

ANNUAL REPORT 2015



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Preface

DSB realised a profit before tax of DKK 580 million in 2015

- Adjusted for non-recurring items the profit is on the same level as in 2014
- Continued customer growth – approx. 2 percent – driven by regional and S-train traffic
- Reduced passenger revenues despite customer growth, primarily due to track improvement works on Western Funen and thus fewer customers in national traffic
- Customer satisfaction maintained in a year with many challenges
- Interest-bearing liabilities reduced by DKK 2.2 billion to DKK 7.2 billion
- DSB met transport contract targets for operator punctuality and revenue-funding in 2015
- Customer punctuality improved at 95 percent in S-tog, but reduced in Long-distance & Regional Trains, primarily as a consequence of track improvement works on Western Funen, as well as the Øresund traffic. Operator punctuality met the target set in the transport contract
- DSB pays DKK 173 million dividend to the Danish state, the first dividend since the 2012 accounts

"We succeeded in realising a satisfactory profit in a difficult year that was affected by large track improvement works. We have prepared the organisation for much needed investments in new rolling stock in the coming years!

Peter Schütze, Chairman of the Board

Strategic key figures

	2015	2014	Change	
			Abs.	Pct.
Financial				
Total income – DSB Group (DKK million)	12,258	12,772	-514	-4
Profit before depreciation, amortisation and write-downs – DSB Group (DKK million)	2,926	3,449	-523	-15
Profit before tax – DSB Group (DKK million)	580	670	-90	-13
Productivity – (Danish activities) ¹⁾				
Passenger and transport contract revenue per train kilometre (DKK/km)	167	166	1	1
Costs per train kilometre (DKK/km)	132	132	0	0
Number of train kilometres per employee	11,865	11,896	-31	-0
Number of train journeys per employee	39,785	38,218	1,567	4
Customer punctuality ²⁾				
Long-distance and Regional Trains (%)	78.5	82.6	-4.1	-5
S-tog (%)	95.0	93.6	1.4	1
Øresund (%)	76.6	79.6	-3.0	-4
Operator punctuality ³⁾				
Long-distance and Regional Trains (%)	94.4	95.5	-1.1	-1
S-tog (%)	99.0	98.9	0.1	0
Øresund (%)	97.7	98.4	-0.7	-1
Customers				
Total number of customers in Denmark (million customers)	191.9	188.3	3.6	2
Customer satisfaction – (Danish activities)	7.5	7.5	0.0	0
Reputation				
Users of Long-distance and Regional Trains	51.5	51.1	0.4	1
Users of S-tog	59.1	56.1	3.0	5
DSB (non-users)	43.6	46.0	-2.4	-5

¹⁾ The productivity KPI for 2014 has been revised as a consequence of changed journey figures.

²⁾ Customer punctuality: maximum delay of 2:59 minutes. Definition: Number of customers arriving punctually compared with the total number of customers. Does not include adjustment for force majeure.

³⁾ Operator punctuality: maximum delay of 2:59 minutes, but a maximum delay of 4:59 minutes for DSB Øresund, see the contract. Definition: Number of planned arrivals at stations less the number of late arrivals at stations or cancellations on account of failure of due performance by DSB compared with the number of planned arrivals at stations.

Financial key figures

DSB recorded a profit before tax of DKK 580 million in 2015. Adjusted for non-recurring items, the profit is on the same level as in 2014. Passenger revenues fell, primarily as a consequence of the extensive track improvement works carried out during the year.

Interest-bearing liabilities were reduced by DKK 2.2 billion to DKK 7.2 billion, and the equity ratio increased to 34.0. The continued significant reduction of interest-bearing liabilities was achieved because DSB's depreciation on existing rolling stock exceeds the amounts invested in new rolling stock and because of the positive financial results. DSB will be facing extensive and necessary investments in new rolling stock in the coming years.

Customer growth continued in 2015. The number of journeys sold rose by almost 2 percent compared with 2014. Increases were contributed by regional journeys on Sealand as well as S-train journeys. S-tog had more customers in 2015 than ever before. But the number of journeys across the Great Belt fell as a consequence of extensive track improvement works and increased competition from busses and private cars. Though DSB, overall, had more customers than in 2014, ticket revenues fell by 4.1 percent. Fewer long journeys led to lower average prices.

Based on the satisfactory profit, DSB will be paying a dividend to its sole owner, the Danish state, for the first time since the 2012 accounts. DSB recommends that the Annual Meeting adopt a dividend to the Danish state of DKK 173 million for 2015. In connection with the extension of the political agreement for A Green Transport Policy in 2015, DSB has added DKK 101 million to the pool for improved access to public transport (the parking pool).

Customers

With 7.5 – on a 10-point scale – customer satisfaction was retained at a high level in a year with many challenges. Among other things, satisfaction with Internet in the train increased, partly as it was extended to cover the whole country for IC3-, IC4- and IR4-train sets, and partly because it was made free for all customers and upgraded to 4G. DSB will build on this success in 2016. Among other initiatives, tests of a new entertainment package via DSB's Internet in the train have been planned for the first half of 2016.

2015 also brought more low-price tickets to the customers. DSB has made a targeted effort to create dynamic pricing of the Orange Tickets. Overall, 581,000 Orange Tickets were sold, which is 131,000 more than in 2014.

Finally, it has become easier for the customers to purchase commuter seat tickets and Orange Tickets. Both types of tickets can now be purchased via the DSB app, and the commuter seat tickets are also available from the ticket vending machines at the stations. Purchases in the DSB app may be paid via MobilePay, which less than six months after its launch accounts for more than half of all purchases via the app.

The Transport Contract 2015-2024

In March 2015 DSB concluded a new transport contract with the Danish state, which covers both Long-distance & Regional Trains and S-tog. According to the framework of the transport contract, DSB must continue the efficiency enhancements the corporation has implemented in recent years. DSB's strategy focuses on the corporation delivering annual improvements in terms of operations, and this requirement is highlighted with the new transport contract. In other words: DSB must deliver more train seats to the Danes with the same money. In September 2015 the transport con-

tract was supplemented with an Addendum to the effect that the contract payment to DSB is reduced by DKK 2.7 billion over the duration of the contract. Revenues from transport contracts were reduced by DKK 73 million in 2015 as a consequence. Revenue from transport contracts is affected by the transfer of the Øresund activity on 13 December 2015.

Focus on customer punctuality

In the new transport contract improvements on customer punctuality is a target. Customer punctuality is measured as customers on time and not trains on time. No distinction is made in customer punctuality between whether the delay was caused by circumstances for which DSB or Banedanmark (Rail Net Denmark) is responsible. S-tog delivered 95 percent of its passengers within the 2:59 minutes margin, once again improving customer punctuality in 2015. The customer punctuality of Long-distance and Regional Trains was 78.5 percent, unfortunately somewhat lower than in 2014. In terms of passengers and customer punctuality, the main challenges were the extensive track improvement works and their effects in 2015. DSB Øresund realised a customer punctuality of 76.6 percent, which is lower than 2014.

When it comes to the operator punctuality, which is the punctuality which DSB is able to control, DSB meets the transport contract target.

The important infrastructure

In the medium as well as in the long term DSB is very dependent on a punctual completion of the planned electrification and roll-out of the Signal Programme.

The electrification is essential to ensure that DSB is able to deliver stable train operations during the contract period and that the new electrical rolling stock – in which DSB is planning to invest – can be used in the infrastructure. Investing in new rolling stock is a process that takes four to five years. Therefore, it is essential for the decisions to be made in the coming years that DSB knows when the main route to Århus/Aalborg/Frederikshavn and the routes on Zealand to Kalundborg and to Rødby Havn will be electrified.

DSB's train fleet is ageing. Stable and environmentally friendly train operations with a high punctuality in the future are dependent on the upcoming investments. The challenge is critical on Zealand where regional transport with the double-decker coaches is based on traction provided by 30-year-old diesel locomotives. DSB is taking a number of initiatives to reduce the pollution from these locomotives and ensure their operational stability, but the optimal solution is to acquire new electrical locomotives based on the completed electrification on Zealand.

It is also important for the continued efficient operations of trains that the roll-out of the Signal Programme follows the planned schedule. The uncertainty concerning the final specifications for the new signal system adds additional complexity and costs to the task of specifying the requirements for new rolling stock. These challenges are particularly relevant if new rolling stock is to be able to operate on the present as well as the future signal system.

IC4 – progress but still many challenges

DSB continues to focus on developing IC4- and IC2 train sets, and during 2015 the train sets underwent ongoing optimisation of the technical functionality, and a number of important problems pointed out by Swiss Prose and SBB in December 2014 have now been solved. However, there are still extensive challenges to achieving satisfactory operational stability for the train sets. During 2016 DSB will closely monitor, that the operational stability and quality develops as anticipated, in order to assess the role for the IC4 train sets in the future train operations.

Employee satisfaction

DSB's annual employee satisfaction analysis and workplace assessment (MTAPV) show that job satisfaction has increased compared with 2014. DSB is pleased to find that job satisfaction is moving in the right direction, although it has not yet reached a satisfactory level.

Analysis of train operations

For the first time in this Annual Report, DSB has chosen to integrate its analysis of train operations in the report. The analysis provides information about how DSB's expenses for train operations are made up and what routes make a profit or a loss. The purpose of the analysis is to ensure transparency and contribute to public debate about train operations in Denmark.

High-speed trains and IC trains between Copenhagen and Aarhus operated at a profit before the contract payment in 2015. The same applies to S-tog. The remaining lines require a contract payment and a contribution of the profit from the profit-making lines. The difference is due to the number of passengers travelling and thus the capacity utilisation over the period for which the transport contract requires train services.

"DSB's employees have made a great and committed effort to overcome the many challenges of 2015. The coming years will also require a great effort to be made by the entire organisation to ensure that DSB can continue to deliver a product that lives up to the customers' expectations, while at the same time constantly enhancing efficiency"

Flemming Jensen, CEO

Taastrup, 25 February 2016

Peter Schütze
Chairman of the Board

Flemming Jensen
CEO

The interim report is published in both a Danish and an English language version. In the event of any discrepancies the Danish language version shall prevail.



Management's review

Financial highlights						
DSB Group (DKK million)	2011	2012	2013	2014	2015	Change
Passenger revenues	4,469	4,774	4,975	5,183	4,969	-4.1%
Revenue from transport contracts	5,363	4,956	4,970	4,894	4,883	-0.2%
Danish activities	3,660	3,737	3,987	4,095	4,138	1.1%
International activities, incl. Øresund ¹⁾	1,703	1,219	983	799	745	-6.8%
Sales from shops etc.	816	863	853	814	822	1.0%
Repair and maintenance of rolling stock etc.	169	275	335	270	257	-4.8%
Leasing of rolling stock	231	233	226	227	222	-2.2%
Net turnover	11,048	11,101	11,359	11,388	11,153	-2.1%
Work performed by the enterprise and capitalised	534	508	515	589	537	-8.8%
Other operating income	503	511	466	795	568	-28.6%
Total revenue	12,085	12,120	12,340	12,772	12,258	-4.0%
Expenses for raw materials and consumables	1,610	1,581	1,646	1,660	1,709	3.0%
Other external expenses	3,812	3,573	3,910	3,923	3,927	0.1%
Staff expenses	4,970	4,610	4,002	3,740	3,696	-1.2%
Hereof costs for retirements	15	325	81	26	10	-61.5%
Total expenses	10,392	9,764	9,558	9,323	9,332	0.1%
Profit before depreciation, amortisation and write-downs	1,693	2,356	2,782	3,449	2,926	-15.2%
Depreciation, amortisation and write-downs	2,014	1,701	1,892	2,247	2,023	-10.0%
Operating profit/loss	-321	655	890	1,202	903	-24.9%
Net financials	-541	-540	-504	-532	-323	39.3%
Profit/loss before tax	-862	115	386	670	580	-13.4%
Profit/loss for the year ²⁾	-698	50	483	482	446	-7.5%
Balance sheet total	24,673	24,486	23,465	21,947	20,369	-7.2%
Total equity	5,083	5,050	5,917	6,301	6,931	10.0%
Total cash flow from operating activities	1,785	1,443	2,339	2,328	2,766	18.8%
Total cash flow from investing activities	-1,790	-1,268	-1,602	-613	-611	-0.3%
Total cash flow from financing activities	-262	-173	-737	-1,714	-2,140	24.9%
Investments in tangible assets	-2,143	-1,341	-1,608	-753	-737	2.1%
Interest-bearing liabilities, net	11,850	11,652	11,075	9,314	7,162	-23.1%
Operating profit margin (EBITDA margin)*	15,3	21,2	24,5	30,3	26,2	-13.5%
Profit ratio (EBIT margin)*	-2,9	5,9	7,8	10,6	8,1	-23.6%
Return on equity (ROE)*	-12,0	1,0	8,8	7,9	6,7	-15.2%
Return on invested capital after tax (ROIC after tax)*	-1,6	2,6	5,0	5,4	4,7	-13.0%
Gearing*	7,0	4,9	4,0	2,7	2,4	-11.1%
Equity ratio*	20,6	20,6	25,2	28,7	34,0	18.5%
Interest cover*	-0,5	1,5	2,0	3,1	2,7	-12.9%
Average number of full-time employees	10,040	8,818	7,977	7,564	7,438	-1.7%
Number of full-time employees at year-end	9,615	8,379	7,807	7,351	7,302	-0.7%
Number of passenger km in Denmark (million km) ³⁾	5,847	6,013	6,013	6,007	5,980	-0.4%
Number of train journeys in Denmark (1,000 journeys) ³⁾	176,103	180,977	185,215	188,327	191,881	1.9%
Number of train journeys abroad (1,000 journeys)	43,962	25,213	10,198	9,301	9,185	-1.2%
Number of train km in Denmark (1,000 km)	58,156	57,437	58,587	58,617	57,225	-2.4%
Number of train km abroad (1,000 km)	30,216	16,493	9,754	7,784	7,283	-6.4%

¹⁾ As opposed to the Danish activities, the international activities (including Øresund) are based on gross contracts, meaning that the transport authorities receive the ticket revenues and at the same time make a contractual payment under the transport contract to the train operator. DSB Småland was handed over to Veolia on 1 March 2014.

²⁾ Tax on the profit for the year is in 2013 affected by revenue of DKK 138 million (reduced tax liability) as a consequence of the gradual reduction of the corporation tax rate from 25 percent in 2013 to 22 percent in 2016.

³⁾ The number of passenger km and train journeys for 2011, 2012, 2013 and 2014 has been adjusted compared with previously published figures as a consequence of the final calculation of journeys etc.

* Stated in accordance with the definitions stated under Definition of financial ratios.

Financial review

DSB realised a profit before tax of DKK 580 million in 2015, down DKK 90 million on the profit before tax in 2014. Interest-bearing liabilities were markedly reduced compared with year-end 2014. This development means that gearing and equity ratio improved in 2015.

The profit before tax is affected by a number of non-recurring items in 2015.

Table 1: Profit before tax adjusted for non-recurring items¹⁾

DKK million	
Profit before tax	580
Profits on sale of properties, net	-85
Write-down of IC4 and IC2 train sets	127
Adjusted profit before tax	622

¹⁾ A negative figure means that the adjustment had a positive impact on the profit before tax.

The profit before tax adjusted for non-recurring items was DKK 622 million. The profit before tax for 2014 was also affected by non-recurring items and adjusted for these, it was DKK 624 million. This means that the profit before tax adjusted for non-recurring items was on the same level as in 2014.

The negative development in the profit before tax and non-recurring items is i.a. due to reduced passenger revenues and increased costs for replacement services as a consequence of Banedanmark's extensive infrastructure works on Western Funen.

On the other hand, developments were positively affected by lower energy costs for operations, reduced infrastructure charges as a consequence of track improvement works, reduced costs regarding non-deductible VAT and reduced depreciation, amortisation and write-downs.

Interest-bearing liabilities were reduced by DKK 2,152 million and totalled DKK 7,162 million (DKK 9,314 million) at 31 December 2015. The reduction is primarily due to the

depreciation on the existing rolling stock substantially exceeding investments in new rolling stock. This made it possible to repay loans.

Gearing was 2.4 (2.7), while the equity ratio was 34.0 at year-end 2015 (28.7). Return on invested capital after tax was 4.7 (5.4), primarily owing to the decline in operating profit.

DSB's balance sheet total stood at DKK 20,369 million at 31 December 2015, down DKK 1,578 million against DKK 21,947 million at year-end 2014. The development is primarily attributable to depreciation and write-downs on Tangible assets and reduced Trade receivables. Liabilities were reduced through repayment of debt.

DSB invested a total of DKK 803 million in 2015 (DKK 1,021 million). The investments primarily concern general inspections. The reduced investments are also owing to fewer IT and property investments.

Net turnover

Net turnover in the DSB Group totalled DKK 11,153 million for 2015 (DKK 11,388 million).

Passenger revenues totalled DKK 4,969 million (DKK 5,183 million), down 4 percent. This decline is primarily due to the effect of the infrastructure works on Western Funen. At the same time, passenger revenues are affected by the journeys being made at a lower average price per journey. In 2015 passenger revenues concerning the Øresund activity were withheld for the period from 13 December to 31 December. In 2014, passenger revenues were positively affected by adjustments regarding previous years.

Revenue from transport contracts was DKK 4,883 million in 2015 (DKK 4,894 million). With effect from 1 January 2015, DSB concluded a new transport contract concerning transport provided as a public service in the period 2015-2024.

Transport contract revenues for 2015 were affected by the recognition of the impact of Addendum 1, which was concluded in September 2015 and reduces the contract payment by DKK 73 million. Furthermore, 2015 was affected by the transfer of the Øresund activity on 13 December 2015.

Transport contract revenues were in 2014 affected by the handing over of the traffic operated by DSB Småland to Veolia at 1 March 2014.

Sales from shops etc. improved by 1 percent compared with 2014 and totalled DKK 822 million (DKK 814 million).

Repair and maintenance of rolling stock etc. for external customers amounted to DKK 257 million in 2015 (DKK 270 million). This includes sales of maintenance services to Öresundståg, which operates the Swedish part of the Øresund traffic.

