before special items		19	1
Special items, net	7	4	14
Operating profit (EBIT)		23	15
Financial income	8	663	775
Financial expenses	9	27	133
Profit before tax		659	657
Tax on profit for the year	10	14	7
Net profit for the year		645	650
Proposed distribution of net profit			
Proposed dividend, DKK 2.50 per share (2005: DKK 2.50 per share)		54	50
Retained earnings		591	600
Total distribution		645	650

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(DKKm)	2005	2006
Value adjustment of hedging instruments for the year	4	26
Value adjustment of hedging instruments, transferred to the income statement	4	(4)
Share-based payments	2	-
Other adjustments	5	(3)
Tax on changes in equity	(3)	(6)
Net income recognised directly in equity	12	13
Net profit for the year	645	650
Total statement of recognised income and expense	657	663

The Company has no minority interests recorded.

BALANCE SHEET, ASSETS			
(DKKm)	Note	2005	2006
Non-current assets			
Property, plant and equipment			
Land and buildings	11	37	-
Total property, plant and equipment		37	-
Other non-current assets			
Investments in Group enterprises	12	3,168	2,808
Other securities and other receivables	13	3	32
Deferred tax assets	14	1	1
Total other non-current assets		3,172	2,841
Total non-current assets		3,209	2,841
Current assets			
Trade and other receivables	15	1,298	4,746
Corporation tax receivable		8	35
Cash		81	-
Total current assets		1,387	4,781
Total assets		4,596	7,622

BALANCE SHEET, EQUITY AND LIABILITIES			
(DKKm)	Note	2005	2006
Equity			
Share capital		42	40
Hedging reserve		2	18
Retained earnings		3,088	3,671
Proposed dividends		54	50
Total equity	16	3,186	3,779
Liabilities			
Non-current liabilities			
Provisions	17	2	-
Financial liabilities	18	1,360	3,747
Total non-current liabilitie		1,362	3,747
Current liabilities			
Financial liabilities	18	1	-
Trade and other payables	19	47	96
Total current liabilities		48	96
Total liabilities		1,410	3,843
Total equity and liabilities		4,596	7,622

CASH FLOW STATEMENT

(DKKm)	Note	2005	2006
Profit before tax		659	657
Adjustment, non-cash operating items etc.			
Amortisation, depreciation and impairment		(21)	(12)
Share-based payments		2	-
Provisions		(3)	(16)
Financial income		(663)	(775)
Financial expenses		27	133
Cash flow from operating activities before change in working capital		1	(13)
Change in working capital		(1,406)	(3,383)
Financial income, paid		663	1,228
Financial expenses, paid		(27)	(120)
Operating cash flow from primary activities		(769)	(2,288)
Corporation tax, paid		(2)	(22)
Cash flow from operating activities		(771)	(2,310)
Acquisition of property, plant and equipment		(20)	-
Sale of property, plant and equipment		98	14
Acquisition of subsidiaries and activities		-	(100)
Divestment of subsidiaries and activities		4	-
Change in other financial assets		-	(1)
Cash flow from investing activities		82	(87)
Free cash flow		(689)	(2,397)
Proceeds from the incurrence of loans and credits		1,350	2,794
Repayments on loans and credits		(7)	(408)
Shareholders:			
Dividends distributed		(158)	(50)
Capital increase		395	2
Fee relating to warrants issued		(66)	-
Share buy-back		(754)	(22)
Cash flow from financing activities		760	2,316
Net cash flow		71	(81)
Cash at 1 January		10	81
Cash at 31 December		81	-

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

NOTE 1 – SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

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

Investments in subsidiaries
Management assesses annually whether there is an indication of impairment of investments in subsidiaries. If so, the investments will be tested for impairment in the same way as Group goodwill. In the assessment of Management, there is no such indication at 31 December 2006, and therefore investments in subsidiaries have not been tested for impairment.

