



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

Annual Report
2018

CVR-nr. 26 09 24 85

The Annual Report is presented and adopted at the general meeting the

13 / 3 2019

Chairman

Frans Mørk

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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 2018.

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 2018 of the Company and of the results of the Company operations and cash flows for 2018.

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, 22/2 2019

Executive Board

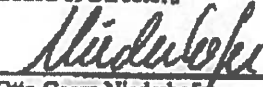


Silke Jensen
Chief Executive Officer



Oliver Gøtsche
Chief Financial Officer


Board of Directors




Otto Georg Niederhoffs
Chairman



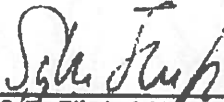
Frank Erschkat




Tom Allan Green




Michael Puggaard



Sijke Elisabeth Hagemann



Christian Rudolf Rösler



John 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 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 2018, 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, 22 February 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31


Jesper Winholt
State Authorised Public Accountant
mne13914

Company Information

The company	DB Cargo Scandinavia A/S Spotorno Allé 12 DK-2630 Taastrup	
	Telephone:	+45 8830 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	Otto Georg Niederhofer Sylke Elisabeth Hussmann Frank Erschkat Christian Rudolf Rösler Jørn Jessen Tom Allan Green Michael Puggaard	Chairman 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	2018	2017	2016	2015	2014
Net turnover	514.097	502.080	498.830	441.257	436.963
Operating profit/loss	-76.495	-67.924	-83.316	-98.653	-65.233
Profit/(loss) before financial items	10.415	24.906	1.909	-515	13.208
Profit/(loss) of financial items	-6.347	-11.590	-12.083	-14.691	-15.200
Profit/(loss) for the year after tax	3.141	9.824	-7.419	-13.133	-1.729
Balance sheet total	516.104	643.359	683.062	711.516	782.460
Shareholders' equity	279.782	325.542	315.718	323.137	336.270
Investments	1.666	3.789	27.396	19.332	0
Average number of Full Time Employees (FTE)	248	234	234	224	203
Quantities:					
Million tons	6,97	7,07	6,85	6,22	5,95
Million ton km	2.176	2.215	2.151	3.064	3.163
Net profit ratio (Results before finance / turnover)	2,0%	5,0%	0,4%	-0,1%	3,0%
Return on net assets (Results bef.finance/total assets)	2,0%	3,9%	0,3%	-0,1%	1,7%
Solvency ratio (Shareholders' equity / total assets)	54,2%	50,6%	46,2%	45,4%	43,0%
Return on equity (Results after tax / EQ)	1,0%	3,1%	-2,3%	-4,0%	-0,5%

See definitions of key figures in accounting policies

Principal activities

DB Cargo Scandinavia A/S has operated as a pure production company with its own engines and rented terminals and buildings since 01.01.2009 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 2018 the transit traffic accounts for 70.8% of the revenue, import/export accounts for 11.1 % of the revenue and the remaining part is related to domestic traffics.

Until March 2018 DB Cargo Scandinavia A/S was owned by DB Danmark Holding ApS (51%) and by Green Cargo AB, Sweden (49%). DB Danmark Holding ApS is owned by Deutsche Bahn AG (100%). Green Cargo AB is 100% owned by the Swedish State.

The Joint Venture was terminated during March 2018. On 14th March Green Cargo sold their shareholding of 49% in DB Cargo Scandinavia A/S to DB Cargo AG. DB Cargo AG is owned by Deutsche Bahn AG (100%). Thereby DB Cargo Scandinavia A/S was owned by DB Danmark Holding ApS (51%) and by DB Cargo AG (49%). Subsequently on 30th October 2018, DB Danmark Holding ApS sold their shareholding of 51% in DB Cargo Scandinavia A/S to DB Cargo AG and thereby DB Cargo Scandinavia A/S is since 30th October 2018 owned by DB Cargo AG (100%).

Rolling stock

DB Cargo Scandinavia A/S owns 13 EG engines and 14 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

14 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 3.1 million. Result before tax is DKK 4.0 million. In 2018, taxes amounted to a cost of DKK 0.9 million.

Operations in 2018 have been affected by minor track works and some storms. However, implications for the company have been less negative than in previous years. Turnover increased slightly compared to 2017, however the overall traffic volume remains generally affected by higher market volatility.

As of 1st January the company migrated to DB Group's ERP system and thereby changed the accounting principles. Please refer to Accounting Policies.