Leasing of rolling stock totalled DKK 222 million (DKK 227 million). The activity covers the leasing of Øresund train sets to the Danish Ministry of Transport and Building, which in its capacity as transport authority made them available to DSB Øresund for the operation of the Coastal Line and the Kastrup Line until 12 December.

Work performed by the enterprise and recognised under assets fell by DKK 52 million and was DKK 537 million in 2015.

Other operating income amounted to DKK 568 million in 2015, down DKK 227 million. The development in Other operating income is primarily due to a reduced profit in connection with the sale of real property.

Expenses

Expenses totalled DKK 9,332 million in 2015 (DKK 9,323 million).

Expenses for raw materials and consumables increased by DKK 49 million and totalled

DKK 1,709 million in 2015 (DKK 1,660 million). The development was affected by an increased consumption of spare parts and materials, including obsolescence, as well as lower energy costs.

Other external expenses increased by DKK 4 million to DKK 3,927 million (DKK 3,923 million). This development is i.a. due to increased expenses for replacement services due to extensive infrastructure work and a larger payment to Rejsekort A/S, partly offset by reduced infrastructure charges and a lower non-deductible VAT amount, 2014 being affected by a correction concerning previous periods.

In 2015 staff expenses fell by DKK 44 million to DKK 3,696 million (DKK 3,740 million). The development is due to the reduction in the number of full-time employees and reduced retirement costs.

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs were DKK 2,023 million in 2015 (DKK 2,247 million). The decline is primarily due to 2014 being affected by two non-recurring items – a write-down of IC4 train sets and depreciation, amortisation and write-downs brought forward concerning Rejsekort with a total amount of DKK 323 million. In 2015 there was one non-recurring item – a write-down of IC4 and IC2 train sets in the amount of DKK 127 million.

Net financials

In 2015 net financials represented an expense of DKK 323 million (DKK 532 million). Net financials are positively impacted by fewer interest-bearing liabilities and substantially improved profits in associated companies.

Dividend to the Ministry of Transport and Building

The Board of Directors proposes that the Annual Meeting resolve to distribute a dividend of DKK 173 million for 2015.

Clawback

The final calculations regarding the excess payments for 2015 pursuant to the contract between the Ministry of Transport and DSB regarding train services provided as a public service in the period 2015-2024, clause 8.5, (clawback) did not cause an adjustment of the revenue from the transport contract.

Remuneration in DSB

The remuneration policy must support DSB's strategy and values and its objective is to secure the basis for remuneration and employment terms in DSB.

The remuneration policy is based on the relevant market for the position, taking into account the special circumstances involved in operating an independent public corporation. As an independent public corporation DSB has a special obligation to ensure that the wage formation at DSB is based on integrity and openness. DSB wishes to offer remuneration that supports DSB's business objectives, values and ability to attract competent employees on competitive conditions. The remuneration policy must support and ensure healthy and effective risk management.

The average annual remuneration paid to the Corporate Management (the members of the Corporate Management excluding the Executive Board) totalled DKK 3.0 million, including retirement costs for retired members of the Corporate Management.

No employees received more than the average annual remuneration for members of the Corporate Management in 2015. No specialists without management assignments received an annual salary of more than DKK 1.4 million.

The remuneration policy stipulates that in the future severance pay that deviates from the provisions of the Danish Salaried Employees Act can only be agreed with the approval of the Remuneration Committee in very special cases. With regard to present contracts for the Corporate Management and managers reporting to the Executive Board or the Corporate

Management which include an agreement regarding severance pay, the severance pay will correspond to between six and 12 months' salary, except for the CEO contract, which includes a provision for a notice period of 24 months on the part of DSB until one year of employment and of 18 months until two years of employment. After that, there is a 12-month notice period on the part of DSB.

Outlook

DSB expects negative financial consequences in 2016 from the extensive infrastructure works. Among other things, extensive track improvement works have been planned on Eastern Funen. Experience shows that this kind of track improvement work affects DSB's earnings as it involves a loss of ticket revenues as well as increased expenses for replacement services.

The introduction of ID inspection at the Swedish border entails costs and lost passenger revenues in 2016. The duration of the ID inspection is subject to uncertainty, as is a possible introduction of carrier liability at the German border.

DSB's economy is influenced by the effect of the concluded Addendum 1, which reduces the transport contract revenue by DKK 2.7 billion over the contractual period.

Finally, expenses are expected in connection with the preparations for the acquisition of "Trains for the Future" and a number of customer-oriented activities.

DSB expects a profit before tax and non-recurring items in the level of DKK 300 million.

Safety

In the summer of 2015 DSB merged its safety organisation into one new central department reporting to the Executive Vice President of DSB Operations.

On 13 December 2015 DSB took over the operation of the Coastal Line from DSB Øresund. Integration into DSB in terms of safety is done in parallel with the implementation of DSB's safety management system.

Furthermore, DSB has with effect from 15 July 2015 assigned administrative responsibility for the tracks still in operation remaining in DSB to Banedanmark. Against this background, DSB is no longer authorised as an infrastructure manager of infrastructure covered by the Danish Railway Act.

Table 2: Incidents ¹⁾				
Number			Growth	
	2015	2014	Abs.	Pct.
Significant accidents	13	12	1	8
Injuries				
- Deaths	8	5	3	60
- Serious injuries	5	5	0	0
- Minor injuries	37	70	-33	-47
Signal by-passing				
- Secured area (A-B-C)	157	128	29	23
- Unsecured area (D-E)	122	144	-22	-15
Hereof signal by-passing involving high potential danger	27	23	4	17
Broken wheel or axle	1	0	1	-

¹⁾ The table comprises the substantial safety indicators for Long-distance & Regional Trains, S-tog and DSB Øresund for 2015. Indicators are in contrast to previous years calculated for circumstances within and outside the control of DSB.

Signal by-passing was a priority area again in 2015. The frequency of signal by-passing was on the usual level in the first quarter of 2015, but in the second and third quarters unintended increases were registered. As part of the ongoing follow-up and analyses, target-oriented corrective and preventive measures

were introduced in this area in the fourth quarter. The work involving the analyses as well as the work of examining and improved target-orienting of corrective and preventive measures will also be a priority area in 2016.

In 2015 DSB continued the intensive work of identifying the processes in DSB that are critical to safety with a view to developing and commissioning DSB's new safety management system.

In this connection DSB identifies and documents all processes, procedures, tasks, responsibilities, roles and competencies within all the areas/processes that affect railway safety.

DSB commissioned the new safety management system on 30 November 2015. DSB has a lot of work ahead of it in 2016 with implementing and integrating the system in the organisation within the timeframe agreed with the Ministry of Transport and Building. The new management processes will enable DSB to retain operational safety and at the same time strengthen the management control of the corporation's safety activities.

Based on the work concerning the development and implementation of DSB's new safety management system, an inspection was carried out in 2015 to ensure that the existing level of safety is maintained.

Risk management

DSB has developed a risk management concept and established central co-ordination of the concept. The practical management is rooted in the business through a clear distribution of ownership and responsibility for managing risks.

Risk management is also integrated into all vital business processes, including through approval of investments and in large programmes.

Risks are defined as an uncertainty associated with DSB's future objectives, which may affect DSB broadly in terms of safety, punctuality, reputation and economy.

When a transport contract is concluded for a new 10-year period, general guidelines for DSB are established. The transport contract i.a. includes punctuality targets and financial objectives to be reached. Therefore, DSB focuses on implementing and following up on the contract terms.

DSB is constantly subject to public exposure and is as a provider of a public service subject to the regulatory conditions stipulated by the Danish parliament. Furthermore, DSB must comply with requirements and wishes for public transport in Denmark. Changed assumptions may affect the general customer experience and affect DSB's economy negatively. DSB seeks to manage this risk by staying competitive through a punctual core product and continuous efficiency enhancements.

Commercial risks

DSB competes with other means of transport and thus risks losing passengers, e.g. to small and inexpensive cars, busses and new kinds of carpooling. These risks are i.a. posed by the improved financial climate but also the lower prices of petrol and diesel combined with the extent of the track improvement works carried out.

The important infrastructure

In the medium term as well as in long term DSB is dependent on the planned expansion of the infrastructure being delivered on time. The roll-out of the new signal system and the electrification of the main routes are essential to ensure that DSB is able to deliver stable train operations during the contract period and that the rolling stock in which DSB invests can be used on the infrastructure. Investing in new rolling stock is a process that takes four to five years. Therefore, the time of electrification of the routes to Kalundborg and Rødby

Havn and to Aarhus/Aalborg and Frederikshavn is decisive for the decisions to be made in the coming years. Especially regional traffic on Zealand, which is delivered by the double-decker coaches based on traction provided by 30-year-old diesel engines, is a challenge. DSB is taking a number of initiatives to reduce the pollution from these locomotives and ensure their operational stability, but the optimal solution is to acquire new electrical locomotives based on the completed electrification on Zealand.

It is also important to ensure an effective train operation that the roll-out of the new signal system is going according to plan. Uncertainty concerning the final specification of the signal system adds to the complexity, among other things, of specifying the requirements for the new locomotives.

The general movement towards increased product digitalisation, harmonisation of fare systems across Denmark and Rejsekort's continued implementation makes being a DSB customer easier. In the short term, however, there is a risk of a decline in customer satisfaction and increased expenses for maintenance of several parallel product systems.

The advantages of increased digitalisation, however, are extensive, and the improved customer experience and competitive products help create confidence.

Operational risks

Rolling stock deliveries for operations are essential for DSB's ability to provide train services. Operation stability is the key to improving ongoing operations. The future need for components, the scope of new types of errors and expenses for maintenance may differ from the assumptions. DSB seeks to manage these risks through robust spare parts planning.

As a train operator DSB is dependent on a well-functioning railway infrastructure. 2015 again showed that weather and infrastructure breakdowns have negative consequences in terms of punctuality as well as in terms of

economy. In 2016 focus will be on these risks and DSB will try to manage them through systematic coordination with the infrastructure provider Banedanmark.

Financial review

In connection with current operations and financing, the corporation is affected by developments and pricing on the financial markets. The largest risks are associated with the uncertainty concerning the future interest rate and energy prices. All financial risks and accounting for such are described in detail in the annual accounts.

Safety

The train is still a very safe means of transport, but the customers are the only ones who may ever take safety for granted. DSB manages the risk of accidents through an operational focus on railway safety and the implementation of a new safety management system.

DSB is also exposed to risks associated with circumstances outside DSB's control, such as terror. DSB manages this risk through emergency preparedness procedures, plans and through emergency drills.

IT security

As mentioned in DSB's Third Quarter Report 2015, DSB has established a separate IT Security Department to increase focus on data security. The department's activities cover IT security in a broad sense and focuses on protecting DSB's data assets (customer data and business data) in order to maintain customer confidence in DSB.

Overall, the year has resulted in a number of activities, including:

- Data classification of DSB's IT systems
- Guidelines for data processor agreements with external partners
- Evaluation of DSB's maturity level compared with external standards
- Follow-up on the contract with NNIT in terms of IT security

In the coming year, the IT Security Department will i.a. focus on ensuring compliance with the personal data protection regulation from the EU, follow-up on controls in the IT environments as well as campaigns to increase employees' awareness of correct use of IT.

Projects

DSB will be in charge of the acquisition of electrical trains for the future and is thus exposed to risks that are naturally related to large acquisitions. These risks i.a. comprise market fluctuations, risks associated with project execution as well as suppliers' ability to deliver a quality product on time. These risks are handled in a project organisation and the risk management is further strengthened through interaction with Risk Management across DSB, the Danish Ministry of Transport and Building and external assessors.

Banedanmark is currently replacing the signal system in the infrastructure (the Signal Programme). This work will involve the closing of tracks over many years to come, and the impact on DSB's customers will depend on good collaborative relations between DSB and Banedanmark. Risks in this regard concern the uncertainty relating to a deteriorated service and delays, which require good programme management and coordination with Banedanmark.

Compliance

DSB may risk negative impact on its reputation or economy if DSB does not comply with general legislation, ethical standards or has insufficient processes. Restrictions of authority, policies, guidelines and a contract management system as well as follow-up in this regard are intended to minimise the risk of fraud and errors.

Particularly risks due to the increased digitalisation of sales channels with customer-related sensitive information mean that DSB gives high priority to IT security and compliance with legislation governing personal data.

Corporate governance

Recommendations for corporate governance

As an independent public corporation DSB follows the state's recommendations for corporate governance as they appear in "The State as Shareholder, April 2015". The Board of Directors as well as DSB's Articles of Association have been revised in accordance hereto. The policy contains guidelines for the management of state corporations, including requirements, expectations and recommendations for corporate governance. "The State as Shareholder" is available on the website of the Ministry of Finance, www.fm.dk.

In addition, DSB follows the recommendations of the Committee for Corporate Governance. DSB endeavours to comply with the recommendations to the extent they are relevant to DSB and in a way that ensures that DSB is also in compliance with the state recommendations and the Danish DSB Act. The recommendations of the Committee for Corporate Governance are available on the website www.corporategovernance.dk.

Based on the recommendations of the Committee for Corporate Governance, a status on DSB's compliance with the recommendations for good corporate governance was prepared in 2015. This status was published on www.dsb.dk under "Good Corporate Governance".

Openness and transparency

Communication

DSB aims to make the dialogue between the corporation and its stakeholders (owner, customers, partners and employees) as open and broad as possible, and ensure that communication is easy, factual and professionally correct. DSB has a stakeholder management policy developed in collaboration with the owner.

The customer ambassador

DSB's customer ambassador considers customer complaints as well as takes up cases of his/her own accord. The purpose of the customer ambassador is to help ensure that DSB's customers get the service to which they are entitled as customers. The customer ambassador considers enquiries from customers who have previously had their case considered by DSB, but who do not feel that they have received a satisfactory reply to their complaint. The customer ambassador submits half-yearly reports to DSB's Executive Board.

Publication of important matters

DSB is under an obligation to notify the Danish Business Authority about all important matters in relation to the corporation which may be presumed to be of importance to DSB's future, owner, creditors or employees.

All such notices are submitted electronically via www.offentlige-selskaber.dk.

Annual and interim reports

As an independent public corporation DSB's financial reporting is required to be in compliance with Section 102 of the Danish Financial Statements Act. DSB's annual report is audited by a state-authorised public accountant and by the Auditor General. Furthermore, the Auditor General audits DSB's accounts according to the rules on audit of the state accounts etc.

DSB's Board of Directors is required to publish quarterly and interim reports pursuant to the requirements of Part 16 of the Danish Financial Statements Act. The quarterly and interim reports must be submitted to the Minister of Transport and Building and to the Danish Business Authority.

DSB holds quarterly meetings with the Minister of Transport and Building. At these meetings i.a. the corporation's financial situation is discussed, pursuant to Article 7.2 of the Articles of Association.

The Ministry of Transport and Building lays down DSB's accounting regulations in pursuance of Section 8(3) of the Danish Act on the Railway. The last version came into force on 4 November 2015.

Reporting on corporate social responsibility

Pursuant to Section 99a of the Danish Financial Statements Act, DSB is as an independent public corporation required to prepare a report on how the corporation approaches its corporate social responsibility. Among other things, the report must include information about DSB's corporate social responsibility policies and how it puts its corporate social responsibility policies into practice. For 2015 the report is incorporated in the Annual Report and covers the Group. DSB also prepares a separate annual environmental report which is published on www.dsb.dk.

Ethics

DSB's management has, in cooperation with the unions and a number of business areas, drawn up some ethical rules that apply to all DSB's employees. The rules describe how DSB cooperates with external partners, how DSB deals with attempts at bribery, DSB's views on presents and entertainment/events, the rules governing support to charity as well as DSB's expectations with regard to all employees' integrity and impartiality.

In 2013 DSB established a whistleblower function managed by the head of the internal audit function who reports to the Auditing Committee. By means of the whistleblower function DSB's employees can anonymously report suspicions of irregular conduct such as e.g. violation of DSB's Code of Conduct or financial fraud. In 2015 six reports were submitted. None of these are assessed to have material consequences for DSB.

Diversity

In 2015 DSB's Board of Directors discussed target figures for the underrepresented gender on the Board of Directors. As an independent public corporation DSB is covered by Section 11(2) of the Danish Gender Equality Act from

which it appears that the Board of Directors of the corporation should have an equal gender balance, i.e. minimum one-third of the underrepresented gender. This corresponds to the current composition of the Board of Directors (employee representatives not included). DSB's activities aimed at ensuring diversity at all management levels are described in the Diversity section in Corporate Social Responsibility.

Public access

DSB's Annual Meeting, which corresponds to the annual general meeting in a limited liability company, is open to the press. The Minister of Transport and Building, the Board of Directors, the Executive Board and DSB's auditors participate in DSB's Annual Meeting. A chairman appointed by the Minister of Transport and Building presides over the Annual Meeting.

The ordinary Annual Meeting is held every year before the end of April. Furthermore, DSB's Articles of Association and Annual Reports are published on www.dsb.dk.

According to the Danish DSB Act, the Danish Act on Public Access to Documents on Public File, the Danish Public Administration Act and the Danish Act on the Parliamentary Ombudsman apply to cases concerning the employees of DSB and to the railway activities carried out by DSB as part of its provision of negotiated traffic.

DSB regulation

DSB is governed by Consolidated Act No. 1184 of 12 October 2010 on DSB (the DSB Act) as amended. DSB's Articles of Association from 17 December 2015 were issued in pursuance of section 5(1) of the Danish DSB Act.

Management committees

In 2012 DSB set up an Auditing Committee and a Remuneration Committee. In 2013 DSB set up a Rolling Stock Committee.

The Auditing Committee has the following members:

Carsten Gerner, chairman
Lars Andersen
Andreas Hasle

creation. The special competencies of the Board of Directors are described on www.dsb.dk.

The Remuneration Committee has the following members:
Annette Sadolin, chairman
Peter Schütze
Hans Christian Kirketerp-Møller

The Rolling Stock Committee has the following members:
Helge Israelsen, chairman
Peter Schütze
Christina Grumstrup Sørensen
Preben Steenholdt Pedersen

DSB's management

The Board of Directors, election and eligibility

DSB's Board of Directors consists of directors elected by the Minister of Transport and Building at the ordinary Annual Meeting as well as directors elected by the employees of DSB.

