



DB Cargo
Scandinavia A/S
Spotorno Allé 12, DK-2630 Høje-Taastrup

Annual Report
2016

CVR-nr. 26 09 24 85

The Annual Report is presented and adopted at the general meeting the
31 / 03 2017

Chairman

Thomas Rasmussen

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Management Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DB Cargo Scandinavia A/S for the financial year 1 January – 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

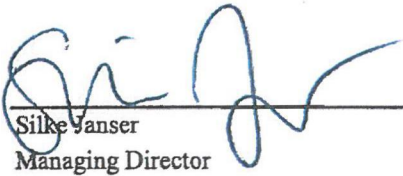
In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations and cash flows for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.


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

Taastrup, 31/3 2017

Executive Board




Silke Jansen
Managing Director

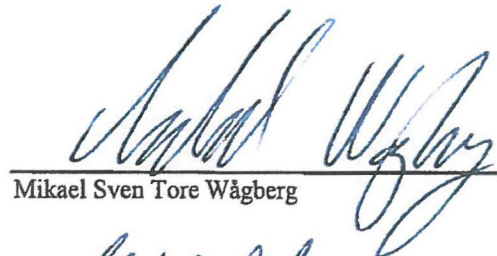


Oliver Gesche
Chief Financial Officer

Board of Directors



Per Henrik Backman
Chairman



Mikael Sven Tore Wågberg



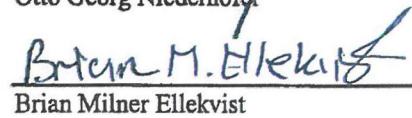
Sylke Elisabeth Hussmann



Otto Georg Niederhofer



Tom Allan Green



Brian Milner Ellekvist



Jørn Jessen

Independent Auditor's Report

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DB Cargo Scandinavia A/S for the financial year 1 January - 31 December 2016, which comprise a summary of significant accounting policies, income statement, balance sheet and notes ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen. 31 March 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31


Jesper Wiinholt

State Authorised Public Accountant

Company Information

The company	DB Cargo Scandinavia A/S Spotorno Allé 12 DK-2630 Taastrup	
	Telephone:	+45 8030 0900
	Fax:	+45 3354 1853
	Homepage:	www.dk.dbcargo.com
	CVR-nr. :	26 09 24 85
	Financial year:	1. januar - 31. december
	Registered Office:	Høje Taastrup
Board of Directors	Per Henrik Backman Mikael Sven Tore Wågberg Sylke Elisabeth Hussmann Otto Georg Niederhofer Jørn Jessen Brian Milner Ellekvist Tom Allan Green	Chairman Employee representation Employee representation Employee representation
Executive Board	Silke Janser Oliver Gesche	Chief Executive Officer Chief Financial Officer
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup	

Financial Highlights

DKK 1.000	2016	2015	2014	2013	2012
Net turnover	498.830	441.257	436.963	491.603	505.909
Operating profit/loss	-83.316	-98.653	-65.233	-23.222	-31.081
Profit/(loss) before financial items	1.909	-515	13.208	52.084	36.344
Profit/(loss) of financial items	-12.083	-14.691	-15.200	-16.756	-20.207
Profit/(loss) for the year after tax	-7.419	-13.133	-1.729	32.114	12.153
Balance sheet total	683.062	711.516	782.460	815.536	819.477
Shareholders' equity	315.718	323.137	336.270	343.214	311.100
Investments	27.396	19.332	0	717	13.857
Average number of Full Time Employees (FTE)	234	224	203	206	229
Quantities:					
Million tons	6,85	6,22	5,95	6,06	6,03
Million ton km	2.151	3.064	3.163	3.368	3.361
Net profit ratio (Results before finance / turnover)	0,4%	-0,1%	3,0%	10,6%	7,2%
Return on net assets (Results bef.finance/total assets)	0,3%	-0,1%	1,7%	6,4%	4,4%
Solvency ratio (Shareholders' equity / total assets)	46,2%	45,4%	43,0%	42,1%	38,0%
Return on equity (Results after tax / EQ)	-2,3%	-4,0%	-0,5%	9,8%	4,0%

See definitions of key figures in accounting policies

Principal activities

DB Cargo Scandinavia A/S operates as of 01.01.2009 as a pure production company to ensure an efficient rail freight corridor between the European continent and the Nordic Region. Besides DB Cargo Scandinavia A/S operates domestic freight trains in Denmark.