In line with the migration to the new ERP system several accounting functions have been migrated to a shared service centre established in Rumania by DB Group.

Environmental impact

The most substantial environmental impact relates to energy for train operation. In 2018 DB Cargo Scandinavia A/S transported more than 6.9 million tons of goods.

Once again DB Cargo Scandinavia A/S contributed considerably to a better climate by facilitating more environmentally 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 higher.

Staff

In the course of 2018 the number of staff has increased from 238 by the end of 2017 to 257 by the end of 2018. At year-end 85 out of the 257 employees were civil servants seconded from DSB. The average number of full time employees was 248 in 2018.

Also in 2018 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 EUC Lillebælt 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.

DB Cargo Scandinavia A/S is unfortunately still experiencing a general lack of ambition concerning the priority of rail freight. Even though a national rail freight strategy has been developed in 2016 it has unfortunately still not yet been published by the Danish authorities

With regard to the political environment we have yet again in 2018 experienced unequal treatment of modes of transportation. The reduced bridge fees in Denmark for road transportation and passenger trains are still in place but still no price reductions have been granted to the freight train operators despite the ambitious CO2 targets of the government in Denmark.

Also the level of rent at the terminals in Taulov and Høje Taastrup has again in 2018 not been reduced and it can still be recognized that the terminals in Denmark are generally treated differently to other terminals in Denmark.

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, the engaged supplier Alstom does not have sufficient capacity to provide both the hardware and the installation.

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.

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' 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 dialogues with the infrastructure manager proved to be fruitful in the past and will be continued on a forward going basis.

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.

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

On 2nd of January 2019 DB Cargo Scandinavia A/S was involved in a severe accident on the Great Belt bridge. The reason for the accident is still under investigation by the Accident Investigation Board Denmark (Havarikommissionen).

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).

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

Changes in accounting policies

The Company has changed its income statement from being classified by function to being classified by nature in the current year. The reason for this is that the income statement classified by nature corresponds to the one reported to the Parent Company. In Management's opinion this type of presentation gives a truer and fairer view of the Company's income statement, which corresponds to Management's own assessment of the income statement.

Due to the change of accounting policy for the presentation of the income statement, previous years' income statement figures as well as the figures of the five-year summary in Management's Review have been restated to the new policy. The change has no effect on profit/loss, equity or cash flows.

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.

Expenses for materials and consumables

Expenses for materials and consumables comprise the materials and consumables consumed to achieve revenue for the year.

Other external expenses

External costs comprises costs of mainly services incurred to achieve revenue for the year.

Cost comprises legal advise and consultancy, advertising and marketing expenses as well as IT expenses, operation of motor vehicles etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property plant and equipment.

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>2018</u>	<u>2017</u>
		DKK	DKK
Net turnover	2	514.096.581	502.080.444
Expenses for materials and consumables		-315.977.245	-303.511.282
Other external expenses		-80.952.193	-74.401.818
Gross Profit/loss		117.167.143	124.167.341
Staff expenses	3	-148.614.585	-149.498.196
Amortisation, depreciation and impairment losses		-45.047.835	-42.592.946
Operating profit/loss		-76.495.277	-67.923.801
Other operating income	4	86.910.767	92.830.002
Profit/(loss) before financial income/expenses		10.415.490	24.906.201
Financial income	5	3.225.244	699.760
Financial expenses	6	-9.572.511	-12.289.572
Profit/(loss) before tax		4.068.223	13.316.389
Tax on profit/(loss) for the year	7	-927.471	-3.492.176
Profit/(loss) for the year		3.140.752	9.824.213
Distribution of profit	8		

Balance Sheet 31 December - Assets

	Notes	2018	2017
		DKK	DKK
Deposits		627.830	698.415
Financial fixed assets	9	627.830	698.415
Technical fittings and machinery		326.277.341	416.297.027
Leasehold improvements		1.731.518	1.968.395
Fixtures and equipment		4.277.483	3.721.879
Tangible fixed assets	10	332.286.342	421.987.301
Fixed assets		332.914.172	422.685.716
Noncurrent assets		332.914.172	422.685.716
Trade debtors		11.714.034	9.674.717
Amounts owed by affiliated companies		104.721.118	110.343.206
Other debtors		21.432.456	21.487.955
Prepayments and accrued income	11	6.477.570	3.263.989
Debtors		144.345.178	144.769.867
Cash at bank and in hand		38.844.740	75.903.002
Current assets		183.189.918	220.672.869
Total assets		516.104.090	643.358.585