The directors elected by the Minister must be elected based on social, managerial and business considerations so that the Board of Directors as a whole represents knowledge about transport issues. Furthermore the composition of the Board of Directors ensures knowledge on financial issues.

The directors elected by the employees are elected in accordance with the provisions regarding election of employee representatives and their alternates of the Danish Companies Act, including the rules governing Group representation and eligibility.

Every year the Chairman of the Board of Directors carries out a self-evaluation of the work of the Board of Directors, of the individual directors and of the overall competencies of the Board of Directors. In addition to complying with the corporate governance recommendations the purpose is to identify possible improvement possibilities for the work of the Board of Directors and consequently its value

The directors are elected for a period of two years. Re-election may take place for a period of one year or more. The Minister of Transport and Building may at any time remove the directors elected by him at an Annual Meeting.

Composition of the Board of Directors 2015

In 2015 nine directors served on DSB's Board of Directors, of whom six had been elected by the Minister of Transport and Building and three by the employees. A list of DSB's Board of Directors is available in the section "About DSB".

The directors elected at the ordinary Annual Meeting are regarded as independent, however, Lars Andersen has been a director since 1999.

Tasks and responsibilities of the management

The Board of Directors is in charge of the general and strategic management of DSB's affairs. The Board of Directors employs and dismisses the Executive Board and specifies its terms of employment. DSB's Articles of Association include a detailed description of the tasks of the Board of Directors. The Executive Board consists of one to four executive officers who are notified to the Danish Business Authority. The Executive Board is in charge of the day-to-day management of DSB.

Events after 31 December 2015

In January 2016 DSB sold properties. The sale is disclosed in the balance sheet under Properties sold – not yet transferred.

No other events have occurred after 31 December 2015 which in the opinion of the management have a significant impact on the assessment of this Annual Report.

Other matters

At 1 January 2016 the Executive Board was expanded to four members.

Announcements to the Danish Business Authority

26 February 2015

Filing of announcement of the financial results 2014

3 March 2015

Filing of notice convening the ordinary Annual Meeting

7 April 2015

Filing of minutes of the ordinary Annual Meeting

12 May 2015

Filing of announcement of accounts for the first quarter 2015

17 June 2015

Changes in the management of DSB Øresund A/S

21 August 2015

Filing of announcement of interim report 2015

24 August 2015

DSB optimises its organisation

3 November 2015

Filing of announcement of accounts for the first three quarters of 2015

9 December 2015

Filing of notice convening extraordinary Annual Meeting

17 December 2015

Filing of minutes of the extraordinary Annual Meeting

17 December 2015

Notice concerning a change in the Executive Board

Management statement and auditors' reports

Management statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of DSB for 2015.

The Annual Report is presented in accordance with the Danish Financial Statements Act and the Danish DSB Act. We consider the accounting policies applied to be appropriate. Accordingly, the Annual Report gives a true and fair view of the Group's and the parent corporation's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the parent corporation's operations and the Group's cash flows for the financial year from 1 January to 31 December 2015.

It is also our view that the management's review contains a well-founded assessment of the developments in the Group's and the parent corporation's activities and financial conditions, the profit for the year and the Group's and the parent corporation's financial position in general and a description of the most important risks and uncertainty factors to which the Group and the parent corporation are subject.

The Annual Report is recommended for approval by the annual meeting.

Taastrup, 25 February 2016

Executive Board

Flemming Jensen
CEO

Thomas Thellersen Børner
CFO

Anders Egehus
Executive Vice President,
Operations

Susanne Mørch Koch
Executive Vice President,
Commercial

Board of Directors

Peter Schütze
Chairman

Annette Sadolin
Vice Chairman

Lars Andersen

Carsten Gerner

Helge Israelsen

Christina Grumstrup Sørensen

Andreas Hasle

Hans Christian Kirketerp-Møller

Preben Steenholdt Pedersen

Internal auditor's report

To the Board of Directors

Report on the consolidated annual accounts and the annual accounts of the parent corporation

We have audited the consolidated annual accounts and the annual accounts of the independent public corporation DSB for the financial year from 1 January to 31 December 2015, comprising profit and loss account, balance sheet, equity statement, accounting policies and notes to the annual accounts for the Group as well as for the parent corporation and the consolidated cash flow statement. The consolidated annual accounts and the annual accounts of the parent corporation are presented in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act.

Management's responsibility for the consolidated annual accounts and the annual accounts of the parent corporation

Management is responsible for the preparation of consolidated annual accounts and annual accounts of the parent corporation that give a true and fair view in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act. Management is also responsible for such internal controls as management determines are necessary to enable the preparation of consolidated annual accounts and annual accounts of the parent corporation that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated annual accounts and the annual accounts of the parent corporation based on our audit. We conducted our audit in accordance with international standards on auditing. These require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated annual accounts and the annual accounts of the parent corporation are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence of the amounts and disclosures in the consolidated annual accounts and the annual accounts of the parent corporation. The audit procedures selected depend on the auditor's assessment, including the assessment of the risk of material misstatement in the consolidated annual accounts and the annual accounts of the parent corporation, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the independent public corporation DSB's preparation of consolidated annual accounts and annual accounts of the parent corporation that give a true and fair view 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 independent public corporation DSB's internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts and the annual accounts of the parent corporation.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated annual accounts and the annual accounts of the parent corporation give a true and fair view of the Group's and the independent public corporation DSB's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the independent public corporation DSB's operations and the consolidated cash flows for the financial year from 1 January to 31 December 2015 in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act.

Statement on the management's review

In accordance with the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated annual accounts and the annual accounts of the parent corporation. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated annual accounts and the annual accounts of the parent corporation.

Taastrup, 25 February 2016

Internal audit

Michael Ravbjerg Lundgaard
Group Internal Auditor

The independent auditors' report

To the Minister of Transport & Building

Report on the consolidated annual accounts and the annual accounts of the parent corporation

We have audited the consolidated annual accounts and the annual accounts of the independent public corporation DSB for the financial year from 1 January to 31 December 2015, comprising profit and loss account, balance sheet, equity statement, accounting policies and notes to the annual accounts for the Group as well as for the parent corporation and the consolidated cash flow statement. The consolidated annual accounts and the annual accounts of the parent corporation are presented in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act.

Management's responsibility for the consolidated annual accounts and the annual accounts of the parent corporation

Management is responsible for the preparation of consolidated annual accounts and annual accounts of the parent corporation that give a true and fair view in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act. Management is also responsible for such internal controls as management determines are necessary to enable the preparation of consolidated annual accounts and annual accounts of the parent corporation that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Further, it is management's responsibility that the transactions comprised by the consolidated annual accounts and the annual accounts of the parent corporation are in accordance with the transport contract, legislation and other regulations as well as agreements entered into and general practice.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated annual accounts and the annual accounts of the parent corporation based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit legislation as well as generally accepted public auditing standards pursuant to the Danish Auditor General's Act. These require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated annual accounts and the annual accounts of the parent corporation are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence of the amounts and disclosures in the consolidated annual accounts and the annual accounts of the parent corporation. The audit procedures selected depend on the auditors' assessment, including the assessment of the risk of material misstatement in the consolidated annual accounts and the annual accounts of the parent corporation, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the independent public corporation DSB's preparation of consolidated annual accounts and annual accounts of the parent corporation that give a true and fair view 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 independent public corporation DSB's internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied and the reasonableness of accounting estimates made by management,

as well as evaluating the overall presentation of the consolidated annual accounts and the annual accounts of the parent corporation.

Further, the audit comprises an assessment as to whether business procedures and internal controls have been established to ensure that the transactions comprised by the annual accounts are consistent with the transport contract, legislation and other regulations.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated annual accounts and the annual accounts of the parent corporation give a true and fair view of the Group's and the independent public corporation DSB's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the independent public corporation DSB's operations and the consolidated cash flows for the financial year from 1 January to 31 December 2015 in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act. Further, it is our opinion that business procedures and internal controls have been established to ensure that the transactions comprised by the annual accounts are consistent with the transport contract, legislation and other regulations.

Statement on the management's review

In accordance with the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated annual accounts and the annual accounts of the parent corporation. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated annual accounts and the annual accounts of the parent corporation.

Copenhagen, 25 February 2016

Ernst & Young
Godkendt Revisionspartnerselskab
CVR-nr. 30700228

The National Audit Office of Denmark

Jesper Koefoed
State-authorised
public accountant

Torben Bender
State-authorised
public accountant

Lone L. Strøm
Auditor general

Morten Brædstrup Holm
Head of Office



Consolidated annual accounts and annual accounts of the parent corporation

Profit and loss account					
Parent corporation				Group	
2014	2015	Note	Amounts in DKK million	2015	2014
			Revenue		
9,590	9,390	1	Net turnover	11,153	11,388
88	69		Work performed by the enterprise and capitalised	537	589
835	645	2	Other operating income	568	795
10,513	10,104		Total revenue	12,258	12,772
			Expenses		
575	537	3	Expenses for raw materials and consumables	1,709	1,660
4,216	4,415	4,5,6	Other external expenses	3,927	3,923
2,492	2,423	7	Staff expenses	3,696	3,740
7,283	7,375		Total expenses	9,332	9,323
3,230	2,729		Profit before depreciation, amortisation and write-downs	2,926	3,449
2,218	1,999	8	Depreciation, amortisation and write-downs	2,023	2,247
1,012	730		Operating profit	903	1,202
			Net financials		
167	104	9	Profit after tax in Group companies	-	-
-156	0	10	Profit/loss after tax in associated companies	0	-156
15	23	11	Financial income	22	18
387	336	11	Financial expenses	345	394
-361	-209		Net financials	-323	-532
651	521		Profit before tax	580	670
		12	Tax		
-146	-85		Tax on the profit for the year	-132	-186
-3	10		Adjustment of tax relating to previous years	-2	-2
-149	-75		Total tax	-134	-188
502	446		Profit for the year	446	482
			The profit for the year is allocated as follows:		
			DSB	446	502
			Minority interests	0	-20
			Profit for the year	446	482
			The parent corporation's profit is proposed for allocation as follows:		
0	173		Dividend to the Ministry of Transport and Building		
502	273		Retained earnings		
502	446		Total		

Balance sheet – assets

Parent corporation				Group	
2014	2015	Note	Amounts in DKK million	2015	2014
		13	Intangible assets		
-	-		Acquired rights	0	2
0	0		Strategic development projects	0	0
336	252		Other development projects	253	335
79	36		Intangible assets in progress and prepayments	40	81
415	288		Total intangible assets	293	418
		14	Tangible assets		
4,188	4,081		Land and buildings	4,548	4,827
13,060	12,204		Rolling stock	12,023	12,911
899	823		Operating equipment, fixtures & fittings and other equipment	985	1,063
205	155		Tangible assets in progress and prepayments	174	231
18,352	17,263		Total tangible assets	17,730	19,032
		15	Investments		
1,278	1,401		Investments in Group companies	-	-
0	0		Investments in associated companies	0	0
2	22		Subordinate loan capital in Group companies	-	-
252	256		Subordinate loan capital in associated companies	256	252
2	2		Other investments/interests	2	2
115	133		Other receivables	133	115
1,649	1,814		Total investments	391	369
20,416	19,365		Total non-current assets	18,414	19,819
17	14	16	Inventories	425	427
-	-	14	Properties sold – not yet transferred	106	-
			Receivables		
895	678		Trade receivables	793	983
25	47		Receivables from Group companies	-	-
62	0		Receivable joint taxation contribution	-	-
286	237	17	Other receivables	387	469
225	180	18	Prepayments	202	222
1,493	1,142		Total receivables	1,382	1,674
11	13		Cash at bank and in hand	42	27
1,521	1,169		Total current assets	1,955	2,128
21,937	20,534		Total assets	20,369	21,947

Balance sheet – Equity and liabilities

Parent corporation				Group	
2014	2015	Note	Amounts in DKK million	2015	2014
			Equity		
4,760	4,760		Contributed capital	4,760	4,760
0	0		Net revaluation reserve according to the equity method	0	0
1,541	1,998		Retained earnings	1,998	1,541
0	173		Proposed dividend	173	0
6,301	6,931		Total equity	6,931	6,301
-	-	19	Minority interests	0	0
6,301	6,931		Total equity and minority interests	6,931	6,301
			Provisions		
87	109	20	Other provisions	101	147
1,446	1,505	21	Deferred tax liabilities	1,390	1,287
1,533	1,614		Total provisions	1,491	1,434
			Non-current liabilities		
6,867	5,482	11	Long-term loans	5,482	6,867
-	-	11	Subordinate loan capital	2	7
1,349	769		Other non-current liabilities	769	1,349
380	335		Other liabilities	335	380
8,596	6,586		Total non-current liabilities	6,588	8,603
			Current liabilities		
1,440	1,156	11	Current portion of non-current liabilities	1,156	1,440
450	250		Short-term loans	250	450
249	269		Credit institutions	269	249
1,162	1,202		Trade accounts payable	1,521	1,611
548	648		Debt to Group companies	-	-
33	81		Corporation tax	92	33
807	862	22	Other liabilities	1,070	1,002
818	935	23	Deferred income	1,001	824
5,507	5,403		Total current assets	5,359	5,609
14,103	11,989		Total liabilities	11,947	14,212
21,937	20,534		Total equity and liabilities	20,369	21,947
		14	Collaterals, mortgaging and public grants		
		24	Contingent assets, contingent liabilities and other financial commitments		
		25	Related parties		
		26	Accounting uncertainty regarding Rejsekort		

Equity statement

Amounts in DKK million

	Contributed capital	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividend	Total equity
Parent corporation					
Equity at 1 January 2014	4,760	-	1,157	0	5,917
Paid dividend	-	-	-	0	0
Profit for the year	-	11	491	-	502
Foreign currency translation adjustments re. Group companies	-	5	-10	-	-5
Value adjustment of hedging instruments, 1 January	-	-	371	-	371
Value adjustment of hedging instruments, 31 December	-	-	-525	-	-525
Other changes in equity, tax	-	-	41	-	41
Transfer from distributable reserves to cover negative balance	-	-16	16	-	0
Equity at 31 December 2014	4,760	0	1,541	0	6,301
Profit for the year	-	102	171	173	446
Foreign currency translation adjustments re. Group companies	-	-	4	-	4
Value adjustment of hedging instruments, 1 January	-	-	525	-	525
Value adjustment of hedging instruments, 31 December	-	-	-342	-	-342
Changes in equity in Group companies	-	-	-3	-	-3
Transfer from distributable reserves to cover negative balance	-	-102	102	-	0
Equity at 31 December 2015	4,760	0	1,998	173	6,931

Amounts in DKK million

	Contributed capital	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividend	Total equity
Group					
Equity at 1 January 2014	4,760	-	1,157	0	5,917
Paid dividend	-	-	-	0	0
Profit for the year	-	-	482	-	482
Minority interests' share of profit for the year	-	-	20	-	20
Foreign currency translation adjustments re. Group companies	-	-	-5	-	-5
Value adjustment of hedging instruments, 1 January	-	-	371	-	371
Value adjustment of hedging instruments, 31 December	-	-	-525	-	-525
Other changes in equity, tax	-	-	41	-	41
Equity at 31 December 2014	4,760	-	1,541	0	6,301
Profit for the year	-	-	273	173	446
Minority interests' share of profit for the year	-	-	0	-	0
Foreign currency translation adjustments re. Group companies	-	-	4	-	4
Value adjustment of hedging instruments, 1 January	-	-	525	-	525
Value adjustment of hedging instruments, 31 December	-	-	-345	-	-345
Equity at 31 December 2015	4,760	-	1,998	173	6,931

Cash flow statement		
	Group	
Amounts in DKK million	2015	2014
Operating profit	903	1,202
Adjustment for non-cash operating items		
Depreciation, amortisation and write-downs	2,023	2,247
Change in other provisions, net	-46	-8
Other adjustments		
Gain and loss on sale and scrapping of intangible and tangible assets	-110	-320
Net financials, paid	-331	-379
Corporation tax, paid	-37	-19
Cash flow from operating activities before changes in working capital	2,402	2,723
Change in working capital		
Change in receivables	276	-183
Change in properties sold – not yet transferred	-	154
Change in inventories	2	-129
Change in trade payables and other liabilities etc.	86	-237
Change in total working capital	364	-395
Total cash flow from operating activities	2,766	2,328
Cash flow from investing activities		
Acquisition of intangible and tangible assets, excl. capitalised interest	-803	-948
Sale of intangible and tangible assets	192	408
Contribution to associated company	0	-73
Total cash flow from investing activities	-611	-613
Cash flow from financing activities		
Proceeds from raising long-term loans	-	897
Proceeds from raising short-term loans	250	1,450
Repayment of and payment of instalments on long-term loans	-1,960	-2,351
Repayment of and payment of instalments on short-term loans	-450	-1,600
Change in credit institutions	20	-130
Invested hybrid capital from minority interests	-	22
Dividend paid to the Ministry of Transport and Building	0	0
Dividend paid to minority shareholder	-	-2
Total cash flow from financing activities	-2,140	-1,714
Change in cash in bank and at hand	15	1
Cash at bank and in hand at 1 January	27	26
Cash at bank and in hand at 31 December	42	27

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

Accounting policies

The annual accounts of the Independent Public Corporation DSB were prepared in accordance with the provisions of the Danish Financial Statements Act for Class D companies and the Danish DSB Act.

The annual accounts have been prepared in accordance with the same accounting policies as the annual accounts for 2014.

Presentation

With effect from 1 January 2015, the subsidiary DSB Rejsekort A/S merged with DSB, with DSB as the continuing corporation. According to the Group's accounting policies, the uniting-of-interests method was applied. Consequently, comparative figures for 2014 and financial highlights have been restated.

Furthermore, significant items of a primary nature in relation to the railway business have been reclassified from Other receivables to Trade receivables and from Other liabilities to Trade payables. Similarly, a reclassification was carried out in the Profit and loss account from Other operating income to Net turnover and from Other external expenses to Expenses for raw materials and consumables. Comparative figures have been restated.