NOTE 2 – REVENUE

(DKKm)	2005	2006
Sale of services	11	3
Total revenue	**11**	**3**

NOTE 3 – FEE TO AUDITORS ELECTED BY THE GENERAL MEETING

(DKKm)	2005	2006
KPMG, audit	0.4	0.6
KPMG, other services	–	0.3
KPMG total	**0.4**	**0.9**
Others, audit	0.3	–
Others, other services	0.5	0.3
Others total	**0.8**	**0.3**
Total fee	**1.2**	**1.2**

Fee to auditors elected by the General Meeting are recognised in the income statement under 'Other external expenses'.

NOTE 4 – STAFF COSTS

(DKKm)	2005	2006
Remuneration of the Supervisory Board	2	2
Share-based payments	2	–
Total staff costs	**4**	**2**
Number of employees	–	–
Remuneration of the Supervisory Board of the Parent (DKK '000)		
Palle Flackeberg	525	525
Erik B. Pedersen	175	175
Leif Tullberg	175	175
Kaj Christiansen	175	175
Hans Peter Drisdal Hansen	175	175
Egon Korsbæk	175	175
Per Skov	175	175
Total remuneration of the Supervisory Board of the Parent	**1,575**	**1,575**

The Company's Executive Board is not remunerated by the Company. Please refer to consolidated notes 4 and 5 for details on remuneration of Group Management.
Costs relating to the Executive Board of the Company are recognised as a management fee in the income statement under 'Other external expenses' and amount to DKK 3 million.

NOTE 5 – INCENTIVE PROGRAMMES

DSV A/S has granted share options to the Executive Board of the Company. Please refer to note 5 of the Consolidated Annual Report.

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

(DKKm)	2005	2006
Amortisation and depreciation		
Buildings	4	1
Net proceeds from the sale of assets	(25)	(13)
Total amortisation and depreciation of intangibles and property, plant and equipment	(21)	(12)

No impairment losses have been recognised in 2005 and 2006 for intangibles or property, plant and equipment.

NOTE 7 – SPECIAL ITEMS

(DKKm)	2005	2006
Profit on divestment of activities and enterprises including adjustments relating to previous years	3	14
Other special items	1	–
Total special items, net	4	14

NOTE 8 – FINANCIAL INCOME

(DKKm)	2005	2005
Interest income	6	13
Interest income from Group enterprises	25	145
Foreign currency translation adjustments, net	–	3
Dividends from subsidiaries	632	614
Total financial income	663	775

NOTE 9 – FINANCIAL EXPENSES

(DKKm)	2005	2005
Interest expenses	26	133
Interest expenses to Group enterprises	1	–
Total financial expenses	27	133

NOTE 10 – TAX

(DKKm)	2005	2005
The tax for the year is calculated as follows:		
Tax on profit for the year	14	7
Tax on changes in equity	3	6
Total tax for the year	17	13
The tax on profit for the year is calculated as follows:		
Current tax	4	7
Deferred tax	1	–
Adjustment of tax relating to previous years	9	–
Total tax on profit for the year	14	7
The tax on profit for the year breaks down as follows:		
Assessed 28% tax on profit for the year before tax	185	184
Tax effect of:		
Non-deductible expenses/non-taxable income	(4)	–
Non-taxable dividends	(177)	(173)
Non-deductible losses/non-taxable gains on shares	1	(4)
Adjustment of tax relating to previous years	9	–
Tax on profit for the year	14	7
Effective tax rate	2.1%	1.1%

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

2005 (DKKm)	Land and buildings
Cost at 1 January 2005	140
Additions for the year	20
Disposals at cost	(99)
Total cost at 31 December 2005	61
Total depreciation and impairment at 1 January 2005	48
Depreciation and impairment for the year	4
Depreciation of assets disposed of	(28)
Total depreciation and impairment at 31 December 2005	24
Carrying amount at 31 December 2005	37

Public land assessment values for 2005 of Danish properties owned amounted to DKK 60 million. The carrying amount of the Danish properties owned was DKK 37 million.

