



DB Cargo Scandinavia A/S

Spotorno Allé 12, DK-2630 Høje-Taastrup

Annual Report 2017

CVR-nr. 26 09 24 85

The Annual Report is presented and adopted at the general meeting the
08 / 03 2018

Chairman

A handwritten signature in blue ink, which appears to read 'Frank Rossmann', is written over a horizontal line.

Table of contents

Management Statement	3
Independent Auditor's Report	4 - 5
Company Information	6
Financial Highligts	7
Review	8 - 10
Accounting Policies	11 - 15
Income Statement	16
Balance Sheet	17 - 18
Statement of changes in Equity	19
Cash Flow Statement	20
Notes to the Annual Report	21 - 24

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 2017.

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

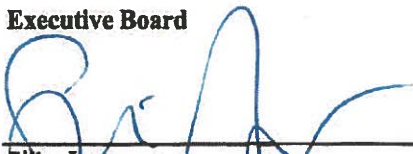
In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations and cash flows for 2017.

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, 8/3 2018

Executive Board




Silke Janser
Chief Executive Officer



Oliver Gesche
Chief Financial Officer

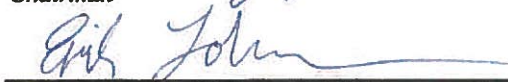
Board of Directors



Mikael Sven Tore Wågberg
Chairman



Sylke Elisabeth Hassmann




Erik Viktor Johansson



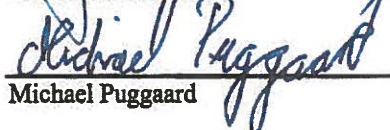
Otto Georg Niederhofer



Tom Allan Green



Jørn Jessen



Michael Puggaard

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 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 2017, 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, 8 March 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Jesper Wiinholt

State Authorised Public Accountant

mne13914



Martin Birch

State Authorised Public Accountant

mne42825

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	Mikael Sven Tore Wågberg Sylke Elisabeth Hussmann Erik Viktor Johansson Otto Georg Niederhofer Michael Puggaard Jørn Jessen 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	2017	2016	2015	2014	2013
Net turnover	502.080	498.830	441.257	436.963	491.603
Operating profit/loss	-67.924	-83.316	-98.653	-65.233	-23.222
Profit/(loss) before financial items	24.906	1.909	-515	13.208	52.084
Profit/(loss) of financial items	-11.590	-12.083	-14.691	-15.200	-16.756
Profit/(loss) for the year after tax	9.824	-7.419	-13.133	-1.729	32.114
Balance sheet total	643.359	683.062	711.516	782.460	815.536
Shareholders' equity	325.542	315.718	323.137	336.270	343.214
Investments	3.789	27.396	19.332	0	717
Average number of Full Time Employees (FTE)	234	234	224	203	206
Quantities:					
Million tons	7,07	6,85	6,22	5,95	6,06
Million ton km	2.215	2.151	3.064	3.163	3.368
Net profit ratio (Results before finance / turnover)	5,0%	0,4%	-0,1%	3,0%	10,6%
Return on net assets (Results bef.finance/total assets)	3,9%	0,3%	-0,1%	1,7%	6,4%
Solvency ratio (Shareholders' equity / total assets)	50,6%	46,2%	45,4%	43,0%	42,1%
Return on equity (Results after tax / EQ)	3,1%	-2,3%	-4,0%	-0,5%	9,8%

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 2017 the transit traffic accounts for 71,3 % of the revenue, import/export accounts for 10,2 % 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 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

The management board consists of Dr. Silke Janser (CEO) and Oliver Gesche (CFO).

Financial results

The result after tax amounts to DKK 9,8 million. Result before tax is DKK 13,3 million. In 2017, taxes amounted to a cost of DKK 3,5 million.

Operations in 2017 have been affected by minor track works. Therefore implications for the company have been less negative than compared to prior years. Turnover increased slightly compared to 2016, however the overall traffic volume remains generally affected by higher market volatility.

Environmental impact

The most substantial environmental impact relates to energy for train operation. In 2017 DB Cargo Scandinavia A/S transported more than 7.0 million tons of goods.

Once again DB Cargo Scandinavia A/S contributed considerably to a better climate by facilitating more environmental friendly transportation solutions. To achieve the same freight transport on road the Carbon Dioxide emissions would have been approximately 6 times higher compared to rail freight transportation. The energy consumption would have been more than 4 times as high.