Segmental reporting

DSB has chosen to implement the new and not yet applicable disclosure requirements concerning segmental reporting of the Danish Financial Statements Act in its annual accounts for 2015. This means that the distribution of net turnover will only be disclosed as in note 1 in the future, as the distribution on geographical markets does not deviate substantially with regard to the organisation of the sale.

General comments on recognition and measurement

The accounts are prepared on a historical cost basis.

All amounts are measured in Danish kroner (DKK). All other currencies are regarded as foreign currencies.

Consolidated annual accounts

The consolidated annual accounts comprise the parent corporation DSB and Group companies in which the DSB Group has a controlling influence. Companies that are not Group companies, but in which the DSB Group holds 20 percent or more of the voting rights and exercises a significant influence on the operational and financial management are associated companies.

Companies owned and operated jointly with others and where the parties together exercise a controlling influence (joint ventures) are consolidated on a pro rata basis.

The consolidated annual accounts include the annual accounts of the parent corporation, Group companies (subsidiaries and joint ventures) and associated companies presented according to the accounting policies of the Group. Accounting items of a similar nature are combined and subsequently intragroup income and expenses, intragroup balances and dividends as well as intragroup profits and losses on transactions are eliminated.

Acquisitions of new companies are accounted for using the purchase method, according to which the identifiable assets and liabilities of the newly acquired companies are measured at their fair values at the date of acquisition. A provision is recognised for costs related to adopted and announced plans to restructure the acquired company in connection with the acquisition. The tax effect of the revaluation is taken into account.

The uniting-of-interests method is used for business combinations such as purchase and sale of shares, mergers, demergers, addition of assets and exchange of shares etc. when companies under the control of the parent corporation participate. Any differences between the agreed consideration and the carrying amount of the acquired company are recognised in equity. Comparative figures for previous financial years are restated.

Any excess of the cost of the acquisition over the fair value of the identifiable assets and lia-

bilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised systematically in the profit and loss account based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired companies, is recognised in the balance sheet as deferred income and recognised in the profit and loss account as the losses or costs are realised or transferred to Other provisions as the provisions crystallise and can be reliably stated.

Goodwill and negative goodwill from acquired companies can be adjusted until the end of the year following the acquisition.

DSB's investments in Group companies (subsidiaries and joint ventures) are offset against the Group companies' equity value at the time of acquisition (the past equity-method). The annual accounts used for consolidation are prepared in accordance with the Group's accounting policies. Subsidiaries' accounting items are fully recognised in the consolidated annual accounts. The minority interests' proportionate share of the subsidiaries' profit and equity is recognised as separate items in the profit and loss account and balance sheet. The Group's share of joint ventures' revenue and expenses, assets and liabilities is recognised line by line in the consolidated accounts. Intragroup profits and losses are eliminated on a pro rata basis.

Investments in associated companies are measured according to the equity method at the Group's proportionate share of the equity of the company. Intragroup profits and losses are eliminated on a pro rata basis. The proportionate shares of the associated companies' profits/losses after tax are included in the profit and loss account.

Newly acquired companies are included in the consolidated annual accounts with effect from the time of acquisition and companies sold or liquidated are included until the time of divestment or date of liquidation.

Comparative figures are not restated for newly acquired, sold or liquidated companies or activities.

Gains or losses related to the sale or liquidation of Group and associated companies are stated as the difference between the sales price or settlement price and the carrying amount of the net assets at the time of sale, including non-amortised goodwill and expected costs of sale or liquidation.

Foreign currency translation

Transactions denominated in foreign currencies are translated on initial recognition using the exchange rate on the transaction date. Differences between the exchange rate on the transaction date and the exchange rate on the payment day are recognised in the profit and loss account under Net financials.

Receivables, liabilities and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the rate when the account receivable or liability came into existence or was recognised in the latest annual accounts is recognised in the profit and loss account under Net financials.

With regard to the recognition of foreign Group companies (subsidiaries and joint ventures) and associated companies in foreign currencies, these are considered independent units. Their profit and loss accounts are translated using the average exchange rate and their balance sheet items are translated using the exchange rate at the balance sheet date. Exchange rate differences arising from the translation of foreign Group companies' equity at the beginning of the year to the exchange rate at the balance sheet date and in connection with the translation of the profit and loss accounts from average exchange rates to the exchange rate at the balance sheet date are taken directly to equity.

Derivative financial instruments

Initial recognition of derivative financial instruments is made in the balance sheet at cost and they are subsequently measured at fair value. Positive and negative changes in fair values of derivative financial instruments are included as receivables or liabilities.

Changes in the fair value of derivative financial instruments which are classified as and meet the criteria for hedging of the fair value of a recognised asset or recognised liability are recognised in the profit and loss account together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments which are classified as and meet the conditions for the hedging of future transactions are taken directly to equity. On realisation of the hedged position, income and costs relating to such hedging transactions are transferred from equity and recognised in the same accounting item as the hedged position.

In respect of derivative financial instruments which do not meet the conditions for treatment as hedging instruments, changes in the fair value are recognised in the profit and loss account on an ongoing basis.

Profit and loss account

Net turnover

Passenger revenues are recognised at the time of transport. Provision is made in respect of the value of tickets sold that have not been used or expired at the balance sheet date. Discounts in connection with the sale and payments relating to the Travel Guarantee Scheme are deducted from the net turnover.

Revenue from transport contracts is recognised over the periods to which it relates, when the revenue can be reliably measured and is expected to be received.

Revenue for services is recognised as the services are rendered.

The recognition criterion for other goods, including commissions, is when delivery has taken place and the risk has passed.

Work performed by the enterprise and capitalised

This item includes work performed by the enterprise and capitalised in connection with the carrying out of i.a. major maintenance inspections of train sets. The value is measured based on registered expenses for performance of the work paid in the form of own work etc. The item also includes directly attributable expenses and a proportionate share of indirect production costs.

Other operating income

Other operating income includes income of a secondary nature in relation to the railway business, including compensation and damages. This income is recognised when it can be reliably measured and is expected to be received.

Expenses for raw materials and consumables

Cost of raw materials and consumables includes the year's purchases and the year's change in the inventory of energy, Goods for sale in shops etc. and Spare parts etc.

Other external expenses

Other external expenses primarily include expenses of a primary nature in relation to the railway business – for instance, Infrastructure charges, Leasing of rolling stock etc., Non-deductible VAT and Administrative expenses.

DSB has the right to deduct part of the purchase VAT because the Group engages in activities that are both subject to and not subject to VAT. The non-deductible part of the input VAT is included in the profit and loss account and in the balance sheet items.

Staff expenses

Staff expenses include wages and salaries, remuneration, pension contributions and other staff expenses relating to the corporation's employees, including the Executive Board and the Board of Directors. DSB pays pension contributions for public servants to the state,

which has the pension obligation. The pension obligation for other employees is covered by defined contribution schemes.

Profit/loss in Group and associated companies

The proportionate share of the profit/loss after tax of the individual Group company (subsidiaries and joint ventures) is included in the profit and loss account of the parent corporation after elimination of the share of intragroup profits/losses and deduction of any amortisation of goodwill.

The proportionate share of the profit/loss after tax of the associated companies is included in the profit and loss account of the parent corporation and the Group after elimination of the share of intragroup profits/losses and deduction of any amortisation of goodwill.

Net financials

Net financials comprise interest income and expenses, capital and exchange gains and losses relating to securities, liabilities and transactions in foreign currencies and amortisation of financial assets and liabilities.

Tax on the profit/loss for the year

DSB is covered by the Danish rules on compulsory joint taxation of the Group's Danish Group companies. The Group companies are included in the joint taxation from the time at which they are included in the consolidation in the consolidated annual accounts and until they are excluded from the consolidation.

DSB administers the joint taxation and consequently makes all corporation tax payments to the tax authorities.

The current Danish corporation tax is distributed by settlement of the joint taxation contributions between the jointly taxed companies relative to their taxable income. In this connection, any companies with a tax loss receive joint taxation contributions from companies that were able to use their tax losses to reduce their own tax profit (full allocation).

The tax for the year which comprises current corporation tax, the year's joint taxation contribution and changes in deferred tax, including differences as a consequence of changed tax legislation or rates. The year's tax is recognised in the profit and loss account with the share attributable to the profit for the year and directly in equity insofar as the share related to items entered directly on equity is concerned.

Balance sheet

Intangible assets

Intangible assets comprise acquired rights and development projects, including software.

Acquired rights in the form of transport contracts are measured at amortised cost less accumulated amortisation and write-downs.

Development projects which are clearly defined and identified, where the technical utilisation rate, sufficient resources and a potential future market or development potential in the corporation can be proven and where it is expedient to produce, market or use the project, are recognised as intangible assets if the cost can be reliably determined and there is sufficient security that future earnings can cover production, sales and administrative expenses plus the actual development costs. Other development costs are recognised as expenses in the profit and loss account as incurred.

Acquired rights and development projects, including software, are measured at cost less accumulated amortisation or at the recoverable amount, whichever is the lower.

The cost of development projects comprises costs, including wages, salaries and amortisation, which directly and indirectly can be attributed to the corporation's development activities.

Interest and borrowing expenses on loans for financing development projects are recognised in the original cost provided they relate to the

development period. All other financing expenses are recognised in the profit and loss account.

Acquired rights are amortised on a straight-line basis over the remaining contract period.

Completed development projects are amortised on a straight-line basis over their expected useful lives.

The expected useful lives for the financial year 2015 are:

Acquired rights	5-10 years
Strategic development projects	3-10 years
Other development projects, including software	3-5 years

The basis of amortisation is calculated taking into account the scrap value of the asset and reduced by any write-downs. Amortisation methods and expected useful lives are reviewed annually for the coming year. The scrap value is fixed at the time of acquisition.

Acquisitions during the accounting year are depreciated proportionately according to the time of commencement of use.

For changes in amortisation period or scrap value, the effect is recognised in future amortisation as a change in accounting estimates.

Profits and losses in respect of disposals are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. The gains or losses are recognised in the profit and loss account under Other operating income or Other external expenses.

Tangible assets

Land and buildings, Rolling stock, Operating equipment, fixtures and fittings are measured at cost less accumulated depreciation and write-downs.

Tangible assets in progress and prepayments are measured at cost less accumulated depreciation or at the recoverable amount, whichever is the lower.

Changes and improvements adding to the value of tangible assets are capitalised.

Cost comprises the original cost and costs directly related to the original cost until the time when the asset is ready for use. With regard to own produced assets, the cost covers direct and indirect costs for materials, components, sub-contractors and wages/salaries.

Prepayments on tangible assets not yet delivered are capitalised.

Interest and borrowing expenses relating to loans raised for financing in connection with the production of tangible assets, including prepayments, are recognised in the original cost if they relate to the production period. All other financing expenses are recognised in the profit and loss account.

Tangible assets are depreciated on a straight-line basis over their expected useful lives.

The expected useful lives for the financial year 2015 are:

Land	Not depreciated
Buildings	30-60 years
Installations	10-15 years
Rolling stock	2-25 years
Operating equipment, fixtures and fittings	3-25 years

The basis of depreciation is calculated taking into account the scrap value of the asset and reduced by any write-downs. Depreciation methods and expected useful lives are reviewed annually for the coming year. The scrap value is fixed at the time of acquisition.

Acquisitions during the accounting year are depreciated proportionately according to the time of commencement of use.

In case the depreciation period or the scrap value changes, the impact on depreciation in

the future is recognised as a change of accounting estimates.

In respect of the original acquisition of the tangible asset, account is taken of the shorter useful life of part of the asset, which is why this part, already at the time of acquisition, is accounted for as a separate asset with a shorter useful life and thus shorter period of depreciation.

Costs for heavy maintenance inspection are recognised separately and depreciated over the useful life, i.e. the period until the next inspection.

Gains or losses on the disposal or scrapping of tangible assets are determined as the difference between the sales price less dismantling, sales and re-establishment costs and the carrying amount at the date of sale or scrapping. The gains or losses are recognised in the profit and loss account under Other operating income or Other external expenses.

Investments

Investments in Group companies (subsidiaries and joint ventures) and associated companies are measured according to the equity method. This means that investments are measured at the proportionate share of the companies' equity value stated according to the accounting policies of the parent corporation less or plus unrealised intragroup profits and losses.

Investments in Group companies (subsidiaries and joint ventures) and associated companies with a negative equity value are measured at DKK 0. Receivables and other non-current financial assets regarded as part of the total investment in the company are written down by any remaining negative equity value. Receivables are written down if there is any indication of impairment. Provisions to cover the remaining negative equity value are only recognised if the Group has a legal or actual obligation to meet the obligations of such company.

Net revaluation of investments in Group companies (subsidiaries and joint ventures) and associated companies is transferred to the net

revaluation reserve according to the equity method under equity to the extent that the carrying amount exceeds the original cost.

Loans to associated companies are measured at amortised cost.

Other investments are measured at fair value. If a fair value cannot be reliably measured, the investment is measured at the original cost. All fair value adjustments are recognised in the profit and loss account.

Other receivables are measured at amortised cost.

Write-down of non-current assets

The carrying amount of non-current assets is reviewed on the balance sheet date to decide whether there are any indications of impairment other than what is expressed through amortisation and depreciation. If such impairment is ascertained, an impairment test is carried out for that asset or group of assets to determine whether the recoverable amount is lower than the carrying amount; if so, a write-down is made to that lower recoverable amount. Any write-downs are recognised in the profit and loss account.

In case of subsequence reversals of write-downs as a consequence of changes in the calculated recoverable value, the value of the asset is increased to the adjusted recoverable value, but not to more than the carrying amount the asset would have had if it had not been written down for impairment.

Inventories

Fuel for trains and Spare parts are measured at cost according to the average cost method. Cost comprises the purchase price plus delivery costs and any processing and other costs directly or indirectly attributable to inventories.

Goods for sale in shops etc. are measured at cost, calculated in line with the FIFO method. Cost comprises the purchase price plus delivery costs.

Obsolete inventories are written down to the net realisable value if this is lower than the

cost. The net realisable value for inventories is calculated as the sales amount less completion costs and costs incurred to effect the sale and is determined with due regard for marketability, obsolescence and developments in the expected sales price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value.

Provision for bad debt is made when there is found to be an objective indication of impairment of a receivable or a portfolio of receivables. If there is an objective indication that an individual receivable is impaired, that individual asset is written down for impairment.

Receivables on which there is no objective indication of impairment at an individual level are assessed on a portfolio level for objective indication of impairment. The objective indicators used for the portfolios are based on historical loss experience.

Write-downs are stated as the difference between the carrying amount of receivables and the expected cash flow, including the realisable value of any security received.

Prepayments

Prepayments comprise incurred costs relating to subsequent accounting years. Prepayments are measured at cost.

Equity

Reserve for net revaluation according to the equity method comprises net revaluation of investments in Group and associated companies in relation to cost.

Dividends are recognised as a liability at the time of adoption at the ordinary Annual Meeting (the time of declaration). The proposed dividend for the accounting year is disclosed as a separate item under Equity.

Minority interests

Minority interests include hybrid capital in the form of subordinate loans to Group companies paid by minority shareholders. Subordinate

loans do not carry interest and rank after unsecured creditors. There is no obligation to repay the subordinate loans other than in connection with insolvent liquidation, winding-up or other dissolution of the company. However, loans must be repaid before distribution of dividend or any other form of distribution to the shareholders of Group companies.

Provisions

Provisions are recognised when the DSB Group as a consequence of an event that occurred at the balance sheet date at the latest has a legal obligation or an actual obligation, and it is likely that financial advantages must be given up to meet that obligation.

Provisions are recognised and measured as the best estimate of the costs necessary to liquidate the obligations. Provisions expected to become payable more than one year after the balance sheet date are measured at discounted value where this is important to the measurement.

Corporation tax and deferred tax

Current tax due and receivable is included in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on the taxable income for previous years and tax paid on account.

Payable and receivable joint taxation contributions are included in the balance sheet as balances with Group companies.

Deferred tax is measured using the balance sheet liability method on all timing differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on timing differences relating to goodwill which is not deductible for tax purposes and on office premises and other items, where timing differences, apart from business acquisitions, arise at the date of acquisition without affecting either the profit/loss for the year or the taxable income. In cases where the calculation of the tax value may be made according to different taxation rules, deferred tax is measured on the basis of

the management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the value of deferrable tax losses and net financing expenses, are recognised as an asset at the expected value of utilisation; either through elimination of tax on future earnings or by set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured based on the tax rules and tax rates of the individual countries applicable according to the legislation in force at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Together with the Group's Danish companies the administration unit DSB assumes joint and several liability for the Group's total jointly taxed income etc.

Liabilities

Liabilities are recognised at the date of borrowing at the net proceeds received after deduction of transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the profit and loss account over the term of the loan as a financial expense using the effective interest method.

Other financial liabilities, which comprise trade payables and debt to Group companies (subsidiaries and joint ventures) and associated companies are measured at the net realisable value.

Leasing

In terms of accounting, lease commitments are divided into finance and operating leases.

Expenses regarding operating leases are recognised in the profit and loss account over the term of the lease.

Total commitments regarding finance and operating leases are disclosed under Contingent

assets, Contingent Liabilities and Other financial liabilities.

Deferred income

Deferred income covers payments received relating to income in subsequent years. Deferred income is measured at cost.

Contingent assets, contingent liabilities and other financial commitments

Contingent assets, contingent liabilities and other financial liabilities include events or situations that exist at the balance sheet date, but whose accounting effect cannot be finally determined until the outcome of one or more uncertain future events is known.

Cash flow statement

The consolidated cash flow statement is presented according to the indirect method based on the Operating profit. The cash flow statement shows the cash flow divided into operating, investing and financing activity for the year and Group's cash at bank and in hand at the beginning and end of the year.

The cash flow statement includes the share in cash flows of pro rata consolidated companies (joint ventures).

A separate cash flow statement has not been prepared for the parent corporation as this is contained in the consolidated cash flow statement.