In 2016 the transit traffic accounts for 73,6 % of the revenue, import/export accounts for 10,7% of the revenue and the rest is related to a domestic traffic revenue.

DB Cargo Scandinavia A/S is 51% owned by DB Danmark Holding ApS and 49% by Green Cargo AB, Sweden.

DB Danmark Holding ApS is owned by Deutsche Bahn AG (100%). Green Cargo AB is 100% owned by the Swedish State.

The company operates using its own engines and rented terminals and buildings.

Rolling stock

DB Cargo Scandinavia A/S owns 13 EG engines and 17 BR185 engines, which are equipped to run on various power systems, i.e. they can be used for cross-border transports. These engines are particularly suitable for pulling very heavy freight trains.

DB Cargo Scandinavia A/S' engines :

Main line engines

13 EG, electrical, dual-system

17 BR185, electrical, dual-system

6 MZ, diesel

Shunting engines

11 MK, diesel

5 small diesel units

Development over the year

Organization and management

In spring 2016 the company changed its name from DB Schenker Rail Scandinavia A/S to DB Cargo Scandinavia A/S in line with the overall business unit modification within the DB group.

Until June 2016 the management board consists of Gottfried Eymer (CEO) and Oliver Gesche (CFO). End of June 2016 Gottfried Eymer resigned as CEO and therefore Oliver Gesche was assigned with a dual role as CFO and CEO until Dr. Silke Janser joined the Board of Management as new CEO from October 2016 onwards. Since October 2016 the management board consists of Dr. Silke Janser (CEO) and Oliver Gesche (CFO).

Financial results

The result after tax amounts to DKK -7,4 million. Result before tax is DKK -10,2 million. In 2016, taxes amounted to a net income of DKK 2,8 million as deferred tax.

Operations in 2016 have once again been affected by major track works, however this year in East Fynen. The negative implications for the company's operations have, however been less negative than expected and compared to prior years since the construction works have been stopped due to the immaturity of the project plan developed by the Danish infrastructure provider. Hence, the turnover increased considerably compared to 2015 mainly because of less disturbance from infrastructure works on the transit corridor and additional traffics. However, the overall traffic volume is generally affected by increasing market volatility in line with the overall economic situation in Europe.

Environmental impact

The most substantial environmental impact relates to energy for train operation. In 2016 DB Cargo Scandinavia A/S transported more than 6.8 million tons of goods.

DB Cargo Scandinavia A/S is proud of the company's contributions to the green transition. To achieve the same transport production using road transport the environment would have been polluted with approximately 6 times higher than by Rail, in Carbon Dioxide alone. The energy consumption would have been more than 4 times as high.

Staff

In the course of 2016 the number of staff has been increased from 229 by the end of 2015 to 244 end of 2016. At year-end 101 out of the 244 employees were civil servants seconde from DSB. The average number of Full Time Employees was 234 in 2016.

Also in 2016 DB Cargo Scandinavia A/S has reacted to the demographical development within the company and anticipated an appropriate setup in operations, to fulfill in due time the future production needs. Moreover, DB Cargo Scandinavia A/S has in close collaboration with a public school continued an educational program for shunters which has originally been implemented in 2015. By that the company welcomed in October 2016 once again 10 new apprentices.

Future prospects of DB Cargo Scandinavia A/S

DB Cargo Scandinavia A/S is constantly focusing on higher productivity and competitiveness to ensure profitable growth.

