



**DB Cargo**  
**Danmark Services A/S**  
Spotorno Alle 12, DK-2630 Høje Taastrup

**Annual Report**  
**2016**

**CVR-nr. 31 48 31 58**

The Annual Report is presented and adopted at the general meeting  
7/3 2017

Chairman of the general meeting

Finn Rasmussen

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## Management Statement

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The Executive Board and Board of Directors have today considered and adopted the Annual Report of DB Cargo Danmark Services 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 for 2016.

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

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

Mainz, 07 March 2017

### Executive Board



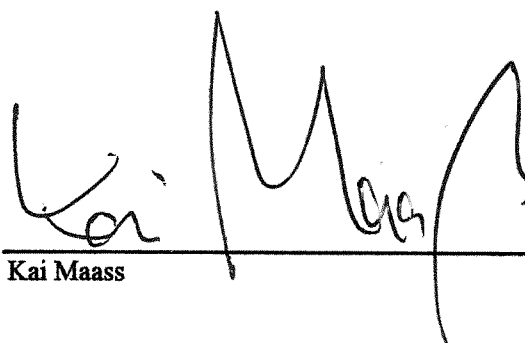
Bernd Hubert Sieburg  
Managing Director

### Board of Directors

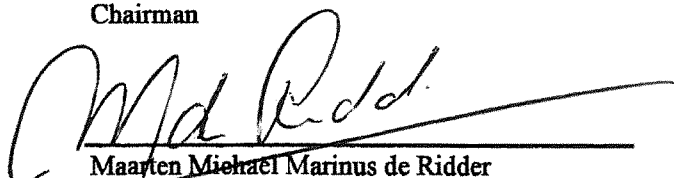
Taastrup, 07 March 2016



Michael Mark Heinemann  
Chairman



Kai Maass



Maarten Michael Marinus de Ridder

## **Independent Auditor's Report**

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To the shareholders of DB Cargo Danmark Services A/S

### **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 Danmark Services 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.

### **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 judgement 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, 07 March 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

  
Jesper Wiinholt

State Authorised Public Accountant

## Company Information

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### **The company**

DB Cargo Danmark Services A/S  
Spotorno Alle 12  
DK-2630 Taastrup

Telephone: +45 8030 0900  
Facsimile: +45 3354 1853  
Homepage: [www.dk.dbcargo.com](http://www.dk.dbcargo.com)

CVR-nr. : 31 48 31 58  
Financial year: 1. januar - 31. december  
Registered Office: Høje Taastrup

### **Board of Directors**

Michael Mark Heinemann                      Chairman  
Kai Maass  
Maarten Michaël Marinus de Ridder

### **Executive Board**

Bernd Hubert Sieburg                      Managing Director

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Review

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The Company's main activity is to carry out sales activities within transport of goods by rail within Denmark and with adjacent countries.

The main activities are split between Intermodal Transports, Single Wagon Load Services and Combi Terminal Activities. The company provides a single wagon load network within Denmark to serve various locations in Denmark.

### Development during the year

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

As in the years before 2016 has still been to some degree affected by an overall instable environment for rail freight forwarders in Denmark. On top of that 2016 has once again been effected by major track works, however this time 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. However, apart from that we have overall recognized almost stable terminal activities.

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 Danmark Services 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 favored 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. By that again 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.

### Events after balance sheet date

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

## Accounting Policies

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### ***Basis of accounting***

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

The accounting policies applied remain 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.