Cash flow from operating activities

Cash flow from operating activities is calculated as the Operating profit adjusted for non-cash operating items, net financials paid, corporation tax paid and changes in working capital. The working capital comprises Current assets less Current liabilities exclusive of items included in cash at bank and in hand. Changes in working capital are adjusted for changes that have no effect on liquidity.

Cash flow from investing activities

Cash flow from investing activities includes purchases and sales etc. of non-current assets.

Cash flow from financing activities

Cash flow from financing activities comprises proceeds from raising loans, repayment and instalments on liabilities, capitalised interest and dividend received and paid.

Cash at bank and in hand

Cash at bank and in hand includes cash and short-term securities with insignificant exchange risk.

Notes

Note 1: Net turnover

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
		Passenger revenues specified by business areas:		
3,674	3,524	Long-distance & Regional Trains	3,524	3,674
1,509	1,445	S-tog	1,445	1,509
5,183	4,969	Total passenger revenues	4,969	5,183
4,094	4,138	Revenue from transport contracts	4,883	4,894
6	0	Sales from shops etc.	822	814
80	61	Repair and maintenance of rolling stock etc.	257	270
227	222	Leasing of rolling stock	222	227
9,590	9,390	Total	11,153	11,388

Passenger revenues in the parent corporation include fines to passengers travelling without a valid ticket of DKK 60 million (2014: DKK 61 million).

Note 2: Other operating income

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
270	287	Renting and leasing	147	148
186	6	Profit on sale of intangible and tangible assets	120	330
168	188	Intragroup income	-	-
18	49	Compensation regarding leasing of replacement rolling stock	210	18
193	115	Other	91	299
835	645	Total	568	795

Note 3: Expenses for raw materials and consumables

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
535	497	Energy for train operation	508	549
24	23	Sales from shops etc.	572	567
16	17	Spare parts etc.	629	544
575	537	Total	1,709	1,660

Note 4: Other external expenses

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
442	429	Infrastructure charges	645	667
549	499	Non-deductible VAT	562	623
1,438	1,226	Repair, maintenance and cleaning etc.	532	471
366	337	Administrative expenses	525	544
333	334	Consultancy fees etc., including audit fee	336	344
248	245	Leasing of rolling stock, buildings and premises etc.	246	268
118	156	Replacement services etc.	170	129
-37	-	Provision for onerous contracts etc., net	-68	14
159	122	Commissions	55	60
64	72	Sales and marketing	74	67
10	9	Loss on sale and scrapping of intangible and tangible assets	10	10
526	986	Other external expenses	840	726
4,216	4,415	Total	3,927	3,923

Note 5: Audit fees

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
		Statutory audit:		
1.5	2.1	Ernst & Young Godkendt Revisionspartnerselskab	2.8	2.1
0.8	1.0	The National Audit Office of Denmark	1.0	0.8
		Other assurance statements:		
0.7	0.9	Ernst & Young Godkendt Revisionspartnerselskab	1.3	0.8
		Tax and VAT consultancy:		
0.1	0.2	Ernst & Young Godkendt Revisionspartnerselskab	0.3	0.1
		Other services:		
1.4	0.6	Ernst & Young Godkendt Revisionspartnerselskab	0.7	1.4
4.5	4.8	Total	6.1	5.2

Fees for external auditor appointed at the Annual Meeting and the National Audit Office of Denmark.

Note 6: Consultancy fees

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
94	105	IT consultants	105	92
69	35	Programme management	35	69
12	14	Lawyers	14	13
10	13	Temps	13	11
5	7	Tax, VAT and accounting assistance	7	10
8	17	Management consultants	17	8
130	138	Other consultants	139	136
328	329	Total	330	339

Note 7: Staff expenses

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
1,987	1,987	Wages and salaries	3,104	3,095
472	413	Pensions	550	592
33	23	Other social security costs	42	53
2,492	2,423	Total	3,696	3,740

Severance pay to the Executive Board and senior executives in connection with dismissal by DSB not owing to non-performance or the like on the part of the employee does not exceed 12 months' salary. The general provisions of the Danish Public Servants Act apply to the public servants.

Insofar as public servants are concerned, pension contributions paid to the state are expensed. The pension contribution is 26 percent of the pensionable salary. For other employees, pension contributions are expensed in accordance with collective and individual agreements. Reference is made to the note concerning contingent assets, contingent liabilities and other financial commitments.

DSB has concluded agreements regarding performance-related salary with a number of executive employees (primarily managers). As a basis, agreements regarding performance-related salary accounts for 10-20 percent for managers who are not part of the Corporate Management and for up to 25 percent for members of the Corporate Management. At year-end 2015 the number of agreements regarding performance-related salary was 304, compared with 245 at year-end 2014.

4,648	4,558	Average number of full-time employees	7,438	7,564
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Note 7: Staff expenses (continued)

Amounts in DKK 1,000	2015	2014
Fees for the members of the Board of Directors:		
Peter Schütze	500.0	500.0
Annette Sadolin	300.0	300.0
Lars Andersen	150.0	150.0
Carsten Gerner	150.0	150.0
Helge Israelsen	150.0	150.0
Lilian Merete Mogensen ¹⁾	37.5	150.0
Christina Grumstrup Sørensen ¹⁾	118.5	-
Andreas Hasle	150.0	150.0
Hans Christian Kirketerp-Møller	150.0	150.0
Preben Steenholdt Pedersen	150.0	150.0
Total	1,856.0	1,850.0

The list includes fees paid to the members of the Board of Directors. No directors own shares, options, warrants or the like in DSB's (the corporation) Group companies.

¹⁾ Lilian Merete Mogensen has resigned on 17 March 2015 and Christina Grumstrup Sørensen joined the board on the same date.

Fees for the members of the Auditing Committee:		
Carsten Gerner	160.0	155.1
Lars Andersen	80.0	77.6
Andreas Hasle	80.0	77.6
Total	320.0	310.3

The list includes fees paid to the members of the Board of Directors.

Fees for the members of the Remuneration Committee:		
Annette Sadolin	110.0	103.4
Lilian Merete Mogensen	13.8	51.7
Peter Schütze	55.0	51.7
Hans Christian Kirketerp-Møller	41.2	-
Total	220.0	206.8

The list includes fees paid to the members of the Board of Directors.

Fees for the members of the Rolling Stock Committee:		
Helge Israelsen	110.0	100.0
Peter Schütze	55.0	50.0
Christina Grumstrup Sørensen	43.3	-
Preben Steenholdt Pedersen	55.0	50.0
Total	263.3	200.0

The list includes fees paid to the members of the Board of Directors.

Fees for the members of the Nomination Committee:		
Peter Schütze	18.1	16.7
Annette Sadolin	9.1	8.3
Hans Christian Kirketerp-Møller	9.1	8.3
Total	36.3	33.3

The list includes fees paid to the members of the Board of Directors. The Nomination Committee has been discontinued. The majority of its responsibilities have been merged into the Remuneration Committee and the remaining responsibilities are handled by the chairmanship.

Note 7: Staff expenses (continued)

Remuneration for the Executive Board:		2015	2014
Flemming Jensen (joined on 1 May 2015)		3,122.9	-
Total		3,122.9	-

The above represents remuneration paid to the Executive Board. The members of the Executive Board have agreements regarding performance-related salary according to which they may receive up to 25 percent of the fixed salary. The notice period for the CEO is 12 months, however an 18-month notice period applies, if termination is within the first 12-24 months' employment and 24 months if termination is within the first 12 months of employment.

Remuneration paid to the former acting CEO and the former CFO totalled DKK 2,158.9 in 2015.

Note 8: Depreciation, amortisation and write-downs

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
-	-	Acquired rights	-	10
153	-	Strategic development projects	-	153
226	188	Other development projects	189	227
6	-	Intangible assets in progress and prepayments	-	6
246	167	Land and buildings	200	273
1,367	1,478	Rolling stock	1,432	1,334
220	168	Operating equipment, fixtures & fittings and other equipment	204	244
-	-2	Tangible assets in progress and prepayments	-2	-
2,218	1,999	Total	2,023	2,247

Note 9: Profit after tax in Group companies

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
212	164	Profit before tax in Group companies	-	-
-45	-60	Tax in Group companies	-	-
167	104	Profit after tax in Group companies	-	-

Note 10: Profit/loss after tax in associated companies

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
-158	0	Profit/loss before tax in associated companies	0	-158
2	0	Adjustment of profit/loss regarding previous years in associated companies	0	2
-156	0	Profit/loss after tax in associated companies	0	-156

Note 11: Financial income and expenses

As a consequence of its operations, investments and financing, DSB is exposed to changes in interest rates, raw materials and foreign exchange risks. The financial management aims to control the financial risks in this relation. The general framework for the financial risk management is laid down in the financial policy, which is approved by the Board of Directors.

In accordance with the policy DSB Finances supervises, identifies, plans and manages risks. The management regularly supervises DSB's risk exposure and capital adequacy.

The purpose of financial hedging is to limit and control the impact of financial fluctuations on the financial markets on the profit. There are no material changes in DSB's risk exposure or risk management compared with 2014.

Financial income and expenses

Parent corporation		Financial income	Group	
2014	2015	Amounts in DKK million	2015	2014
1	4	Interest on outstanding with Group companies		-
4	4	Interest on outstanding with associated companies	4	4
4	13	Interest on bank deposits, bonds etc.	14	6
6	2	Currency exchange gains etc.	4	8
15	23	Total	22	18

Parent corporation		Financial expenses	Group	
2014	2015	Amounts in DKK million	2015	2014
387	336	Interest on loans, debt to credit institutions etc.	345	394
387	336	Total	345	394

Interest-bearing liabilities, net

Interest-bearing liabilities, net were reduced by DKK 2.2 billion during 2015, primarily due to the depreciation on the existing rolling stock substantially exceeding investments in new rolling stock.

Interest-bearing liabilities, net	Group	
Amounts in DKK million	2015	2014
Long-term loans	5,482	6,867
Current portion of non-current liabilities	1,156	1,440
Short-term loans	250	450
Credit institutions	269	249
Conversion of loan to DKK through currency swaps	349	630
Subordinate loan capital, debt	7	7
Interest-bearing debt	7,508	9,643
Cash and cash equivalents and securities	-42	-27
Deposits	-48	-50
Subordinate loan capital, receivable	-256	-252
Interest-bearing assets	-346	-329
Total	7,162	9,314

Note 11: Financial income and expenses (continued)

Borrowing and liquidity

Due to DSB's general, positive liquidity, all loans payable during 2015 have been repaid without new long-term borrowing.

It is DSB's policy to always have sufficient capital reserves available. The aim is to always have a liquidity reserve that corresponds to the development in the expected net debt for the approved budget year plus DKK 200 million, but never less than DKK 1.0 billion. The liquidity reserve consists of liquid funds and the possibility of utilising bank facilities.

At 31 December 2015 DSB had concluded agreements regarding terminable bank facilities of DKK 1,750 million and non-terminable facilities of DKK 2,500 million to expire during the period 2017-2021 (2014: terminable of DKK 2,270 million and non-terminable of DKK 2,500 million to expire in the period 2015-2018). The undrawn value hereof is DKK 3,188 million (2014: DKK 3,568 million).

Amounts in DKK million					
Group	Carrying amount	Total contractual cash flows	Within 1 year	1-5 year(s)	After 5 years
At 31 December 2015					
Long-term loans and subordinate loan capital - principal *)	6,640	6,959	1,103	4,320	1,536
Long-term loans and subordinate loan capital - interest	687	2,004	393	384	1,227
Other financial instruments	110	133	102	31	-
Short-term loans and credit institutions	519	519	519	-	-
Trade accounts payable	1,521	1,521	1,521	-	-
Total financial instruments	9,477	11,136	3,638	4,735	2,763

* Principal after conversion to DKK. The current portion of non-current liabilities includes the market value of currency swaps of DKK 142 million (2014: DKK 108 million).

All foreign currency loans have been converted into DKK via currency swaps.

In the parent corporation DKK 2,686 million of the debt portfolio was raised without state guarantee (2014: DKK 3,591 million). The remaining loans are all guaranteed by the Danish state, to which a guarantee commission is payable.

The fair value of derivative financial instruments used for hedging of foreign exchange and interest rate risks associated with financing activities is DKK -830 million at 31 December 2015 (2014: DKK -1,286 million). Consequently, DKK -338 million is recognised in equity (2014 DKK -546 million).

At 31 December 2015 derivative financial instruments with a positive and a negative fair value were DKK 216 million and DKK 1,155 million, respectively.

Interest rate risk

As a consequence of financing activities DSB is exposed to fluctuations in the level of interest rates in Denmark as well as abroad. The primary interest rate exposure in connection with financing relates to fluctuations in CIBOR, LIBOR, NIBOR, EURIBOR and STIBOR. The policy is to convert all loans so that DSB only has interest rate risks in CIBOR and EURIBOR. Interest rate risks are normally hedged through interest rate swaps where a floating-rate loan is converted into a fixed-interest loan.

Within a 12-month period the interest rate sensitivity may not exceed DKK 50 million (at an interest rate change of 1 percentage point), the debt portfolio must have a duration of between 3 and 8 years and minimum 50 percent of the debt portfolio is required to have a fixed interest.

In pursuance of the above, the weighted average duration of the net debt was 5.5 years (2014: 5.1 years) and 70 percent of the net financial liabilities had been converted into fixed-interest liabilities with an expected maturity of less than one year (2014: 72 percent). Floating-rate debt is adjusted regularly over the year.

Exchange rate uncertainty associated with financial activity

Foreign exchange risks are hedged on recognised financial assets and liabilities in such a way that minimum 75 percent of the risk is in DKK. In addition, there can only be risks in EUR and other currencies if they are part of the Group companies' financing or hedging of exposures from Group companies.

The most important foreign exchange exposures concern loans raised in EUR, USD, NOK, JPY and SEK that are hedged by means of derivatives, currency swaps. With this hedging DSB is not exposed to any significant foreign exchange risks from financing activities.

Other booked positions represent an immaterial part of DSB's currency exposure and future cash flow in foreign currencies is calculated for the coming 12 months, of which an average of 30-70 percent is hedged.

Note 11: Financial income and expenses (continued)

Foreign exchange risks in connection with operations primarily relate to DSB's fuel consumption. Other foreign exchange risks in connection with trade with international counterparties are limited, except for SEK and EUR as explained below.

DSB has foreign exchange risks in connection with SEK as a consequence of its Swedish Group company which operate under a transport contract in Sweden and a contract concluded regarding maintenance of the Swedish Øresund train sets and in EUR from acquisition of rolling stock.

DSB has equity investments in foreign Group companies, whose net assets are affected by exchange rate fluctuations in connection with translation into DKK in the consolidated annual accounts. This translation risk is not hedged.

Other than the above, DSB has no significant foreign exchange risks.

The hypothetical impact on the profit for the year and equity due to sensitivity in connection with changes in exchange rates is as follows:

	Nominal position in local currency (million)			Sensitivity in DKK million			
	Total liquid funds and receivables	Financial liabilities (not derivatives)	Derivative financial instruments to hedge future cash flows	Total	Change in exchange rate	Hypothetical impact on profit/loss before tax	Hypothetical impact on equity before tax
At 31 December 2015							
NOK	-1	-1,850	1,850	-1	10.0%	0	2
USD	0	-152	152	0	10.0%	0	137
SEK	-13	-2,792	2,620	-185	10.0%	-15	1
JPY	0	-23,000	23,000	0	10.0%	0	0
EUR	0	-83	90	7	0.5%	0	0
At 31 December 2014							
NOK	1	-2,249	2,250	2	10.0%	0	8
USD	0	-194	194	0	10.0%	0	150
SEK	6	-3,554	3,346	-202	10.0%	-16	4
GBP	0	-8	8	0	10.0%	0	0
JPY	0	-23,000	23,000	0	10.0%	0	0
CHF	0	-50	50	0	10.0%	0	1
EUR	2	-49	60	13	0.5%	1	0

Conditions for sensitivity analysis:

- Unchanged levels of prices and interest rates.
- Financial instruments which are recognised in the balance sheet at 31 December 2015 (2014).

Raw materials risk

DSB uses fuel and electricity for its operations, which exposes DSB to price risks. At the start of a budget year the exposure must be hedged. The hedging is carried out on an ongoing basis leading up to the budget year. The hedging is carried out through conclusion of raw materials price swap agreements.

The hedging carried out of the electricity consumption is used to hedge 73 percent of the expected consumption in 2016 and the rest for the subsequent years. Similarly, 93 percent of the hedging carried out of the fuel consumption is used for the expected consumption in 2016 and the rest subsequently. The hedging carried out reflects DSB's risk exposure.

The derivatives' impact on the Profit and loss account and Equity at likely fluctuations in the price of raw materials:

Note 11: Financial income and expenses (continued)

	Nominal		Sensitivity		
	Next year's expected consumption of raw materials	Raw materials contracts	Change in energy price	Hypothetical impact on profit/loss before tax	Hypothetical impact on equity before tax
At 31 December 2015					
Raw material – oil	60,766 tons	66,000 tons	10%	0	18
Raw material – electricity	353,321mWh	239,352mWh	10%	0	2
At 31 December 2014					
Raw material – oil	57,809 tons	106,800 tons	10%	0	39
Raw material – electricity	350,163mWh	311,999mWh	10%	0	8

Conditions for sensitivity analysis:

- Financial instruments which are recognised in the balance sheet at 31 December 2015 (2014).
- All transport contracts concluded at 31 December 2015 (2014).

Counterparty risk

A counterparty risk arises when financial derivative instruments are concluded to hedge the Group's financial risks or when liquidity is placed with financial counterparties. The risk is that the counterparties fail to fulfil their obligations to DSB.

The derivative financial instruments are distributed on seven counterparties (2014: seven counterparties) of which the largest net receivable is DKK 0 million at year-end (2014: DKK 64 million). All financial counterparties have a credit rating of "Investment Grade and thus fulfil the creditworthiness requirements of the finance policy.

Receivables from derivative financial instruments, cash surplus and deposits total DKK 301 million at 31 December 2015 (2014: DKK 304 million). If the access to offsetting exposure in financial contracts with financial counterparties is recognised, the receivables from these three items total DKK 90 million at December 2015 instead (2014: DKK 142 million).