With regard to the political environment we have once again recognized the political willingness to promote rail freight activities. For example the Danish rail infrastructure manager, Banedanmark, has agreed to alter its track maintenance strategy to lower the risk of delays that severely harm the rail freight operators. Furthermore Banedanmark has agreed to improve lead times when it is needed to convert road transportation to rail transportation – e.g. from Hirtshals to Padborg. Finally the Ministry of Transportation has ordered a rail freight study (4,5 mill. DKK allocated) to be included in a rail freight strategy development. However, the company is still waiting to see concrete measures being implemented. Besides, DB Cargo Scandinavia A/S is still recognizing a general lack of ambition concerning the priority of rail freight within the Danish rail infrastructure manager, Banedanmark. Passenger transportation is still prioritized compared to rail freight. Overall, there are indications of a positive development within the framework terms. Apart from that DB Cargo still recognizes an unequal business environment in Denmark compared to road transportation since the earlier planned introduction of road pricing in 2015 has been cancelled. The terminal rent level for Taulov and Høje Taastrup is not adjusted and the preferred treatment of the Padborg Terminal still consists.

The planned roll out of ETCS-on-board equipment is still marked by great uncertainty. In order to ensure and to further promote rail freight Banedanmark and the Danish Authorities need to set-out a stable base line for ETCS-implementation with longer retention of the Danish ATC and ideally aligned with Sweden. Moreover, the Danish authorities need to establish optimal funding schemes. By that ETCS-on-board equipment needs to be considered as part of the infrastructure and moreover, the Danish authorities need to implement an appropriate and non-discriminatory way of refinancing investments into ETCS, e.g. a "Bridge-Toll-Model".

It is therefore still important to sharpen the awareness in politics and the media that rail freight can actually strengthen the transport competition in Denmark and should rather be seen as a growth instrument. In that regard the terminals play an essential role in the competition for usage of the infrastructure. Hence, a coherent strategy for prioritization of the public investments in the national rail infrastructure and the international connections including terminals and the associated hinterland should be formulated.

Review 2016

With regard to the company's punctuality it is still crucial to sharpen the infrastructure managers awareness which influence they may cause on DB Cargo Scandinavia A/S punctuality with their prioritization decisions on the net and the consequences which may result out of this on the end customers seamless just in time production chains. Constructive dialogs with the infrastructure providers proved to be fruitful in the past and will be continued on the whole stretch in that regard.

Special risks

Special risks for the company are mainly lengthy interruptions of main line traffic, due to major engineering works.

DB Cargo Scandinavia A/S hires civil servants from DSB. This loan arrangement restricts the company's possibilities to vary its capacity in line with the level of activity. If DB Cargo Scandinavia A/S returns more than 45 civil servants per year, the company has to pay a considerable sum in compensation to DSB.

This arrangement means that DB Cargo Scandinavia A/S does not have equal negotiation rights over such important matters as hiring and releasing this class of employees. Moreover, it has the effect of limiting the company's ability to develop in line with the powerful dynamic that characterizes the transport industry.

DB Cargo Scandinavia A/S is primarily financed by intra-group loans. If DB Cargo Group's ownership share of DB Cargo Scandinavia A/S falls below 50.1%, the loan agreements provided might be terminated.

Since 01.01.2009, DB Cargo Scandinavia A/S operates as a pure production company for Green Cargo AB, DB Cargo AG and DB Cargo Danmark Services A/S. DB Cargo Scandinavia A/S will service only these three customers for transportation services.

As of 01.01.2009, all customer contracts have been transferred to DB Cargo AG, Green Cargo AB and DB Cargo Danmark Services A/S.

The present and planned level of activities for the company, do not impose any risk in particular and the liquidity situation is adequately secured.

Events after balance sheet date

There have been no significant events since the balance sheet date.

Corporate Social Responsibility

Deutsche Bahn AG in Germany has incorporated policies for corporate citizenship, by which standards they comply are incorporated. For further information please refer to their homepage at www.deutschebahn.com/en/sustainability/corporate_social_responsibility

Accounting Policies

Basis of accounting

The Annual Report has been prepared in accordance with the Danish Financial Statements Act (class C).

The accounting policies are unchanged from previous years.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Accounting Policies

Profit and loss account

Recognition of income

Traffic revenues are recognised as income at the time of transport. Discounts in connection with the sale are deducted from net revenues.

As a general rule, revenue from transports carried out by more than one railway company is recognized with the share belonging to DB Cargo Scandinavia A/S.