Staff

In the course of 2017 the number of staff has decreased from 244 by the end of 2016 to 238 by the end of 2017. At year-end 90 out of the 238 employees were civil servants seconded from DSB. The average number of Full Time Employees was 234 in 2017.

Also in 2017 DB Cargo Scandinavia A/S has reacted to the demographical development within the company and hired new apprentices for the operations, in order to secure the future production needs. In so far, DB Cargo Scandinavia A/S has in close collaboration with a public school continued an educational program for shunters which was first implemented in 2015.

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 experienced unequal treatment of modes of transportation. Firstly it has been decided to reduce the bridge fees in Denmark for road transportation and passenger trains but not for the freight train operators. Secondly the Danish rail infrastructure manager, Banedanmark, initially intended to increase the track access fees by 8 %. Subsequently Banedanmark has withdrawn from the increase so that rail freight operators in Denmark only had the burden of a normal price increase for the use of infrastructure. Still the unequal treatment for the use of bridges remained in place. DB Cargo Scandinavia A/S is unfortunately still experiencing a general lack of ambition concerning the priority of rail freight. Apart from that DB Cargo still experiences an unequal business environment in Denmark compared to road transportation. Also the terminal rent level for Taulov and Høje Taastrup has not been reduced and the preferred treatment of the Padborg terminal remained once again in place.

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 baseline for ETCS-implementation with longer retention of the Danish ATC and ideally aligned with Sweden. Even though the Danish authorities have meanwhile established funding schemes, DB Cargo still believes 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. Even though a national rail freight strategy has been developed it has unfortunately not yet been published by the Danish infrastructure manager Banedanmark.

Review 2017

With regard to the company's punctuality it is still crucial to sharpen the infrastructure manager's awareness of the influence they may have on DB Cargo Scandinavia A/S's punctuality with their prioritization decisions on the net. In addition, the infrastructure manager has been made aware of the consequences this has for the end customers' smooth 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 infrastructure works.

DB Cargo Scandinavia A/S hires civil servants from DSB. This hire 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

In the course of January 2018 Green Cargo declared it's termination of the Joint Venture. As a consequence of that 49 % of the shares currently held by Green Cargo AB will be purchased back by Deutsche Bahn Group. The closing is expected to take place in early spring 2018. Thereafter, DB Cargo Scandinavia A/S will again be 100 % owned by Deutsche Bahn Group.

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 Schenker Rail 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>2017</u>	<u>2016</u>
		DKK	DKK
Net turnover	1	502.080.444	498.829.915
Production costs		<u>-485.607.113</u>	<u>-502.409.186</u>
Gross Profit/loss		16.473.331	-3.579.271
Distribution/selling expenses		-1.159.456	-920.510
Administrative expenses		<u>-83.237.676</u>	<u>-78.815.777</u>
Operating profit/loss		-67.923.801	-83.315.558
Other operating income	2	<u>92.830.002</u>	<u>85.225.058</u>
Profit/(loss) before financial income/expenses		24.906.201	1.909.500
Financial income	4	699.760	1.826.893
Financial expenses	5	<u>-12.289.572</u>	<u>-13.909.904</u>
Profit/(loss) before tax		13.316.389	-10.173.511
Tax on profit/(loss) for the year	6	<u>-3.492.176</u>	<u>2.754.309</u>
Profit/(loss) for the year		<u>9.824.213</u>	<u>-7.419.202</u>
Staff expenses	3		
Distribution of profit	7		

Balance Sheet 31 December - Assets

	Notes	2017	2016
		DKK	DKK
Deposits		698.415	743.768
Financial fixed assets	8	698.415	743.768
Technical fittings and machinery		416.297.027	454.657.388
Leasehold improvements		1.968.395	1.255.220
Fixtures and equipment		3.721.879	2.039.861
Tangible fixed assets	9	421.987.301	457.952.469
Fixed assets		422.685.716	458.696.237
Noncurrent assets		422.685.716	458.696.237
Trade debtors		9.674.717	11.332.182
Amounts owed by affiliated companies		110.343.206	172.750.646
Other debtors		21.487.955	16.723.379
Prepayments and accrued income	10	3.263.989	4.610.324
Debtors		144.769.867	205.416.531
Cash at bank and in hand		75.903.002	18.948.775
Current assets		220.672.869	224.365.306
Total assets		643.358.585	683.061.543