Customers and partners are subject to regular credit rating and monitoring of the individual credit. Historically, DSB has had relatively small losses as a consequence of non-payment by customers or counterparties.

Note 12: Tax

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
-33	-53	Calculated tax on the profit for the year	-93	-33
-130	-45	Change in deferred tax regarding the profit for the year	-60	-180
-	-	Tax regarding internal profit	8	11
17	13	Adjustment of deferred tax from 23.5 percent to 22.0 percent	13	16
-146	-85	Tax on the profit for the year	-132	-186
-3	10	Adjustment of tax relating to previous years	-2	-2
-149	-75	Total tax	-134	-188
Reconciliation of tax rate:				
24.5%	23.5%	Tax on the profit for the year	23.5%	24.5%
0.6%	-5.0%	Tax effect of non-taxable income and non-deductible expenses	1.2%	5.6%
-	0.2%	Special tax rules	0.2%	-
-2.6%	-2.4%	Adjustment of deferred tax from 23.5 percent to 22.0 percent	-2.2%	-2.3%
0.4%	-1.9%	Adjustment of tax relating to previous years	0.4%	0.3%
22.9%	14.4%	Effective tax rate for the year	23.1%	28.1%
15	37	Tax paid during the year	37	19

Note 13: Intangible assets

Amounts in DKK million

	Strategic de- velopment projects	Other development projects	Intangible as- sets in pro- gress and prepayments	Total intangible as- sets
Parent corporation				
Cost at 1 January 2015	242	956	85	1,283
Additions			63	63
Transferred		102	-102	0
Disposals		-1	-4	-5
Cost at 31 December 2015	242	1,057	42	1,341
Amortisation and write-downs at 1 January 2015	-242	-620	-6	-868
Reclassification		-2		-2
Amortisation for the year		-163		-163
Write-downs for the year		-25		-25
Disposals		5		5
Amortisation and write-downs at 31 December 2015	-242	-805	-6	-1,053
Carrying amount at 31 December 2015	0	252	36	288
Carrying amount at 31 December 2014	0	336	79	415

Note 13: Intangible assets

Amounts in DKK million

	Acquired rights	Strategic de- velopment projects	Other development projects	Intangible as- sets in pro- gress and prepayments	Total intangible as- sets
Group					
Cost at 1 January 2015	57	242	968	86	1,353
Additions				66	66
Transferred			105	-105	0
Disposals	-2		-4	-1	-7
Cost at 31 December 2015	55	242	1,069	46	1,412
Amortisation and write-downs at 1 January 2015	-55	-242	-633	-5	-935
Reclassification			-2		-2
Amortisation for the year			-164		-164
Write-downs for the year			-25		-25
Disposals			8	-1	7
Amortisation and write-downs at 31 December 2015	-55	-242	-816	-6	-1,119
Carrying amount at 31 December 2015	0	0	253	40	293
Carrying amount at 31 December 2014	2	0	335	81	418

Note 14: Tangible assets

Amounts in DKK million

Parent corporation	Land and buildings	Rolling stock	Operating equipment, fixtures & fittings and other equipment	Tangible assets in progress and prepayments	Total tangible assets
Cost at 1 January 2015	7,066	25,443	2,578	207	35,294
Reclassification	-3				-3
Additions		408		356	764
Transferred	68	222	120	-410	0
Disposals	-68	-472	-65	4	-601
Cost at 31 December 2015	7,063	25,601	2,633	157	35,454
Depreciation and write-downs at 1 January 2015	-2,878	-12,383	-1,679	-2	-16,942
Reclassification			2		2
Depreciation for the year	-166	-1,287	-166		-1,619
Write-downs for the year	-1	-191	-2	2	-192
Disposals	63	464	35	-2	560
Depreciation and write-downs at 31 December 2015	-2,982	-13,997	-1,810	-2	-18,191
Carrying amount at 31 December 2015	4,081	12,204	823	155	17,263
Carrying amount at 31 December 2014	4,188	13,060	899	205	18,352
Cost includes capitalised interest in the amount of	4	291	11	0	306

In 2012 a grant was received from the City of Copenhagen for establishing a footbridge in Hellerup. The grant will be recognised over the life of the asset through a reduction of the monthly depreciation on the asset.

In pursuance of an agreement concluded between the Ministry of Transport and Building and the Danish Transport and Construction Agency, DSB has, upon request from the Danish Ministry of Transport and Building, acquired 10 train sets for leasing to the Danish Transport and Building Agency for the operation of the Coastal Line/the Øresund traffic. In connection with the financing of the train sets of EUR 55 million, DSB has provided the 10 train sets with a carrying amount of DKK 456 million as security.

Note 14: Tangible assets (continued)

Amounts in DKK million

Group	Land and buildings	Rolling stock	Operating equipment, fixtures & fittings and other equipment	Tangible assets in progress and prepayments	Total tangible assets
Cost at 1 January 2015	8,086	25,299	3,140	234	36,759
Reclassification	-143	-10	10		-143
Additions	11	342	5	379	737
Transferred	71	222	149	-442	0
Disposals	-132	-541	-104	4	-773
Cost at 31 December 2015	7,893	25,312	3,200	175	36,580
Depreciation and write-downs at 1 January 2015	-3,259	-12,388	-2,077	-3	-17,727
Reclassification	28		-8		20
Depreciation for the year	-185	-1,241	-200		-1,626
Write-downs for the year	-15	-191	-4	2	-208
Disposals	86	531	74		691
Depreciation and write-downs at 31 December 2015	-3,345	-13,289	-2,215	-1	-18,850
Carrying amount at 31 December 2015	4,548	12,023	985	174	17,730
Carrying amount at 31 December 2014	4,827	12,911	1,063	231	19,032
Cost includes capitalised interest in the amount of	4	291	11	0	306

In 2012 a grant was received from the City of Copenhagen for establishing a footbridge in Hellerup. The grant will be recognised over the life of the asset through a reduction of the monthly depreciation on the asset.

In pursuance of an agreement concluded between the Ministry of Transport and Building and the Danish Transport and Construction Agency, DSB has, upon request from the Danish Ministry of Transport and Building, acquired 10 train sets for leasing to the Danish Transport and Building Agency for the operation of the Coastal Line/the Øresund traffic. In connection with the financing of the train sets of EUR 55 million, DSB has provided the 10 train sets with a carrying amount of DKK 456 million as security.

Note 15: Investments

Amounts in
DKK million

Parent corporation	Investments in Group companies	Investments in associated companies	Subordinate loan capital in Group companies	Subordinate loan capital in associated companies	Other investments/interests	Other receivables	Total investments
Cost at 1 January 2015	1,874	413	154	252	2	115	2,810
Foreign currency translation adjustment	6						6
Additions			0	4		177	181
Disposals						-159	-159
Cost at 31 December 2015	1,880	413	154	256	2	133	2,838
Value adjustments at 1 January 2015	-596	-413	-152	0	0		-1,161
Foreign currency translation adjustment	-2						-2
Profit for the year	104	0					104
Adjustment of profit relating to previous years		0					0
Unpaid capital to cover negative balance	15						15
Other adjustments	-0		20				20
Value adjustments at 31 December 2015	-479	-410	-132	0	0		-1,024
Carrying amount at 31 December 2015	1,401	0	22	256	2	133	1,814
Carrying amount at 31 December 2014	1,278	0	2	252	2	115	1,649

Note 15: Investments (continued)

Amounts in DKK million

Investments in Group companies:				Share of equity
Name	Domicile	Ownership	Share capital	Parent corporation 2015
DSB Ejendomsudvikling A/S	Denmark	100%	DKK 100 million	728
Kort & Godt A/S	Denmark	100%	DKK 5.5 million	109
DSB Vedligehold A/S	Denmark	100%	DKK 28.5 million	440
DSB Øresund A/S 1)	Denmark	75%	DKK 0.7 million	0
DSB Øresund Holding ApS	Denmark	70%	DKK 10 million	0
- DSB Øresund A/S 1)	Denmark	25%	DKK 0.7 million	-
DSB Sverige AB	Sweden	100%	SEK 5.1 million	105
- DSB Uppland AB	Sweden	100%	SEK 1.1 million	-
- DSB Småland AB 2)	Sweden	100%	SEK 1.1 million	-
DSB Deutschland GmbH	Germany	100%	EUR 25,000	18
- VIAS GmbH 3)	Germany	50%	EUR 25,000	-
- VIAS Logistik GmbH 3)	Germany	50%	EUR 25,000	-
Selskabet af 23.12.2014 A/S	Denmark	100%	DKK 0.5 million	1
BSD ApS	Denmark	100%	DKK 125,000	0
Total				1,401

¹⁾ DSB owns 75 percent directly and 17.5 percent indirectly, corresponding to a total ownership interest of 92.5 percent. The direct ownership interest of 75 percent does not entitle DSB to dividend or liquidation surplus, and DSB is consequently assessed to have an ownership interest of 70 percent in terms of accounting.

²⁾ The company has not had any operating activities since 1 March 2014.

³⁾ Recognised according to the principles of pro rata consolidation.

Roslagståg AB was sold to a liquidation company in 2015.

DSB Rejsekort A/S merged with DSB at 1 January 2015 with DSB as the continuing corporation.

Note 15: Investments (continued)

Amounts in DKK million

Group	Investments in associated companies	Subordinate loan capital in associated companies	Other investments/ interests	Other receivables	Total investments
Cost at 1 January 2015	413	252	2	115	782
Additions		4		177	181
Disposals				-159	-159
Cost at 31 December 2015	413	256	2	133	804
Value adjustments at 1 January 2015	-413	-	-		-413
Profit/loss for the year	0				0
Value adjustments at 31 December 2015	-413	0	0		-413
Carrying amount at 31 December 2015	0	256	2	133	391
Carrying amount at 31 December 2014	0	252	2	115	369

Investments in associated companies:

Name	Domicile	Ownership	Share capital	Parent corporation 2015	Group 2015
Amounts in DKK million					
Rejsekort A/S *)	Denmark	46.5%	111	0	0
Rejseplanen A/S	Denmark	48.4%	1	0	0
Total				0	0

*) DSB does not have a controlling interest in Rejsekort A/S as a consequence of the composition of voting rights and board of directors in Rejsekort A/S.

Note 16: Inventories

Parent corporation		Group	
2014	2015	Amounts in DKK million	
2015	2014		
15	12	Fuel for trains	12
1	0	Spare parts etc.	375
1	2	Sales from shops etc.	38
17	14	Total	425
			427

Note 17: Other receivables

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
10	2	Receivables relating to sale of properties	20	109
118	83	Fair value of hedging instruments	78	112
158	152	Other receivables	289	248
286	237	Total	387	469

Note 18: Prepayments

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
111	79	Prepaid expenses etc.	97	104
9	7	Financial instruments	11	13
105	94	Prepaid salaries and pension contributions (public servants)	94	105
225	180	Total	202	222

Note 19: Minority interests

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
-	-	Minority interests at 1 January	0	0
-	-	Invested hybrid capital	-	22
-	-	Share of profit/loss for the year	0	-20
-	-	Dividend to minority interests	-	-2
-	-	Minority interests at 31 December	-	0

Minority interests include invested hybrid capital in the amount of DKK 64 million (2014: DKK 64 million) in the form of subordinate loans to DSB Øresund Holding ApS. The subordinate loans do not carry interest and rank after unsecured creditors. There is no obligation to repay the subordinate loans other than in connection with insolvent liquidation, winding-up or other dissolution of the company. However, the loan must be repaid before distribution of dividend or any other form of distribution to the shareholders of DSB Øresund Holding ApS.

Note 20: Other provisions

Amounts in DKK million	Capital loss in Group companies	Restructuring – staff	Onerous contracts	Other obligations	Total other provisions
Parent corporation					
Other provisions at 1 January 2015	0	12	-	75	87
Provisions made	37	6		9	52
Utilised		-1		-17	-18
Reversed		-1		-11	-12
Other provisions at 31 December 2015	37	16	-	56	109

Amounts in DKK million	Restructuring – staff	Onerous contracts	Other obligations	Total other provisions
Group				
Other provisions at 1 January 2015	12	53	82	147
Provisions made	6	23	10	39
Utilised	-1	-53	-12	-66
Reversed	-1		-18	-19
Other provisions at 31 December 2015	16	23	62	101

Capital loss in Group companies covers the parent corporation's obligation to cover negative balances in Group companies as a consequence of collaterals. The obligation is expected to be realised over the next 5 years.

Restructuring – Staff primarily concerns obligations regarding public servants made redundant. The provision is expected to be substantially utilised over the next 10 years.

Onerous contracts concern provisions for an expected loss in the remaining contract period in VIAS GmbH.

Other obligations cover obligations regarding seconded public servants and liability in damages etc. and are expected to be realised within the next 15 years.

Note 21: Deferred tax liabilities

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
1,321	1,446	Deferred tax liability at 1 January	1,287	1,187
-13	1	Adjustment at 1 January	-2	-15
3	-10	Adjustment regarding previous years	2	2
-	-	Change in deferred tax regarding internal profit	-8	-11
62	-30	Change in deferred tax relating to joint taxation	-	-
130	45	Change in deferred tax regarding the profit for the year	60	180
-17	-13	Adjustment of deferred tax from 23.5 percent to 22.0 percent	-13	-16
-40	66	Change relating to hedging instruments	64	-40
1,446	1,505	Deferred tax liability at 31 December	1,390	1,287
Deferred tax relates to:				
29	41	Intangible assets	30	14
1,675	1,550	Tangible assets	1,503	1,648
26	19	Current assets	-10	7
-136	-99	Other provisions	-108	-198
-	-	Tax regarding internal profit	-7	-11
-132	-6	Tax loss	-18	-157
-16	0	Net financing expenses to be carried forward	0	-16
1,446	1,505	Deferred tax liability at 31 December	1,390	1,287

Note 22: Other liabilities

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
476	495	Wage and salary related items etc. payable	695	695
205	236	Fair value of hedging instruments	239	200
126	131	Other liabilities	136	107
807	862	Total	1,070	1,002

Note 23: Deferred income

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
286	306	Sold but unused tickets	306	286
97	86	Financial instruments	86	97
435	543	Other	609	441
818	935	Total	1,001	824

Deferred income items fall due for payment as follows:

579	674	Within 1 year	740	585
239	261	After 1 year	261	239
818	935	Carrying amount at 31 December	1,001	824

Note 24: Contingent assets, contingent liabilities and other financial commitments

Parent corporation			Group	
2014	2015	Amounts in DKK million	2015	2014
99	4	Contingent assets	4	126
583	510	Contingent liabilities	545	646
1,649	2,739	Other financial commitments	2,790	1,685

Contingent liabilities include guarantees of a total of DKK 243 million (2014: DKK 275 million) for DSB's Group companies. These guarantees are operating guarantees to the awarding authorities and guarantees to the lessor in connection with a train lease.

Other financial commitments include the leasing of rolling stock totalling DKK 369 million (2014: DKK 455 million) of which DKK 183 million falls due in 2016 and DKK 186 million in the years 2017-2020.

As part of DSB's agreement with Rejsekort A/S concerning the use of the Rejsekort system, DSB is obliged to pay an annual subscription fee of approx. DKK 126 million for the period 2015-2028. The total obligation for the period 2016-2028 has been stated at DKK 1,655 million, of which DKK 504 million falls due in the period 2017-2020.

In 2012 DSB outsourced the majority of its IT operations covering IT services and support to end-users as well as operation of networks, telephony, data centres and DSB's systems. The total liability in this regard is DKK 236 million (2014: DKK 278 million), of which DKK 121 million falls due in 2016 and DKK 115 million falls due in 2017.

In 2012 DSB concluded a lease for Telegade 2 in Taastrup. The lease is non-terminable by DSB for the period until 2021 for parts of the premises and 2026 for other parts of the premises. The maximum commitment in this regard is DKK 271 million (2014: DKK 303 million), of which DKK 32 million falls due in 2016 and DKK 126 million falls due in 2017-2020.

As part of its normal business operations, DSB has service and maintenance obligations as well as purchase and selling obligations, including transactions expenses to Rejsekort A/S.

Other financial liabilities primarily consist in contracts regarding investment in tangible assets. The remaining purchase obligation regarding IC2 and IC4 train sets was calculated at a total of DKK 153 million (2014: DKK 227 million) before discounts at 31 December 2015.

Other matters:

The Group's Danish companies are jointly and severally liable for tax on the consolidated taxable income etc. The total corporation tax liability is DKK 95 million at 31 December 2015 (2014: DKK 33 million). The Group's Danish companies are jointly and severally liable for Danish withholding tax in the form of tax on dividend, royalty and interest. Any subsequent corrections of corporation and withholding taxes may mean that DSB's liability is increased.

DSB, Kort & Godt A/S, DSB Ejendomsudvikling A/S, DSB Vedligehold A/S and Selskabet af 23.12.2014 are jointly registered for VAT and payroll tax purposes and are jointly and severally liable for payment of the Danish corporation's and companies' aggregate VAT and payroll tax liabilities.

In 2009 DSB undertook to invest up to DKK 1,000 million in parking facilities etc. via an additional agreement with the Ministry of Transport with a view to securing effective access to and from railway transport in order to increase the number of passengers over the period 2009 to 2020. The investments and related operations will be financed through sale of vacant sites and properties and, if relevant, through public or private co-financing. DSB has committed to financing DKK 720 million. At 31 December 2015 DSB had sold vacant sites with a profit of DKK 599 million (2014: DKK 498 million) and had invested and paid costs for operations in the total of DKK 278 million (2014: DKK 259 million).

DSB pays ongoing pension contributions for public servants and employees on terms similar to public servants to the state calculated as a percentage of the pensionable salary to cover the state's pension obligation for public servants. Upon retirement the state finally takes over the pension obligation. Contribution rates for the ongoing pension contributions are based on assumptions with regard to interest rate, expected retirement age, salary development and mortality etc. In certain circumstances deviations from these assumptions may result in a subsequent adjustment of the contributions in the form of an additional payment to or from the state at the time of retirement. The present contribution rate is 26 percent.