2006 (DKKm)	Land and Buildings
Cost at 1 January 2006	61
Additions for the year	–
Disposals at cost	(61)
Total cost at 31 December 2006	–
Total depreciation and impairment at 1 January 2006	24
Depreciation and impairment for the year	1
Depreciation of assets disposed of	(25)
Total depreciation and impairment at 31 December 2006	–
Carrying amount at 31 December 2006	–

NOTE 12 – INVESTMENTS IN GROUP ENTERPRISES

(DKKm)	2005	2006
Cost at 1 January	3,178	3,177
Additions for the year	–	100
Disposals for the year	(1)	–
Dividends distributed	–	(460)
Cost at 31 December	3,177	2,817
Impairment at 1 January	9	9
Impairment for the year	–	–
Impairment at 31 December	9	9
Carrying amount at 31 December	3,168	2,808

Dividends distributed relate to the proportion of dividends that exceed the accumulated earnings after the date of acquisition.
Disposals for 2005 relate to the sale of 90% of the shares in Brudehus A/S. Additions for 2006 relate to the capital increase in DSV Solutions Holding A/S.

	Ownership share 2005	Ownership share 2006	Registered office	Company's share capital
DSV Road Holding A/S	100%	100%	Brøndby	100
DSV Air & Sea Holding A/S	100%	100%	Brøndby	50
DSV Solutions Holding A/S	100%	100%	Taastrup	100
Bjarne Madsen Transport A/S (in liquidation)	100%	–	Holbæk	1

Bjarne Madsen Transport A/S (in liquidation) was liquidated in 2006.

NOTE 13 – OTHER SECURITIES AND RECEIVABLES

(DKKm)	2005	2006
Other securities	3	4
Other receivables	–	28
Other securities and receivables	3	32

Investments in other securities mainly relate to unlisted shares and other equity investments recognised at cost as reliable measurement of their fair value is impossible.
Other receivables mainly relate to loans granted. The term of the loans is five years, and they will be fully repaid in 2011. The carrying amount of the loans is deemed to equal fair value.

NOTE 14 – DEFERRED TAX

(DKKm)	2005	2006
Deferred tax at 1 January	(5)	(1)
Deferred tax for the year	1	–
Adjustment concerning previous years	3	–
Deferred tax at 31 December	(1)	(1)
Deferred tax assets		
Property, plant and equipment	(2)	–
Current assets	2	–
Provisions	1	1
Deferred tax assets	1	1

NOTE 15 – TRADE AND OTHER RECEIVABLES

(DKKm)	2005	2006
Trade receivables	1	–
Receivables from Group enterprises	1,289	4,705
Other receivables etc.	8	41
Trade and other receivables at 31 December	1,298	4,746

The carrying amount of receivables is estimated to equal their fair value.

NOTE 16 – EQUITY

Share capital

At year-end 2006, the share capital amounted to DKK 40,300,000 (equalling 20,150,000 shares of DKK 2) as against DKK 41,792,286 (equalling 20,896,143 shares of DKK 2) at year-end 2005.

(DKKm)	2002	2003	2004	2005	2006
Developments in the share capital over the past five years					
Beginning of year	41.5	41.5	41.5	42.2	41.8
Capital increase	–	–	0.7	3.2	–
Capital reduction	–	–	–	(3.6)	(1.5)
Year-end	41.5	41.5	42.2	41.8	40.3

Statement of changes in equity – 2005

(DKKm)	Share capital	Hedging reserve	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2005	42	(4)	2,853	158	3,049
Recognised income and expense for the year	–	6	597	54	657
Dividends distributed	–	–	–	(158)	(158)
Purchase and sale of treasury shares, net [1]	–	–	(757)	–	(757)
Cancellation of shares	(3)	–	3	–	–
Capital increase including share premium	3	–	392	–	395
Dividends treasury shares	–	–	–	–	–
Total changes in equity in 2005	–	6	235	(104)	137
Equity at 31 December 2005	42	2	3,088	54	3,186