Balance Sheet 31 december

	Notes	2018	2017
		DKK	DKK
Share capital		42.050.000	42.050.000
Share premium fund		162.877.116	162.877.116
Retained profit/(loss)		74.854.880	120.614.896
Shareholders' equity	12	279.781.996	325.542.012
Provision for deferred tax	13	21.236.233	26.452.736
Other provisions	14	24.093.908	17.290.473
Provisions		45.330.141	43.743.209
Amounts owed to affiliated companies	14	55.890.900	12.843.750
Long-term liabilities		55.890.900	12.843.750
Trade creditors		64.527.433	37.574.334
Amounts owed to affiliated companies	15	32.455.089	191.109.180
Joint taxation contribution		5.580.938	1.524.546
Other payables		32.537.593	31.021.554
Current liabilities		135.101.053	261.229.614
Liabilities		190.991.953	274.073.364
Total liabilities and shareholders' equity		516.104.090	643.358.585
Other notes	16-18		

Statement of changes in Equity

	Share capital	Share premium fund	Proposed dividend	Retained profit/(loss)	Total
	DKK	DKK	DKK	DKK	DKK
Shareholders' equity 1 January	42.050.000	162.877.116	0	120.614.896	325.542.012
Distributed dividend	0	0	0	-48.873.090	-48.873.090
Correction IFRS9	0	0	0	-27.678	-27.678
Profit/(loss) for the year	0	0	0	3.140.752	3.140.752
Shareholders' equity 31 December	42.050.000	162.877.116	0	74.854.880	279.781.996

Cash Flow Statement

	Notes	2018	2017
		DKK	DKK
Profit/(loss) for the year before interest		10.415.490	24.906.201
Adjustments	19	44.040.252	42.592.946
Change in working capital	20	30.075.175	-25.781.018
Cash flows from operating activities before financial items		84.530.917	41.718.129
Interest received, etc.	5	3.225.244	699.760
Interest paid	6	-9.572.511	-12.289.572
Cash flows from ordinary operating activities		78.183.650	30.128.316
Company Tax/Group joint taxation		-2.087.583	-534.845
Cash flows from operating activities		76.096.067	29.593.471
Change in financial fixed assets		70.585	45.353
Purchase of tangible fixed assets		-3.212.383	-6.627.777
Sale of tangible fixed assets		48.873.090	0
Cash flows from investing activities		45.731.292	-6.582.424
Change in intercompany balances		-109.984.853	33.943.180
Change in equity - correction IFRS9		-27.678	0
Distributed dividend		-48.873.090	0
Cash flows from financing activities		-158.885.621	33.943.180
Change in cash and cash equivalents		-37.058.262	56.954.227
Cash and cash equivalents 1 January		75.903.002	18.948.775
Cash and cash equivalents per 31 December		38.844.740	75.903.002

Notes to the Annual Report

1 Subsequent events

On 2nd of January 2019 DB Cargo Scandinavia A/S was involved in a severe accident on the Great Belt bridge. The reason for the accident is still under investigation by the Accident Investigation Board Denmark (Havarikommissionen).

2 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:

	2018	2017
	DKK	DKK
Transit	364.185.178	356.830.559
Imports/exports	57.195.876	51.176.679
Domestic	92.715.527	94.073.206
	514.096.581	502.080.444
3 Staff expenses		
Wages and salaries	132.517.913	127.271.153
Pensions	15.767.268	18.043.826
Other social security expenses (incl.wage compensations)	329.404	4.183.217
	148.614.585	149.498.196
Including total remuneration to the Executive Board and the Board of Directors	3.262.953	4.466.445
Average number of Full Time Employees	248	234
4 Other operating income		
Gain on sale of assets	861.177	0
Recharged costs to sister company	48.627.421	56.869.112
Other Income	37.422.169	35.960.890
	86.910.767	92.830.002
5 Financial income		
Exchange rate adjustments	3.081.261	556.057
Interest income from affiliated undertakings	143.983	143.703
Other financial income	0	0
	3.225.244	699.760
6 Financial expenses		
Exchange rate adjustments	3.626.487	902.336
Interest expenses to affiliated undertakings	5.946.024	10.756.533
Other financial expenses	0	630.703
	9.572.511	12.289.572