DSB has an obligation to pay availability pay for three years to public services made redundant through no fault of their own, pursuant to section 32 of the Danish Public Servants Act. In addition DSB has an obligation to the Agency for the Modernisation of Public Administration to pay pension costs for public servants until the expected pensionable age of 62.

There is an agreement between DSB and the minority shareholder in DSB Øresund Holding ApS to the effect that DSB is under an obligation to purchase the minority shareholder's shares if the minority shareholder wishes to sell its shares. Such a purchase will, however, be subject to certain commercial conditions. There is some uncertainty associated with the nature of the commitment and the value of the option in case it is exercised.

DSB is party to a small number of pending lawsuits. The outcome of these is not expected, individually or together, to have any significant impact on the corporation's financial position.

Note 25: Related parties

Related parties:	Basis
The Danish Ministry of Transport and Building	100 percent owner
Board of Directors and Executive Board	Management control

DSB's transactions with the Ministry of Transport and Building and related agencies and institutions (primarily the Danish Transport and Construction Agency and Banedanmark) comprise:

	Group	
Amounts in DKK million	2015	2014
Revenue		
Revenue from transport contracts, net	4,539	4,521
Bonus relating to transport contracts	9	14
Transport revenues	6	6
Rental income and sale of repair work, goods and other services	186	220
Expenses etc.		
Infrastructure and capacity charges	558	579
Punctuality bonus to Rail Net Denmark	-	-
Guarantee commission to the Danish state	19	18
Prepayment		
Prepaid contract payment	315	245

Transactions with related parties took place at arm's length, including on a cost allocation basis. The transactions are disclosed as a consequence of their special nature.

Note 26: Accounting uncertainty regarding Rejsekort

Accounting judgments concerning Rejsekort

In 2014 DSB reassessed the expected useful lives of equipment and software etc. relating to the expenses capitalised in DSB in connection with Rejsekort. In this connection the expected useful life of all equipment was reduced to 5 years and all software/strategic development projects to 3 years instead of 5-10 years for both asset categories. The reassessments of the capitalised expenses also affect the recognised results of operations in Rejsekort A/S, which is treated as an associated company in DSB and is thus recognised according to the equity method based on the accounting policies etc. applied by DSB.

Other financial disclosures

Profit and loss account by quarter

	2015				2014			
Amounts in DKK million	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Passenger revenues	1,200	1,245	1,152	1,372	1,203	1,292	1,224	1,464
Revenue from transport contracts	1,235	1,235	1,265	1,148	1,222	1,216	1,217	1,239
Sales from shops etc.	185	218	208	211	193	220	202	199
Sales of repair and maintenance of rolling stock etc.	57	70	75	55	67	69	69	65
Leasing of rolling stock	60	58	59	45	58	56	56	57
Net turnover	2,737	2,826	2,759	2,831	2,743	2,853	2,768	3,024
Work performed by the enterprise and capitalised	143	129	123	142	157	139	122	171
Other operating income	94	161	129	184	125	241	251	178
Total revenue	2,974	3,116	3,011	3,157	3,025	3,233	3,141	3,373
Expenses for raw materials and consumables	399	423	429	458	400	392	451	417
Other external expenses	938	940	952	1,097	916	927	969	1,111
Staff expenses	914	965	919	898	963	972	920	885
Total expenses	2,251	2,328	2,300	2,453	2,279	2,291	2,340	2,413
Profit before depreciation, amortisation and write-downs	723	788	711	704	746	942	801	960
Depreciation, amortisation and write-downs	465	462	638	458	484	499	482	782
Operating profit	258	326	73	246	262	443	319	178
Net financials	-127	-71	-62	-63	-118	-121	-129	-164
Profit before tax	131	255	11	183	144	322	190	14
Profit for the period	91	184	14	157	101	240	135	6
Total equity	6,241	6,745	6,725	6,931	5,990	6,222	6,337	6,301
Operating profit margin (EBITDA margin)	26.4	27.9	25.8	24.9	27.2	33.0	28.9	31.7
Return on equity (ROE) p.a.	5.8	11.3	0.8	9.2	6.8	15.7	8.6	0.4
Return on invested capital after tax (ROIC after tax) p.a.	4.9	6.4	1.7	5.8	4.5	8.1	5.8	3.3

Other key figures					
Number of journeys (thousand)	2011	2012	2013	2014	2015
East	23,816	24,220	23,773	23,870	24,752
West	14,683	15,774	16,612	16,172	15,604
East – West	8,444	8,788	8,763	8,629	8,297
Other ¹⁾	1,135	1,003	988	982	1,091
Long-distance and regional train traffic	48,078	49,785	50,136	49,653	49,744
S-train	103,393	106,133	109,242	111,967	114,121
DSB Øresund (excl. eliminations)	24,632	25,059	25,837	26,707	28,016
Total Danish activities	176,103	180,977	185,215	188,327	191,881
DSBFirst Sverige ²⁾	24,864	-	-	-	-
Eliminations	-10,267	-	-	-	-
Roslagsbanan ³⁾	9,859	11,000	-	-	-
Krösatåg ⁴⁾	828	1,094	1,194	207	-
Västtrafik ⁵⁾	12,403	4,199	-	-	-
Upptåget ⁶⁾	2,275	4,800	4,800	4,848	4,896
VIAS	4,000	4,120	4,204	4,246	4,289
Total foreign activities (incl. eliminations)	43,962	25,213	10,198	9,301	9,185
Total train journeys	220,065	206,190	195,413	197,628	201,066
Passenger kilometres (million)	2011	2012	2013	2014	2015
East	1,116	1,143	1,120	1,122	1,153
West	915	963	985	968	943
East – West	1,962	2,003	1,965	1,928	1,821
Other ¹⁾	130	137	141	136	158
Long-distance and regional train traffic	4,123	4,246	4,211	4,154	4,075
S-train	1,231	1,265	1,285	1,319	1,344
DSB Øresund	493	502	517	534	561
Total Danish activities	5,847	6,013	6,013	6,007	5,980
DSBFirst Sverige ²⁾	1,174	-	-	-	-
Roslagsbanan ³⁾	125	129	-	-	-
Krösatåg ⁴⁾	90	94	94	16	-
Västtrafik ⁵⁾	2,347	794	-	-	-
Upptåget ⁶⁾	148	312	201	203	205
VIAS	124	124	124	125	127
Total foreign activities	4,008	1,453	419	344	332
Total passenger kilometres	9,855	7,466	6,432	6,351	6,312

¹⁾ Other includes IC Bornholm and International.

²⁾ Veolia is the new operator at 11 December 2011.

³⁾ Arriva is the new operator at 7 January 2013.

⁴⁾ Operations were handed over to Veolia at 1 March 2014.

⁵⁾ SJ is the new operator of Västtrafikken at 1 May 2012.

⁶⁾ Operations were taken over at 12 June 2011.

Other key figures (continued)

Total number of train kilometres (1,000 km)	2011	2012	2013	2014	2015
East	8,029	7,889	7,752	8,128	8,816
West	8,909	9,222	8,947	8,318	8,396
Long-distance traffic ¹⁾	19,931	19,102	19,910	20,338	18,585
International trains ²⁾	1,325	1,369	1,373	1,240	1,048
Long-distance and regional train traffic	38,194	37,582	37,982	38,024	36,845
S-train	15,180	15,521	15,833	15,936	15,840
DSB Øresund	4,782	4,334	4,772	4,658	4,540
Total Danish activities	58,156	57,437	58,587	58,617	57,225
DSBFirst Sverige ³⁾	10,483	-	-	-	-
Roslagsbanan ⁴⁾	3,034	3,100	-	-	-
Krösatåg ⁵⁾	2,200	2,460	2,364	394	-
Västtrafik ⁶⁾	8,800	3,667	-	-	-
Upptåget ⁷⁾	1,423	2,866	2,990	2,990	2,991
VIAS	4,276	4,400	4,400	4,400	4,292
Total foreign activities	30,216	16,493	9,754	7,784	7,283
Total train kilometres	88,372	73,930	68,341	66,401	64,508

¹⁾ Long-distance traffic in Denmark includes IC Bornholm in Denmark.

²⁾ International trains in Denmark, IC Bornholm in Sweden and charter trains abroad.

³⁾ Veolia is the new operator at 11 December 2011.

⁴⁾ Arriva is the new operator at 7 January 2013.

⁵⁾ Operations were handed over to Veolia at 1 March 2014.

⁶⁾ SJ is the new operator of Västtrafikken at 1 May 2012.

⁷⁾ Operations were taken over at 12 June 2011.

Other key figures (continued)

Rolling stock in operation ^{1,2,3)}	2011	2012	2013	2014	2015
IC4 train sets ²⁾	55	70	82	82	82
IC3 train sets	96	96	96	96	96
IC2 train sets ²⁾	-	9	23	23	23
IR4 train sets	24	24	24	24	44
Øresund train sets ³⁾	1	1	1	1	1
MR train sets	65	65	53	53	35
Leased Desiro train sets	12	12	12	12	12
Desiro train sets	8	8	4	4	4
Desiro train sets from the Ministry of Transport	-	-	4	4	4
Leased ICE-TD	13	13	13	13	13
DSB Øresund – Øresund train sets ⁴⁾	97	111	111	111	111
DSB Øresund, IR4 train sets	20	20	20	20	-
Diesel locomotives – ME	36	36	33	33	33
Electric locomotives (EA)	6	6	6	6	6
S-trains (eight coach train sets)	104	104	104	104	104
S-trains (four coach train sets)	31	31	31	31	31
Roslagståg – Electric train sets	30	30	-	-	-
Krösatåg – Diesel train sets	16	13	13	-	-
Krösatåg – Electric train sets	-	4	4	-	-
Västtrafik – Electric train sets	63	-	-	-	-
Upptåget – Electric train sets	11	11	11	12	12
VIAS – Electric train sets ⁵⁾	43	45	45	45	19
Shunting locomotives/tractors	16	16	14	14	15
Leased double-decker trains	112	112	67	67	67
Double-decker coaches	-	-	46	46	46

¹⁾ Rolling stock included in the DSB Group's ongoing operations at year-end.

²⁾ Number of train sets delivered from AnsaldoBreda.

³⁾ IC Bornholm.

⁴⁾ The 111 train sets consist of 34 train sets used in Denmark and 77 train sets in a joint pool shared by Veolia and DSB. Operations are divided at the national border.

⁵⁾ Operations of the Odenwald line were discontinued at end-December 2015.

Other key figures (continued)

Number of kilometres travelled between incidents ¹⁾ (1,000 km)	2011	2012	2013	2014	2015
IC4 train sets	1.8	3.6	4.5	6.5	7.4
IC3 train sets	34.5	57.4	52.9	54.3	57.4
IR4 train sets (ER DSB)	19.2	21.8	22.8	25.4	23.9
Øresund train sets	31.1	34.0	32.0	36.6	42.4
MR train sets	18.7	20.1	20.3	21.2	13.8
Desiro train sets	16.0	12.4	15.3	26.6	43.2
Diesel locomotives – ME	12.7	26.2	32.7	32.2	31.3
Electric locomotives (EA)	11.2	15.3	21.6	-	-
S-train	14.8	16.0	20.5	19.9	21.1

¹⁾ A technical incident regarding rolling stock which causes a delay.

Number of kilometres travelled between breakdowns ¹⁾ (1,000 km)	2011	2012	2013	2014	2015
IC3 train sets	338.4	804.6	663.9	489.1	643.0
IC4 train sets	15.2	53.2	57.1	60.8	67.2
IR4 train sets (ER DSB)	127.2	129.0	140.8	172.0	273.6
Øresund train sets	118.8	162.1	169.3	208.8	292.8
MR train sets	112.3	232.8	185.2	139.5	58.3
Desiro train sets	117.4	96.3	92.0	174.3	137.6
Diesel locomotives – ME	41.0	95.5	116.9	121.6	78.8
Electric locomotives (EA)	257.4	114.5	79.3	-	-

¹⁾ A train/train set which due to a technical fault is cancelled while in operation and does consequently not carry out the planned service.

Other key figures (continued)

Average number of full-time employees	2011	2012	2013	2014	2015
DSB inc. Ejendomsudvikling	4,621	4,314	4,085	3,943	3,840
- of this social commitment ¹⁾	131	151	173	161	144
S-train	974	872	731	711	722
- of this social commitment ¹⁾	13	13	10	17	15
Kort & Godt A/S	770	736	698	649	614
- of this social commitment ¹⁾	12	10	12	14	15
DSB Vedligehold A/S	1,632	1,709	1,683	1,647	1,665
- of this social commitment ¹⁾	26	34	38	44	52
DSB Øresund A/S	404	355	368	319	307
Total Danish activities	8,401	7,985	7,565	7,269	7,148
DSBFirst Sverige AB ²⁾	516	-	-	-	-
DSB Sverige AB	69	15	7	-	-
Roslagståg AB ³⁾	278	288	5	-	-
- of this social commitment ¹⁾	1	1	1	-	-
Krösatåg ⁴⁾	94	101	100	17	-
Västtrafik ⁵⁾	379	174	26	-	-
Upptåget ⁶⁾	40	76	85	92	95
VIAS	178	179	189	186	195
Other	85	-	-	-	-
Total foreign activities	1,639	833	412	295	290
Total for the DSB Group	10,040	8,818	7,977	7,564	7,438

¹⁾ The social commitment includes schemes such as flex jobs, light jobs, rehabilitation, semi-retirement and voluntary early retirement which were introduced in 1996 to promote employment in the state labour market for persons with reduced ability to work in Denmark.

²⁾ The Swedish part of the Øresund traffic was taken over by Veolia at 11 December 2011. The Danish part of the Øresund traffic is subsequently operated by DSB Øresund until 13 December 2015.

³⁾ Arriva is the new operator at 7 January 2013.

⁴⁾ Operations were handed over to Veolia at 1 March 2014.

⁵⁾ SJ is the new operator of Västtrafikken at 1 May 2012. Until 1 September 2013 DSB operated DSB försäljningsservice Väst.

⁶⁾ Operations were taken over at 12 June 2011.

Organisation entitled to negotiate (number of employees at year-end)	2011	2012	2013	2014	2015
AC	490	421	442	427	462
Individual	217	206	196	210	213
DJ	4,231	4,032	3,904	3,776	3,659
FO DSB	1,163	1,130	1,095	1,055	1,069
HK	2,523	2,294	2,252	2,087	2,041
Other	154	97	55	58	45
Total	8,778	8,180	7,944	7,613	7,489

Employee group – employment status (number of employees at year-end)	2011	2012	2013	2014	2015
Employed on a contract basis	217	206	196	210	213
Employed under a collective agreement	5,263	4,912	4,775	5,004	5,079
Hourly workers	403	431	498	35	33
Public servants	2,895	2,631	2,475	2,364	2,164
Total	8,778	8,180	7,944	7,613	7,489

Other key figures (continued)

Number of railway stations operated	2011	2012	2013	2014	2015
Long-distance stations, incl. joint stations	155	155	158	158	159
S-train incl. joint stations	85	85	85	85	85
S-train joint stations with Long-distance and Regional Trains	-9	-9	-9	-9	-9
S-train excl. joint stations	76	76	76	76	76
Stations in Sweden operated by Roslagsbanan	38	38	-	-	-
Stations in Sweden operated by DSBFirst	-	-	-	-	-
Stations in Sweden operated by Krösatåg	48	50	50	-	-
Stations in Sweden operated by Västtrafik	98	-	-	-	-
Stations in Sweden operated by Upptåget	16	19	19	17	17
Stations in Germany operated by VIAS ¹⁾	63	63	63	63	28
Total number of railway stations operated	494	401	366	314	280
Km routes operated by DSB in Denmark	1,668	1,668	1,668	1,668	1,668
Km routes operated by DSB in Sweden	1,787	750	685	180	180
Km routes operated by DSB in Germany ¹⁾	979	979	979	979	819

¹⁾ Operations of the Odenwald line were discontinued at end-December 2015.

Definitions of financial ratios

The financial ratios and definitions have been prepared in accordance with the 'Recommendations & Financial Ratios 2010' from the Danish Society of Financial Analysts.

Operating profit margin (EBITDA margin) = profit before depreciation, amortisation and write-downs x 100 / net turnover

Profit ratio (EBIT margin) = operating profit x 100 / net turnover

Return on equity (ROE) = profit for the year x 100 / average equity

Return on invested capital after tax (ROIC after tax) = operating profit after tax (NOPLAT) x 100 / (average total equity + average interest-bearing liabilities)

Gearing = interest-bearing liabilities / profit before depreciation, amortisation and write-downs

Solvency ratio = equity x 100 / balance sheet total

Interest cover = (operating profit + financial income) / financial expenses

Business activities

The Transport Contract 2015-2024

The Ministry of Transport and DSB concluded a new transport contract in 2015, which determines the services to be provided by DSB over the contract period.

The contract concluded with the Ministry of Transport is, as a basis, at 10-year contract conditional upon DSB meeting certain minimum requirements concerning operator punctuality and requirements for efficiency enhancements.

The operator punctuality is calculated as the overall punctuality but excluding matters for which DSB is not responsible. The operator punctuality requirement is considered to be met when the requirements for long-distance and regional traffic and S-train traffic are both met in a calendar year.

Efficiency is measured based on revenue-funding, i.e. passenger revenue/cost ratio.

DSB gets one point for each year the operator punctuality requirement is met and one point for each year the requirement for efficiency enhancements is met. If, overall, DSB gets less than five points in the period 2015-2019, the transport contract may be terminated in whole or in part with effect from 31 December 2021.

Productivity

At year-end 2015 DSB had 7,303 full-time employees, down 48 employees compared with year-end 2014.

Table 1: Number of full-time employees at year-end

	Growth			
	2015	2014	Abs.	Pct.
Danish activities ¹⁾	7,005	7,070	-65	-1
Swedish activities	94	94	0	0
Other countries	204	187	17	9
Number of full-time employees at year-end	7,303	7,351	-48	-1
Total average number of full-time employees	7,438	7,564	-126	-2

¹⁾ Including Øresund.

At year-end 2015 the Danish activities were reduced by 65 employees compared with 2014. The development reflects the continued focus on ongoing efficiency enhancements.