The revenue recognition for other goods and services is the time of delivery.

Production costs

Production costs comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and

In general, environmental subsidies are recognised as income in the period to which they relate.

Gain and loss from individual major sale of assets is placed in "Other operating income".

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

The Company is jointly taxed with the Danish group companies. Foreign group companies are not included in the joint taxation.

Arriva Danmark A/S acts as the administrative company. The total Danish tax from the Danish Companies taxable income is allocated and paid by Arriva Danmark A/S.

The tax effect of the joint taxation with the Danish group companies is allocated in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Accounting Policies

Balance sheet

Tangible fixed assets

Transport equipment, machinery, tools and equipment are valued at cost price minus accumulated depreciation.

Cost includes the purchase price and expenses directly related to the purchase as well as expenses for the set-up of the asset.

Depreciations are linear over the expected useful lives of the assets and down to scrap value, which is between 0% and 5% of the original price. Purchases during the financial year are depreciated proportionally from the date of the initial operation.

Provided that a tangible fixed asset comprises several independent components with varying useful lives, each component is depreciated separately.

The expected useful lives are as follows:

Transport equipment:

Engines	20-25 years
	20 years

Machinery, tools and equipment:

Lifting equipment	10 years
Tools and equipment	3-15 years
Leasehold improvements	3-5 years

Payment on account for tangible fixed assets which have not yet been delivered is recognised in the balance sheet under the item "Payment on account for tangible fixed assets".

Expenses paid for replacement or renovation of major individual components are included under assets as well as expenses paid for regular maintenance works are recognised separately.

Expenses are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the original standard of performance of the existing assets, will flow to the enterprise.

All other expenditures are recognised as an expense in the period in which it is incurred.

If the net book value of tangible fixed assets exceeds the recovery value, the asset is written down to the higher of net sales price and capital value.

Investments in subsidiaries and associates

Enterprises in which the company holds between 20% and 50% of the voting rights and exercises significant but not controlling influence are considered associates.

Investments in associates are valued at cost, as it reflects the value for DB Cargo Scandinavia A/S.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning salary, rent, insurance premiums and subscriptions.

Accounting Policies

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax

Deferred tax assets and liabilities are offset within the same legal tax entity.

Corporate tax

Current tax payable and receivable is recognised in the balance sheet at the computed tax on the taxable income for the year adjusted for taxes paid on account.

Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities and deferred tax assets are calculated based on all temporary differences between booked values and tax values of assets and liabilities.

Deferred tax is recognised in the balance sheet according to the tax rules and at the tax rate applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax assets and liabilities.

Financial debts

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Other debts

Are measured at amortised cost, substantially corresponding to nominal value.

Accounting Policies

Cash flow statement

The cash flow statement of the company has been presented under the indirect method on the basis of the income for the year.

The cash flow statement shows the company's cash flows for the year classified as operating, investing and financing activities as well as the impact of these inflows on cash and cash equivalents for the year.

Cash flows from operating activities are stated as the income for the year adjusted for non-cash transactions such as depreciation and write-downs, reserves as well as changes in working capital, interest paid and received and paid taxes.

Cash flows from investing activities comprise cash flows from acquisitions and sales of intangible, tangible and financial fixed assets.

Cash flows from financing activities include cash flow from raising and repayment of long-term debt as well as dividends to shareholders.

Cash and cash equivalents comprise cash at hand, cash in bank and inter company cash deposits.

Definition of financial key figures

Net profit ratio: $\frac{\text{Profit/(loss) before financial items}}{\text{Net turnover}}$

Return on net assets: $\frac{\text{Profit/(loss) before financial items}}{\text{Total assets}}$

Solvency ratio: $\frac{\text{Shareholders' equity 31 December}}{\text{Total assets}}$

Return on equity: $\frac{\text{Profit/(loss) for the year after tax}}{\text{Average equity}}$