Notes to the Annual Report

7 Tax on profit/(loss) for the year	2018	2017	
	DKK	DKK	
Current tax for the year	-5.580.938	-1.524.546	
Deferred tax for the year	5.216.504	-1.432.785	
Adjustment prior year	-563.037	-534.845	
Total tax for the year	-927.471	-3.492.176	
which breaks down as follows			
Tax on profit/(loss) for the year	-927.471	-3.492.176	
	-927.471	-3.492.176	
8 Distribution of profit			
Dividend	0	0	
Retained profit or loss	3.140.752	9.824.213	
	3.140.752	9.824.213	
9 Financial fixed assets			
	Deposits	Deposits	
	2018	2017	
	DKK	DKK	
Acquisition cost 1 January	698.415	743.768	
Additions for the year	43.815	44.647	
Disposals for the year	-114.400	-90.000	
Acquisition cost 31 December	627.830	698.415	
Net book value 31 December	627.830	698.415	
10 Tangible fixed assets			
	Technical fittings and machinery	Leasehold improvements	Fixtures and equipment
	DKK	DKK	DKK
Acquisition cost 1 January	903.163.161	3.620.443	5.868.416
Additions for the year	1.638.900	26.950	1.546.533
Disposals for the year	-88.690.978	0	0
Acquisition cost 31 December	816.111.084	3.647.393	7.414.950
Depreciation 1 January	-486.866.135	-1.652.049	-2.146.538
Depreciation for the year	-43.646.672	-263.827	-990.930
Reversal of depreciation of disposals for the year	40.679.064	0	0
Depreciation 31 December	-489.833.742	-1.915.876	-3.137.467
Net book value 31 December	326.277.341	1.731.518	4.277.483

Notes to the Annual Report

11 Prepayments

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

12 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.

	2018	2017
	DKK	DKK
13 Deferred tax		
Licenses etc.	249.623	0
Technical fittings and machinery	38.608.758	42.167.640
Leasehold improvements	117.209	315.178
Fixtures and equipment	213.462	-3.497
Trade debtors	-18.007	-2.581
Other provisions	-6.435.759	-5.087.988
Tax losses	-11.499.054	-10.936.016
	<u>21.236.233</u>	<u>26.452.736</u>

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

14 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	17.290.473	16.330.884
Applied for the year	-6.002.230	-3.922.590
Provision for the year	12.805.665	4.882.179
Provision for damages and other accruals 31 December	<u>24.093.908</u>	<u>17.290.473</u>

Time of payment is expected to be:

Within a year	4.145.283	10.656.774
From one to five years	19.948.625	6.633.699
	<u>24.093.908</u>	<u>17.290.473</u>

15 Amounts owed to affiliated companies

After 5 years	0	0
Between 1 and 5 years	55.890.900	12.843.750
Long-term part	55.890.900	12.843.750
within 1 year	32.455.089	191.109.180
	<u>88.345.989</u>	<u>203.952.930</u>

Notes to the Annual Report

16 Contractual liabilities and other contractual obligations

Contractual obligations	<u>2018</u>	<u>2017</u>
	DKK	DKK
The company has entered		
Payments due after 5 years	0	0
Payments due between 1 and 5 years	9.779.607	10.114.386
Long-term part	9.779.607	10.114.386
Payments due within 1 year	15.567.648	15.368.704
	<u>25.347.255</u>	<u>25.483.091</u>

Contractual liabilities

The Danish Group are jointly and severally liable for tax on the Group's jointly taxed income etc. The total amount is shown in the Annual Report for Arriva Danmark A/S, which is the management company of the joint taxation group.

17 Related parties and ownership

	<u>Basis</u>
DB Cargo Aktiengesellschaft, Germany	Principal shareholder
The Deutsche Bahn AG, Germany	Group company

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
DB Cargo Aktiengesellschaft, Rheinstrasse 2, 55116 Mainz, Germany

18 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.

19 Adjustments (cash flow statement)

Amortisation and depreciation of tangible fixed assets	44.040.252	49.592.946
for the year including profit and loss on sale of fixed assets	<u>44.040.252</u>	<u>49.592.946</u>

20 Change in working capital (cash flow statement)

Change in debtors	-1.983.818	-3.107.111
Change in accruals and provisions	-3.213.581	1.346.335
Change in other provisions	6.803.435	959.587
Change in current liabilities	28.469.138	-24.979.828
	<u>30.075.173</u>	<u>-25.781.018</u>