NOTE 16 CONTINUED. – EQUITY

Statement of changes in equity – 2006

(DKKm)	Share capital	Hedging reserve	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2006	42	2	3,088	54	3,186
Recognised income and expense for the year	-	16	597	50	663
Dividends distributed	-	-	-	(54)	(54)
Purchase and sale of treasury shares, net [1]	-	-	(22)	-	(22)
Capital reduction	(2)	-	(461)	-	(463)
Cancellation of shares	-	-	463	-	463
Capital increase including share premium	-	-	2	-	2
Dividends treasury shares	-	-	4	-	4
Total changes in equity in 2006	(2)	16	583	(4)	593
Equity at 31 December 2006	40	18	3,671	50	3,779

Treasury shares

	Shares of DKK 2		% of share capital	
	2005	2006	2005	2006
Beginning of year	1,438,395	972,804	6.8	4.7
Purchases	1,362,992	74,376	6.5	0.3
Sales [1]	(28,583)	(266,866)	(0.1)	(1.3)
Capital reduction	(1,800,000)	(754,162)	(8.5)	(3.6)
Treasury shares, year-end	972,804	26,152	4.7	0.1

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

By authority of the General Meeting, DSV A/S may buy a maximum of 2,015,000 treasury shares, equalling 10% of the share capital, until 28 October 2007.
Treasury shares are bought back to cover the Company's incentive programmes and for other purposes. The market value of treasury shares at 31 December 2006 was DKK 27 million (2005: DKK 749 million).

Dividends
Distribution of dividends to the shareholders of DSV A/S has no tax consequences for DSV A/S.
Distribution is not subject to any particular restrictions.

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

NOTE 17 – PROVISIONS

(DKKm)	Total
Provisons at 1 January 2005	2
Applied for the year	-
Provisions at 31 December 2005	2
Expected time frame of the provisions:	
Current provisions	-
Non-current provisions	2
Provisions at 31 December 2005	2
Provisions at 1 January 2006	2
Applied for the year	(2)
Provisions for the year	-
Provisions at 31 December 2006	-

NOTE 18 – FINANCIAL LIABILITIES

(DKKm)	2005	2006
Loans and credit facilities	1,357	3,747
Finance leases	2	–
Other non-current liabilities	2	–
Total financial liabilities	**1,361**	**3,747**
Financial liabilities as recognised in the balance sheet:		
Non-current liabilities	1,360	3,747
Current liabilities	1	–
Financial liabilities at 31 December	**1,361**	**3,747**

Loans and credit facilities of the Parent at 31 December

			Effective interest rate		Carrying amount		Fair value	
	Expiry	Fixed/ variable	2005	2006	2005	2006	2005	2006
Bank loans	2010-2013	Variable	2.5%	4.2%	1,350	3,741	1,350	3,744
Mortgage loans DKK	2024	Fixed	5.1%	5.1%	7	6	7	6
Financial liabilities at 31 December					**1,357**	**3,747**	**1,357**	**3,750**
Effective interest rate, weighted average			**2.8%**	**4.2%**				

Bank loans are subject to standard trade covenants.

Obligations under finance leases

	Lease payment		Interest		Carrying amount	
(DKKm)	2005	2006	2005	2006	2005	2006
0-1 year	1	–	–	–	1	–
1-5 years	1	–	–	–	1	–
> 5 years	–	–	–	–	–	–
Total	**2**	**–**	**–**	**–**	**2**	**–**

NOTE 19 – TRADE AND OTHER PAYABLES

(DKKm)	2005	2006
Payables to Group enterprises	11	32
Other payables	36	64
Trade and other payables at 31 December	**47**	**96**

The carrying amount of trade and other payables equals the fair value.

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

(DKKm)	2005	2006
Collaterals:		
Cash deposited	80	–
Carrying amount of land and buildings etc. provided as collateral to mortgage banks	7	–
Total collaterals	87	–
Other financial liabilities:		
The Parent has entered into IT service contracts with a term of 3-7 years and a notice period of 6 months. The minimum payments during the notice period amount to:	66	42
The Parent has guaranteed for subsidiaries' bank commitments and subsidiaries' liabilities to leasing companies, suppliers, public authorities etc.	1,907	2,238
The Parent has provided bank guarantees for liabilities to third parties	12	12
Total other financial liabilities	1,985	2,292

Joint and several liability
DSV A/S and the other Danish Group enterprises registered jointly for VAT purposes are jointly and severally liable for the VAT liabilities.
DSV A/S is jointly taxed with other Danish Group enterprises and is jointly and severally liable for tax on the Group's jointly taxed income up to and including the fiscal year 2004. As from 2005, DSV A/S has become the management company of the jointly taxed companies and is solely liable for payments received on account from subsidiaries.