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2016</u>	<u>2015</u>
		DKK	DKK
Net turnover	1	498.829.915	441.256.847
Production costs		<u>-502.409.186</u>	<u>-462.385.897</u>
Gross Profit/loss		-3.579.271	-21.129.050
Distribution/selling expenses		-920.510	-859.556
Administrative expenses		<u>-78.815.777</u>	<u>-76.664.454</u>
Operating profit/loss		-83.315.558	-98.653.060
Other operating income	2	<u>85.225.058</u>	<u>98.138.073</u>
Profit/(loss) before financial income/expenses		1.909.500	-514.987
Financial income	4	1.826.893	837.810
Financial expenses	5	<u>-13.909.904</u>	<u>-15.528.964</u>
Profit/(loss) before tax		-10.173.511	-15.206.141
Tax on profit/(loss) for the year	6	<u>2.754.309</u>	<u>2.073.275</u>
Profit/(loss) for the year		<u>-7.419.202</u>	<u>-13.132.866</u>
Staff expenses	3		
Distribution of profit			
Dividend		0	0
Retained profit or loss		<u>-7.419.202</u>	<u>-13.132.866</u>
		<u>-7.419.202</u>	<u>-13.132.866</u>

Profit/(loss) is proposed to be distributed to the equity and covered by the retained profit/loss account.
This proposal has been recognised in the balance sheet.

Balance Sheet 31 December - Assets

	Notes	2016	2015
		DKK	DKK
Deposits		743.768	630.747
Financial fixed assets	7	743.768	630.747
Technical fittings and machinery		454.657.388	482.111.232
Leasehold improvements		1.255.220	1.095.519
Fixtures and equipment		2.039.861	1.536.808
Tangible fixed assets	8	457.952.469	484.743.559
Fixed assets		458.696.237	485.374.306
Noncurrent assets		458.696.237	226.141.404
Trade debtors		11.332.182	7.722.591
Amounts owed by affiliated companies		172.750.646	122.077.268
Other debtors		16.723.379	18.701.228
Prepayments and accrued income	9	4.610.324	7.987.815
Debtors		205.416.531	156.488.902
Cash at bank and in hand		18.948.775	69.652.502
Current assets		224.365.306	226.141.404
Total assets		683.061.543	711.515.710

Balance Sheet 31 december - Liabilities & Share holders' Equity

	Notes	2016	2015
		DKK	DKK
Share capital		42.050.000	42.050.000
Share premium fund		162.877.116	162.877.116
Retained profit/(loss)		110.790.683	118.209.885
Shareholders' equity	10	315.717.799	323.137.001
Provision for deferred tax	11	25.019.950	27.239.414
Other provisions	12	16.330.884	15.704.250
Provisions		41.350.834	42.943.664
Amounts owed to affiliated companies	13	211.486.613	231.459.143
Long-term liabilities		211.486.613	231.459.143
Trade creditors		65.922.986	59.394.611
Amounts owed to affiliated companies	13	20.930.582	28.598.881
Payables to associated companies		101.988	166.325
Other payables		27.550.742	25.816.085
Current liabilities		114.506.298	113.975.902
Liabilities		325.992.911	345.435.045
Total liabilities and shareholders' equity		683.061.543	711.515.710
Other notes	14-18		

Statement of changes in Equity

	<u>Share capital</u> DKK	<u>Share premium fund</u> DKK	<u>Proposed dividend</u> DKK	<u>Retained profit/(loss)</u> DKK	<u>Total</u> DKK
Shareholders' equity 1 January	42.050.000	162.877.116	0	118.209.885	323.137.001
Distributed dividend	0	0	0	0	0
Profit/(loss) for the year	0	0	0	-7.419.202	-7.419.202
Shareholders' equity 31 December	42.050.000	162.877.116	0	110.790.683	315.717.799