Balance Sheet 31 december - Liabilities & Share holders' Equity

	Notes	2017	2016
		DKK	DKK
Share capital		42.050.000	42.050.000
Share premium fund		162.877.116	162.877.116
Retained profit/(loss)		120.614.896	110.790.683
Shareholders' equity	11	325.542.012	315.717.799
Provision for deferred tax	12	26.452.736	25.019.950
Other provisions	13	17.290.473	16.330.884
Provisions		43.743.209	41.350.834
Amounts owed to affiliated companies	14	12.843.750	211.486.613
Long-term liabilities		12.843.750	211.486.613
Trade creditors		37.574.334	66.024.974
Amounts owed to affiliated companies	14	191.109.180	20.930.582
Joint taxation contribution		1.524.546	0
Other payables		31.021.554	27.550.742
Current liabilities		261.229.614	114.506.298
Liabilities		274.073.364	325.992.911
Total liabilities and shareholders' equity		643.358.585	683.061.543
Other notes	15-19		

Statement of changes in Equity

	<u>Share capital</u>	<u>Share premium fund</u>	<u>Proposed dividend</u>	<u>Retained profit/(loss)</u>	<u>Total</u>
	DKK	DKK	DKK	DKK	DKK
Shareholders' equity 1 January	42.050.000	162.877.116	0	110.790.683	315.717.799
Distributed dividend	0	0	0	0	0
Profit/(loss) for the year	0	0	0	9.824.213	9.824.213
Shareholders' equity 31 December	42.050.000	162.877.116	0	120.614.896	325.542.012

Cash Flow Statement

	Notes	2017 DKK	2016 DKK
Profit/(loss) for the year before interest		24.906.201	1.909.500
Adjustments	18	42.592.946	54.957.861
Change in working capital	19	-25.781.018	10.635.412
Cash flows from operating activities before financial items		41.718.129	67.502.772
Interest received, etc.	4	699.760	1.826.893
Interest paid	5	-12.289.572	-13.909.904
Cash flows from ordinary operating activities		30.128.317	55.419.761
Company Tax/Group joint taxation		-534.845	0
Cash flows from operating activities		29.593.472	55.419.761
Change in financial fixed assets		45.353	-113.021
Purchase of tangible fixed assets		-6.627.777	-28.198.771
Sale of tangible fixed assets		0	32.000
Cash flows from investing activities		-6.582.424	-28.279.792
Change in intercompany balances		33.943.180	-77.843.696
Distributed dividend		0	0
Cash flows from financing activities		33.943.180	-77.843.696
Change in cash and cash equivalents		56.954.227	-50.703.727
Cash and cash equivalents 1 January		18.948.775	69.652.502
Cash and cash equivalents per 31 December		75.903.002	18.948.775

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:

	2017	2016
	DKK	DKK
Transit	356.830.559	367.199.242
Imports/exports	51.176.679	53.557.321
Domestic	94.073.206	78.073.352
	502.080.444	498.829.915
2 Other operating income		
Gain on sale of assets	0	6.216
Recharged costs to sister company	56.869.112	48.705.289
Other Income	35.960.890	36.513.553
	92.830.002	85.225.058
3 Staff expenses		
Wages and salaries	127.271.153	126.212.293
Pensions	18.043.826	16.266.012
Other social security expenses (incl.wage compensations)	4.183.217	4.058.263
	149.498.196	146.536.568
Including total remuneration to the Executive Board and the Board of Directors	4.466.445	4.202.322
Staff expenses are included as follows:		
Production costs	93.978.516	93.178.889
Administrative expenses	55.519.680	53.357.679
	149.498.196	146.536.568
Average number of Full Time Employees	234	234
4 Financial income		
Exchange rate adjustments	556.057	1.681.450
Interest income from affiliated undertakings	143.703	132.789
Other financial income	0	12.654
	699.760	1.826.893
5 Financial expenses		
Exchange rate adjustments	902.336	1.372.149
Interest expenses to affiliated undertakings	10.756.533	12.148.495
Other financial expenses	630.703	389.260
	12.289.572	13.909.904