NOTE 21 – DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

Type (DKKm)	Currency	Nominal value	Interest rate	Fair value	Of which, recognised in income statement	Of which, recognised in equity	Maturity
CAP	EUR	261	2.9%				11-06
CAP	DKK	250	3.7%				01-07
SWAP	DKK	250	2.8%				01-07
SWAP	DKK	350	2.5%				01-08
SWAP	DKK	300	2.6%				05-08
CAP	DKK	250	3.4%/3.9%				11-10
Total		1,661		4.1	–	4.1	

At 31 December 2006, the following interest rate instruments were in use for the hedging of interest rate risks:

Type (DKKm)	Currency	Nominal value	Interest rate	Fair value	Of which, recognised in income statement	Of which, recognised in equity	Maturity
CAP	DKK	250	3.7%				01-07
SWAP	DKK	250	2.8%				01-07
SWAP	DKK	350	2.5%				01-08
SWAP	DKK	350	3.8%				08-10
SWAP	EUR	373	3.7%				04-10
CAP	EUR	373	3.4%				04-09
SWAP	EUR	373	3.7%				04-11
SWAP	DKK	300	2.6%				05-08
SWAP	DKK	300	3.9%				01-11
CAP	DKK	250	3.4%/3.9%				11-10
Total		3,169		34.0	7.4	26.6	

Please refer to note 26 of the consolidated financial statements for details on the interest sensitivity of the Group.

NOTE 22 – RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

DSV has no related parties with controlling interests. Related parties of DSV A/S with significant influence comprise members of the enterprises' supervisory boards, executive boards and senior staff as well as family members of these persons. Related parties also comprise companies in which the aforementioned persons have significant interests.
Remuneration paid to the Supervisory Board and the Executive Board appear from note 4.

The Parent had the following transactions with related parties:

(DKKm)	2005	2006
Sale of services		
Group enterprises	5	–
Total sale of services	5	–
Purchase of services		
Group enterprises	3	4
Total purchase of services	3	4

The management fee invoiced by Group enterprises includes the salary for the Executive Board.
Properties in an amount of DKK 35 million have been sold to a company related to a Supervisory Board member in 2006.

Financials, net		
Group enterprises	24	144
Total financials, net	24	144

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

(DKKm)	2005	2006
Receivables		
Loan to a company related to a Supervisory Board member	–	35
Group enterprises	1,289	4,705
Receivables at 31 December	1,289	4,740
Liabilities		
Group enterprises	–	1
Liabilities at 31 December	–	1

NOTE 23 – ACCOUNTING POLICIES

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

Dividends from investments in subsidiaries and associates
Dividends from investments in subsidiaries and associates are recognised as income in the Parent's income statement under financial income in the financial year in which dividends are declared. If the dividends distributed exceed the accumulated earnings after the date of acquisition, dividends are, however, not recognised as income in the income statement, but as an adjustment of the cost of the investment.

Investments in subsidiaries and associates in the Parent's financial statements
Investments in subsidiaries and associates are measured at cost. If the cost exceeds the recoverable amount, the investment is written down to this lower value.
The cost is adjusted if dividends distributed exceed accumulated earnings after the date of acquisition.



DSV A/S

ROAD

Kornmarksvej 1
2605 Brøndby
Denmark
Tel. +45 43 20 30 40

AIR & SEA

Kornmarksvej 1
2605 Brøndby
Denmark
Tel. +45 43 20 30 40

SOLUTIONS

Litauen Allé 4
2630 Taastrup
Denmark
Tel. +45 72 15 27 00