Cash Flow Statement

	Notes	2016 DKK	2015 DKK
Profit/(loss) for the year before interest		1.909.500	-514.987
Adjustments	17	54.957.861	43.613.956
Change in working capital	18	10.635.412	-29.277.990
Cash flows from operating activities before financial items		67.502.772	13.820.979
Interest received, etc.	4	1.826.893	837.810
Interest paid	5	-13.909.904	-15.528.964
Cash flows from operating activities		55.419.761	-870.175
Change in financial fixed assets		-113.021	57.595
Purchase of tangible fixed assets		-28.198.771	-19.407.125
Sale of tangible fixed assets		32.000	4.113.210
Cash flows from investing activities		-28.279.792	-15.236.320
Change in intercompany balances		-77.843.696	-116.565.339
Distributed dividend		0	0
Cash flows from financing activities		-77.843.696	-116.565.339
Change in cash and cash equivalents		-50.703.727	-132.671.834
Cash and cash equivalents 1 January		69.652.502	202.324.336
Cash and cash equivalents per 31 December		18.948.775	69.652.502

Notes to the Annual Report

1 Segment information

There is no natural segmentation of the activities for the company.

The entire turnover of the company is generated by transporting freight by rail in Germany, Denmark and Sweden primarily on the Maschen-Denmark-Malmø corridor with connection south/north of this corridor .

Thus it is not possible to show any segment information (distributed geographically or otherwise) on results before financial items, fixed assets and liabilities. A specification of traffic revenue is shown below:

	2016	2015
	DKK	DKK
Transit	367.199.242	304.912.865
Imports/exports	53.557.321	74.596.189
Domestic	78.073.352	61.747.793
	498.829.915	441.256.847
2 Other operating income		
Gain on sale of assets	6.216	2.023.220
Recharged costs to sister company	48.705.289	49.771.610
Other Income	36.513.553	46.343.243
	85.225.058	98.138.073
3 Staff expenses		
Wages and salaries	126.212.293	113.819.950
Pensions	16.266.012	15.575.546
Other social security expenses (incl.wage compensations)	4.058.263	5.068.312
	146.536.568	134.463.808
Including total remuneration to the Executive Board and the Board of Directors	4.202.322	5.171.819
Staff expenses are included as follows:		
Production costs	93.178.889	86.259.729
Administrative expenses	53.357.679	48.204.079
	146.536.568	134.463.808
Average number of Full Time Employees	234	224
4 Financial income		
Exchange rate adjustments	1.681.450	735.116
Interest income from affiliated undertakings	132.789	91.803
Other financial income	12.654	10.891
	1.826.893	837.810
5 Financial expenses		
Exchange rate adjustments	1.372.149	1.716.822
Interest expenses to affiliated undertakings	12.148.495	13.496.475
Other financial expenses	389.260	315.667
	13.909.904	15.528.964

Notes to the Annual Report

6 Tax on profit/(loss) for the year	2016	2015
	DKK	DKK
Current tax for the year	0	0
Deferred tax for the year	2.754.309	2.073.275
Adjustment prior year	0	0
Total tax for the year	2.754.309	2.073.275

which breaks down as follows

Tax on profit/(loss) for the year	2.754.309	2.073.275
	2.754.309	2.073.275

7 Financial fixed assets

	Deposits 2016	Deposits 2015
	DKK	DKK
Acquisition cost 1 January	630.747	688.342
Additions for the year	247.755	0
Disposals for the year	-134.734	-57.595
Acquisition cost 31 December	743.768	630.747
Net book value 31 December	743.768	630.747

Other investments are specified as follows:

Name	Share capital	Equity	Domicile	Votes and ownership	Votes and ownership
Interfrigo, annual report 2008	MEUR 18,3	MEUR 15,7	Basel, Schweiz	1,1%	0
IFC Intercontainer Interfrigo - is under liquidation since 26 November 2010				Total	0

8 Tangible fixed assets

	Technical fittings and machinery	Leasehold improvements	Fixtures and equipment
	DKK	DKK	DKK
Acquisition cost 1 January	923.171.594	7.077.129	21.960.995
Additions for the year	27.030.571	365.250	802.950
Disposals for the year	-1.705.072	0	-8.799.841
Acquisition cost 31 December	948.497.093	7.442.379	13.964.104
Depreciation 1 January	-441.060.362	-5.981.610	-20.424.187
Depreciation for the year	-47.484.415	-205.549	-274.113
Impairment for the year	-7.000.000	0	0
Reversal of depreciation of disposals for the year	1.705.072	0	8.774.057
Depreciation 31 December	-493.839.705	-6.187.159	-11.924.243
Net book value 31 December	454.657.388	1.255.220	2.039.861

Depreciations and writedown are included in the following lines

	2016	2015
	DKK	DKK
Production costs	54.964.077	45.637.176
	54.964.077	45.637.176

Notes to the Annual Report

9 Prepayments

Prepayments primarily consist of prepaid expenses for rent, insurance premiums and subscriptions.