### **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

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### Profit and loss account

#### Recognition of income

Revenue from the sale of service is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined;
- and payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

#### 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.

#### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

#### 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.

### Balance sheet

#### 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.

#### 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.

## Income Statement 1 January - 31 December

	Notes	2016	2015
		DKK	DKK
Net turnover		118.609.393	114.518.763
Production costs		-118.035.089	-107.775.613
Other external costs		-1.449.560	-2.289.132
<b>Profit/loss before financial income/expenses</b>		<b>-875.256</b>	<b>4.454.018</b>
Financial income	1	35.716	40.297
Financial expenses	2	-58.581	-36.497
<b>Profit/(loss) before tax</b>		<b>-898.121</b>	<b>4.457.818</b>
Tax on profit/(loss) for the year	3	171.358	-1.069.081
<b>Profit/(loss) for the year</b>		<b>-726.763</b>	<b>3.388.737</b>
Staff expenses	4		
<b>Distribution of profit</b>			
<b>Proposed distribution of profit</b>			
Retained earnings		<b>-726.763</b>	<b>3.388.737</b>

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

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		DKK	DKK
Trade debtors		11.416.608	11.733.448
Amounts owed by affiliated companies		3.702.522	3.244.464
Amounts owed by associated companies		486.807	0
Other debtors		1.711.522	636.509
<b>Debtors</b>		<b><u>17.317.460</u></b>	<b><u>15.614.421</u></b>
<b>Cash at bank and in hand</b>		<b><u>3.299.132</u></b>	<b><u>3.692.426</u></b>
<b>Current assets</b>		<b><u>20.616.591</u></b>	<b><u>19.306.847</u></b>
<b>Total assets</b>		<b><u><u>20.616.591</u></u></b>	<b><u><u>19.306.847</u></u></b>

**Balance Sheet 31 December - Liabilities & Shareholders' Equity**

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		DKK	DKK
Share capital		500.007	500.007
Retained profit/(loss)		5.722.362	6.449.125
<b>Shareholders' equity</b>	<b>5</b>	<b>6.222.369</b>	<b>6.949.132</b>
Trade creditors		2.373.494	4.253.121
Amounts owed to affiliated companies		11.934.590	6.474.342
Corporate taxes payable		0	1.047.583
Others liabilities		86.138	582.669
<b>Current liabilities</b>		<b>14.394.222</b>	<b>12.357.715</b>
<b>Liabilities</b>		<b>14.394.222</b>	<b>12.357.715</b>
<b>Total liabilities and shareholders' equity</b>		<b>20.616.591</b>	<b>19.306.847</b>
Other notes	6-8		

## Notes to the Annual Report

	2016	2015
	DKK	DKK
<b>1 Financial income</b>		
Exchange rate adjustments	35.469	27.759
Other financial income	247	12.538
	<u>35.716</u>	<u>40.297</u>
<b>2 Financial expenses</b>		
Exchange rate adjustments	44.007	36.378
Other financial expenses	14.574	119
	<u>58.581</u>	<u>36.497</u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	-171.358	1.047.583
Tax, adjustment to prior years	0	21.498
<b>Total tax for the year</b>	<u>-171.358</u>	<u>1.069.081</u>

#### 4 Staff expenses

Formally, DB Cargo Danmark Services A/S has no employees. All employees are contracted from the fellow subsidiary DB Cargo Scandinavia A/S and are therefore included in the item production costs.

#### 5 Shareholders' equity

	Share capital	Retained profit/(loss)	Total
	DKK	DKK	DKK
Shareholders' equity 1 January	500.007	6.449.125	6.949.132
Profit/(loss) for the year	0	-726.763	-726.763
<b>Shareholders' equity 31 December</b>	<u>500.007</u>	<u>5.722.362</u>	<u>6.222.369</u>

The share capital consists of 500,007 shares of a nominal value of DKK 1. No shares carry any special

#### 6 Contractual liabilities and other contractual obligations

##### Contractual liabilities

The company does not have any contractual obligations, guarantees or other commitments, since all material contracts etc. have been entered into by the sister company DB Cargo Scandinavia A/S.

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.

## Notes to the Annual Report

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### 7 Related parties and ownership

#### Basis

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

Principal shareholder  
Board member

DB Cargo Scandinavia A/S, Spotorno Allé 12,  
2630 Taastrup, Denmark.

Group company

The Deutsche Bahn AG, Germany.

Group company

### Transactions

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

### 8 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.