Notes to the Annual Report

6 Tax on profit/(loss) for the year	<u>2017</u>	<u>2016</u>	
	DKK	DKK	
Current tax for the year	-1.524.546	0	
Deferred tax for the year	-1.432.785	2.754.309	
Adjustment prior year	-534.845	0	
Total tax for the year	<u>-3.492.176</u>	<u>2.754.309</u>	
which breaks down as follows			
Tax on profit/(loss) for the year	<u>-3.492.176</u>	<u>2.754.309</u>	
	<u>-3.492.176</u>	<u>2.754.309</u>	
 7 Distribution of profit			
	<u>2017</u>	<u>2016</u>	
	DKK	DKK	
Dividend	0	0	
Retained profit or loss	9.824.213	-7.419.202	
	<u>9.824.213</u>	<u>-7.419.202</u>	
 8 Financial fixed assets			
	<u>Deposits</u>	<u>Deposits</u>	
	2017	2016	
	DKK	DKK	
Acquisition cost 1 January	743.768	630.747	
Additions for the year	44.647	247.755	
Disposals for the year	-90.000	-134.734	
Acquisition cost 31 December	<u>698.415</u>	<u>743.768</u>	
 Net book value 31 December	<u>698.415</u>	<u>743.768</u>	
 9 Tangible fixed assets			
	<u>Technical fittings and machinery</u>	<u>Leasehold improvements</u>	<u>Fixtures and equipment</u>
	DKK	DKK	DKK
Acquisition cost 1 January	948.497.093	7.442.379	13.964.104
Additions for the year	2.882.362	906.254	2.839.160
Disposals for the year	-48.216.294	-4.728.190	-10.934.848
Acquisition cost 31 December	<u>903.163.161</u>	<u>3.620.443</u>	<u>5.868.416</u>
 Depreciation 1 January	-493.839.705	-6.187.159	-11.924.243
Depreciation for the year	-48.242.724	-193.080	-1.157.143
Reversal of Impairment for the year	7.000.000	0	0
Reversal of depreciation of disposals for the year	48.216.294	4.728.190	10.934.848
Depreciation 31 December	<u>-486.866.135</u>	<u>-1.652.049</u>	<u>-2.146.538</u>
 Net book value 31 December	<u>416.297.027</u>	<u>1.968.395</u>	<u>3.721.879</u>
 Depreciations and writedown are included in the following lines			
	<u>2017</u>	<u>2016</u>	
	DKK	DKK	
Production costs	42.592.946	54.964.077	
	<u>42.592.946</u>	<u>54.964.077</u>	

Notes to the Annual Report

10 Prepayments

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

11 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.

	2017	2016
	DKK	DKK
12 Deferred tax		
Technical fittings and machinery	42.167.640	42.789.584
Leasehold improvements	315.178	105.442
Fixtures and equipment	-3.497	-89.514
Trade debtors	-2.581	-23.353
Other provisions	-5.087.988	-3.681.938
Tax losses	-10.936.016	-14.080.271
	<u>26.452.736</u>	<u>25.019.950</u>

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

13 Other provisions

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

Provision for damages and other accruals 1 January	16.330.884	15.704.250
Applied for the year	-3.922.590	-8.629.622
Provision for the year	4.882.179	9.256.256
Provision for damages and other accruals 31 December	<u>17.290.473</u>	<u>16.330.884</u>

Time of payment is expected to be:

Within a year	10.656.774	10.129.077
From one to five years	6.633.699	6.201.807
	<u>17.290.473</u>	<u>16.330.884</u>

14 Amounts owed to affiliated companies

After 5 years	0	0
Between 1 and 5 years	12.843.750	211.486.613
Long-term part	12.843.750	211.486.613
within 1 year	191.109.180	20.930.582
	<u>203.952.930</u>	<u>232.417.195</u>

Notes to the Annual Report

15 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	10.114.386	12.225.312
Long-term part	10.114.386	12.225.312
Payments due within 1 year	15.368.704	16.874.605
	25.483.091	29.099.917

Contractual liabilities

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

16 Related parties and ownership

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

Basis

Principal shareholder

The Deutsche Bahn AG, Germany

Group company

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

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

17 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.

18 Adjustments (cash flow statement)

	2017	2016
	DKK	DKK
Amortisation and depreciation of tangible fixed assets for the year including profit and loss on sale of fixed assets	49.592.946	54.957.861
	49.592.946	54.957.861

19 Change in working capital (cash flow statement)

Change in debtors	-3.107.111	-1.631.742
Change in accruals and provisions	1.346.335	3.377.491
Change in other provisions	959.587	626.632
Change in current liabilities	-24.979.828	8.263.032
	-25.781.018	10.635.412