10 Shareholders' equity

The share capital consists of 420,500 shares of a nominal value of DKK 100. No shares carry any special rights. There has been no changes in the share capital during the last five years.

	2016	2015
	DKK	DKK
11 Deferred tax		
Technical fittings and machinery	42.789.584	44.675.853
Leasehold improvements	105.442	213.919
Fixtures and equipment	-89.514	-306.298
Trade debtors	-23.353	-332.822
Other provisions	-3.681.938	-3.454.935
Tax losses	-14.080.271	-13.556.303
	<u>25.019.950</u>	<u>27.239.414</u>

Deferred tax is provided with 22%, corresponding to the estimated average utilization tax rate.

12 Other provisions

Other provisions consist of provisions for damages caused on locomotives, wagons and fixtures of others, for which the size of the liability and the time of payment is uncertain.

Provision for damages 1 January	15.704.250	15.617.448
Applied for the year	-8.629.622	-12.805.310
Provision for the year	9.256.256	12.892.112
Provision for damages 31 December	<u>16.330.884</u>	<u>15.704.250</u>

Time of payment is expected to be:

Within a year	10.129.077	11.281.048
From one to five years	6.201.807	4.423.202
	<u>16.330.884</u>	<u>15.704.250</u>

13 Amounts owed to affiliated companies

After 5 years	0	0
Between 1 and 5 years	211.486.613	231.459.143
Long-term part	211.486.613	231.459.143
within 1 year	20.930.582	28.598.881
	<u>232.417.195</u>	<u>260.058.024</u>

14 Contractual liabilities and other contractual obligations

Contractual obligations

The company has entered		
Payments due after 5 years	0	0
Payments due between 1 and 5 years	12.225.312	24.437.250
Long-term part	12.225.312	24.437.250
Payments due within 1 year	16.874.605	6.257.857
	<u>29.099.917</u>	<u>30.695.107</u>

Contractual liabilities

The Danish enterprises of the Group are jointly and severally liable for withholding tax. No such tax has been withheld.

Notes to the Annual Report

15 Related parties and ownership

DB Danmark Holding ApS, Helseholmen 31-39,
DK-2650 Hvidovre, Denmark

The Deutsche Bahn AG, Germany

Green Cargo AB, Svetsarägen 10,
171 11 Solna, Sweden

Basis

Principal shareholder

Group company

Shareholder

Transactions

DB Cargo Scandinavia A/S is a part of the Deutsche Bahn AG Group. During the year there have been intercompany transactions with related companies in the Deutsche Bahn AG Group. The transactions have been effected at arm's length principle.

Ownership

The following shareholders are recorded in the company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

DB Danmark Holding ApS, Helseholmen 31-39, DK-2650 Hvidovre, Denmark

Green Cargo AB, Svetsarvägen 10, 171 11 Solna, Sweden

16 Group matters

The company's ultimate parent company, which prepares consolidated financial statements in which the company is included as a subsidiary, is Deutsche Bahn AG, Berlin, Germany.

The consolidated financial statements for the foreign parent can be obtained at the following address:

Deutsche Bahn AG, Potsdamer Platz 2, 10785 Berlin, Germany.

17 Adjustments (cash flow statement)

	2016	2015
	DKK	DKK
Amortisation and depreciation of tangible fixed assets for the year including profit and loss on sale of fixed assets	54.957.861	43.613.956
	54.957.861	43.613.956

18 Change in working capital (cash flow statement)

Change in debtors	-1.631.742	-3.856.189
Change in accruals and provisions	3.377.491	-805.091
Change in other provisions	626.632	86.800
Change in current liabilities	8.263.032	-24.703.510
	10.635.412	-29.277.990