The number of train journeys per employee developed positively in 2015 with an increase of 4 percent on the Danish routes. The number of train kilometres per employee and costs per train kilometre in 2015 were on the same level as in 2014.

Table 2: Productivity in the Danish train activities ¹⁾

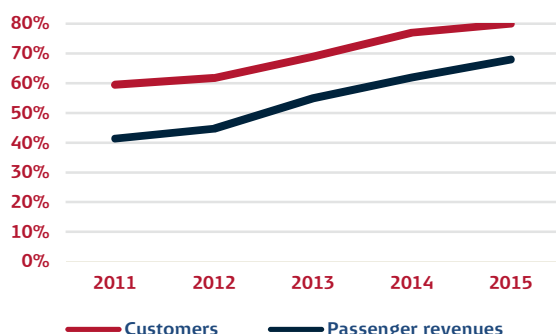
	Growth			
	2015	2014	Abs.	Pct.
Number of train kilometres per employee	11,865	11,896	-31	-0
Number of train journeys per employee	39,785	38,218	1,567	4
Costs per train km (DKK)	132	132	0	0

¹⁾ Long-distance and Regional Trains, S-tog and Øresund

The increase in the number of self-service customers continued in several areas in 2015. In 2015 858,000 Rejsekort were issued, bringing the total to more than 1.6 million active Rejsekort at year-end 2015.

Figure 1: Self-service

Share in percent



DSB now also offers self-service renewal of season tickets via the ticket vending machines.

Punctuality

Table 3: Customer punctuality ¹⁾

Percent			Growth	
	2015	2014	Abs.	Pct.
Long-distance & Regional Trains	78.5	82.6	-4.1	-5
S-tog	95.0	93.6	1.4	1
Øresund	76.6	79.6	-3.0	-4

¹⁾ Customer punctuality for Long-distance & Regional traffic and Øresund is defined as the number of passengers using punctual trains compared to the total number of passengers. Customer punctuality for S-train is defined as the share of passengers, who can arrive on time based on the passengers expected travel pattern and the operations completed. An arrival is on time if it is not delayed more than 3 minutes. Cancellations, not noticed more than 72 hours in advance, are considered as a delay.

Customer punctuality in Long-distance & Regional Trains fell from 82.6 to 78.5 in 2015. Customer punctuality in S-tog rose by 1.4 percentage points to 95.0. Customer punctuality in Øresund fell from 79.6 to 76.6 percent.

The negative development in the customer punctuality in Long-distance and Regional Trains is primarily attributable to the infrastructure works on Western Funen and several cases of cable severing.

For Øresund, the negative development is primarily attributable to track improvement works.

Table 4: Operator punctuality ¹⁾

Percent			Growth	
	2015	2014	Abs.	Pct.
Long-distance & Regional Trains	94.4	95.5	-1.1	-1
S-tog	99.0	98.9	0.1	0
Øresund	97.7	98.4	-0.7	-1

¹⁾ Operator punctuality the total punctuality excluding delays caused by circumstances outside DSB's control. An arrival is on time if it is not delayed more than 3 minutes. Cancellations due to circumstances within DSB's control, not noticed more than 72 hours in advance, are considered as a delay.

The development in the operator punctuality is, in addition to matters for which DSB is responsible, affected by the derived consequences of infrastructure works and cable severing.

Customers

In 2015 customers made 191.9 million journeys with DSB in Denmark, compared with 188.3 million journeys in 2014, representing 2 percent growth. An average journey with DSB was 31 km in 2015, which is on the same level as in 2014.

In 2015 the total number of journeys across the Great Belt (train, airplane, car and bus) rose by approx. 872,000 journeys compared with 2014. Car and bus traffic accounted for the increase, while bus and airplane traffic fell. DSB's market share across the Great Belt was 23.6 percent in 2015, which is a decline of 2 percentage points compared with 2014.

National traffic faced the additional challenge of extensive track improvement works on Western Funen over the summer of 2015.

Table 5: Number of journeys

1,000 journeys	Growth			
	2015	2014	Abs.	Pct.
Long-distance & Regional Trains	49,744	49,653	91	0%
East (Zealand)	24,752	23,870	882	4%
West (Jutland and Funen)	15,604	16,172	-568	-4%
East/West (across the Great Belt)	8,297	8,629	-332	-4%
Other	1,091	982	109	11%
Øresund (Coastal Line/ Kastrup Line)	28,016	26,707	1,309	5%
S-tog	114,121	111,967	2,154	2%
Total Denmark	191,881	188,327	3,554	2%
Total Sweden	4,896	5,055	-159	-3%
Total Germany	4,289	4,246	43	1%
Total number of customers	201,066	197,628	3,438	2%

¹⁾ As a consequence of a change in the method of calculation and of the final calculation of journeys, the number of train journeys in 2014 has, compared with previously published figures, been reduced by 2.1 million journeys in Long-distance & Regional Trains and increased by 0.3 million journeys in S-tog.

Long-distance & Regional Trains had 49.7 million journeys in 2015, which is 0.1 million journeys more than 2014. On Zealand the number of journeys rose by 4 percent, while the number of journeys for Jutland and Funen fell by 4 percent. The number of journeys across the Great Belt fell by 4 percent compared with 2014.

The basically positive development in long-distance and regional train traffic is attributable to the general traffic development, the improved Youth Card, commuter card and the improved availability of tickets through electronic media, including mobile applications. The development is supported by continued high punctuality. This positive development was achieved in spite of fewer journeys across the Great Belt, which is believed to be attributable to a historically high number of newly registered cars and declining car ownership costs.

In 2015 S-tog had 114.1 million journeys, corresponding to growth of 2 percent. In addition

to the general traffic development, the positive development is i.a. attributable to a continued robust production with a generally high punctuality as well as a number of initiatives related to the combined use of bicycle and S-train. The development was supported by the rebuilding of more coaches into coaches where the customers can bring bicycles. In 2015 passengers on 10.3 million journeys chose to bring a bicycle on the S-train, which is 7 percent more than in 2014. Track improvement works and the establishment of new signals had a negative impact on the number of journeys of approx. 1 million journeys.

DSB Øresund had 28.0 million journeys in 2015, up 5 percent on 2014. This increases DSB's challenge of meeting the customers' requirement for seats for everybody. The increasing number of passengers also increases the time used for boarding and alighting, thus putting punctuality under pressure.

Customer satisfaction

Customer satisfaction is measured every quarter by DSB in Kundekompasset. DSB focuses on the customers' experience of the current journey as well as their more general perception of a journey with DSB. The questionnaires are distributed to the customers based on the actual distribution of the customers, i.e. more questionnaires are distributed on routes with many customers than on routes with few customers. Based on these measurements, DSB has identified five areas that are important to achieve a high customer satisfaction:

- Punctuality
- Traffic information
- Personal comfort
- Cleaning and safety
- Products and service

DSB has established action plans for each of these individual areas in order to be able to work in a target-oriented way with raising the quality in each individual area and increasing customer satisfaction on an overall level.

Table 6: Customer satisfaction

Score (1-10)	Growth			
	2015	2014	Abs.	Pct.
Satisfaction with current journey (Long-distance & Regional Trains)	7.9	7.9	0.0	0
Satisfaction with Long-distance & Regional Trains in general	7.3	7.3	0.0	0
Satisfaction with current journey (S-tog)	8.2	8.1	0.1	1
Satisfaction with S-tog in general	7.9	7.9	0.0	0
Customer satisfaction (Average)	7.8	7.8	0.0	0
Customer satisfaction (Øresund)	6.7	6.7	0.0	0

A largely unchanged level of satisfaction with Long-distance & Regional Trains and a small increase for S-tog meant that the overall average customer satisfaction with the current journey for S-tog and Long-distance & Regional Trains rose from 8.0 to 8.1 in 2015, while the general satisfaction remained unchanged.

For S-tog both the satisfaction with the current journey and the satisfaction with S-tog in general rose in 2015. Particularly these underlying parameters affect the increased satisfaction:

- Trains arriving and departing according to the timetable generally (punctuality)
- Traffic information in connection with delays – information about alternatives
- Information about the journey on the station monitors

The increase in satisfaction with the S-trains arriving and departing on time according to the timetable is due to an improved customer punctuality in 2015 compared with 2014. The improved customer punctuality also has a spillover effect on the improved customer satisfaction with the traffic information. The increase in the customers' satisfaction with the information about the journey on the station monitors is also due to the fact that S-tog has acquired new departure monitors and train

identification monitors for the platforms with an upgraded layout.

Satisfaction with Long-distance & Regional Trains was largely unchanged in 2015 compared with 2014, even with the extensive track improvement works, particularly across Western Funen. The biggest increases in customer satisfaction were provided by the following underlying parameters:

- Internet in the train
- Traffic information in connection with delays – How fast information was provided
- Loudspeaker information about the journey at the stations

Free Internet launched in June in Long-distance & Regional Trains with IC3, IC4 and IR4 train-sets and the upgrade of the Internet connection from 3G to 4G providing increased speed were responsible for the improvement in customer satisfaction with Internet in the train. The increasing satisfaction with the traffic information via the station loudspeakers in connection with delays is i.a. due to the introduction of automatic loudspeaker calls at the stations when the calls concern delays of less than 15 minutes and track changes. This way, a higher and more uniform quality of loudspeaker calls at the stations is ensured.

Customer satisfaction for DSB Øresund is at the same level as in 2014. Continuous work is done to improve regularity, the information provided by the train staff about any delays, customer service generally and the possibility of getting a seat on the train.

Phasing-out of the clip card in the Greater Copenhagen Area

Sales of clip cards were discontinued in the Greater Copenhagen Area on 8 February 2015. The cards could then be used until and including 30 June 2015 and are refundable until 8 February 2018. Until 15 November 2015 it was possible to donate the value of unused clips to the Danish Children's Aid Foundation.

Øresund

On 13 December 2015 DSB Øresund A/S handed over the Coastal Line and the Øresund traffic to DSB.

Rejsekort

Rejsekort A/S received version 5.2 as planned on 28 November 2015. Rejsekort version 5.2 contains a number of contractual improvements of the system, primarily ensuring more streamlined back-office routines, more self-service solutions for the customers and improved operational reliability.

In 2015 DSB accepted a new contractual basis for Rejsekort A/S along with the other owners. With the new contractual basis, Rejsekort A/S' revenue base is changed from the payment of transaction fees to a subscription scheme. The new contractual basis will accommodate the criticism raised by the National Audit Office with regard to the company's financing and governance.

Increased degree of self-service and digitalisation

DSB's customers are making increasing use of self-service, which reduces the need for staffed points of sale.

The digital development of DSB's sales channels was decisive to the further increase in self-service in 2015, but also the phasing-out of the clip card as a valid ticket type played a part.

In addition, focus was on incorporating more products into DSB's app in 2015 with a view to increasing the degree of self-service. Therefore, Commuter Seats, Orange Tickets, Youth Card and Wildcard (DSB Youth) were introduced in the app. The latter with a price difference compared with the plastic card, thus creating a preference for the digital solution.

In August 2015 customers became able to pay for their tickets using MobilePay in DSB's app. This new possibility was well received by the customers and at year-end 2015 approx. 50

percent of all purchases in the app were made using MobilePay.

Dynamic Orange

In June 2015 a new method of calculating prices for Orange Tickets was introduced. Using this new method, the prices for Orange Tickets are determined by the demand. This way DSB will be able to use available capacity on the trains better going forward. The customers have the possibility to buy Orange Tickets at a favourable price, even close to departure, if they are willing to depart at a time with lower occupancy.

Intensified marketing

Focus on marketing DSB's products and services was intensified in 2015. After some years with limited sales driving marketing, DSB carried out small campaigns to drive awareness, visibility and sales.

The largest campaigns were the Orange January sale and the late-summer sale. In addition, focus was on young people, the customers of the future, and DSB 1'. The intensified marketing related to Orange and low price fares, created an increased sale of Orange Tickets (in total 131,000 Orange Tickets in the campaign periods), and it affects the customer view on ticket prices.

Social media

Social media played a pivotal part in DSB's dialogue with the customers in 2015, particularly in connection with special events such as track improvement works, bad weather etc.

DSB's facebook page has more than 30,000 followers, up more than 8,000 on last year.

Relaunch of dsb.dk

On 13 May 2015 dsb.dk was relaunched with a new design and new navigation. The purpose was to make searching for and ordering tickets as simple and intuitive as possible and to provide a better overview of DSB's different tickets and cards.

Furthermore, dsb.dk was optimised for use on mobile platforms, and all products and customer group pages were simplified.

Customer Centre

DSB Customer Centre handles oral and written enquiries from customers. Furthermore, the customer centre sells tickets and issues business cards, youth cards and Rejsekort.

In 2015 the customer centre received approx. 1.5 million enquiries by telephone and approx. 0.5 million written enquiries, which is on the same level as in 2014.

The written enquiries were i.a. due to a large number of cases concerning the Travel Time Guarantee Scheme owing to the extensive track works during the year.

Closing of service centres

As a consequence of a limited number of customers using the smallest of DSB's service centres, the service centres in Valby, Østerport and Lyngby closed on 1 September 2015. Furthermore, the service centres in Fredericia and Aalborg closed on 1 February 2016. At the same time, the station office in Fredericia, which handles lost property, settlement for train crew etc., was closed. These activities will be gathered in Aarhus and Copenhagen going forward.

At the start of 2016, there are a total of four ticket sales in Aarhus, Odense, Copenhagen Central Station and Copenhagen Airport supplemented with a service centre at Nørreport.

More ticket vending machines at the Copenhagen Central Station

In response to the customers' request for self-service sales channels, another 14 ticket vending machines and two Rejsekort machines were installed at the Copenhagen Central Station. In order to attract the customers to the machines and increase machine visibility, the machines have been foiled in red and new signs have also been posted.

Service the DSB Way

2015 was the year we introduced the service concept Service the DSB Way, starting with all staff with customer contact and at the end of the year expanding it to cover the administrative part of the corporation as well.

Service the DSB Way aims to ensure that all DSB staff have the same approach to service, including provide the same excellent service every time. More than 4,000 employees have completed the training in 2015.

Rolling stock situation

Rolling Stock Plan 2030 and Trains for the Future

In June 2015 DSB launched phase 1.5 of the Trains for the Future programme with the purpose of finding out how DSB, with as little risk as possible, can acquire, receive delivery of and place modern and reliable electrical trains in service going forward towards 2030.

The basis for the work is the transport contract concluded and the terms of reference prepared by the Danish Ministry of Transport and Building and recommendations from the external quality assurance of the first phase of the programme. With the establishment of a new chief operating area, Strategy & Rolling Stock, the project is solidly rooted in DSB.

Phase 1.5 is expected to be concluded at year-end 2016 with a proposal approved by the external quality assurance ready for political consideration, which will form the basis for a decision to prepare the procurement and realisation of the first train acquisition.

As part of Phase 1.5 a thorough market analysis is currently being carried out and a dialogue has been initiated with train manufacturers and other operators that have carried out major rolling stock acquisitions in recent years. Also a new overall Rolling Stock Plan is being developed, based on the revised assumptions concerning infrastructure, passenger growth and planned use of existing rolling stock going forward towards 2030.

In 2015 DSB also started preparing the tender procedure and contract documents for the acquisition of new electrical locomotives for regional operation of the existing double-decker coaches on Zealand. New electrical locomotives shall replace the more than 30 year old diesel locomotives. These preparations will result in a proposal to be approved by the external quality assurance before undergoing political consideration, expectedly in 2016.

IC4 and IC2 train sets

In 2015 the IC4 train sets were used at increasing volumes and the trainsets were used in East-West long-distance traffic as well as in regional traffic in Jutland and on Zealand.

The operating pool was at year-end increased to 37 train sets out of the 77 train sets which is authorised for passenger operation. The remaining train sets were being upgraded, used for test, used for operation simulation or under repair.

In 2015 the technical functionality of the IC4 train sets was regularly optimised, and today they have been authorised for operation as three coupled train sets. To begin with the train was placed in service on 10 daily departures in double traction on the North West Line between Copenhagen and Kalundborg.

In addition and based on Prose's recommendations, test have been carried out of the structural basis of the axle boxes and several Power Packs have been sent to the suppliers of these components with a view to receiving an overall assessment of the condition of these components. The final outcome of the tests is expected to be available at the beginning of 2016, and the assessment of the Power Pack condition is expected to be completed in mid-2016.

At year-end 2014, all 23 IC2 train sets had been authorised for passenger operation, and six were used in the operation pool in 2015. In 2016 the transfer of technical functionalities developed for IC4 train sets will begin.

Existing rolling stock

Table 7: Kilometres travelled by rolling stock class ¹⁾

Kilometres (1,000)	Growth			
	2015	2014	Abs.	Pct.
IC4 train sets	5,507	3,709	1,798	48
IC3 train sets	30,865	32,283	-1,418	-4
IC2 train sets	435	332	103	31
IR4 train sets	7,368	7,226	142	2
Double-decker coaches	16,231	18,862	-2,631	-14
MR train sets	2,449	4,184	-1,735	-41
Desiro train sets	3,027	2,613	414	16
Diesel locomotives – ME	3,782	4,377	-595	-14
S-train sets	17,306	17,160	146	1

¹⁾ The figure kilometres travelled by rolling stock class is the total number of kilometres travelled by DSB's locomotives, train sets and coaches.

Table 8: Number of kilometres travelled between incidents¹⁾

Kilometres (1,000)	Growth			
	2015	2014	Abs.	Pct.
IC4 train sets	7.4	6.5	0.9	14
IC3 train sets	57.4	54.3	3.1	6
IR4 train sets	23.9	25.4	-1.5	-6
Øresund train sets	42.4	36.6	5.8	16
MR train sets	13.8	21.2	-7.4	-35
Desiro train sets	43.2	26.6	16.6	62
Diesel locomotives – ME	31.3	32.2	-0.9	-3
S-train sets	21.1	19.9	1.2	6

¹⁾ A technical incident regarding rolling stock which causes a delay.

Table 9: Number of kilometres travelled between breakdowns¹⁾

Kilometres (1,000)	Growth			
	2015	2014	Abs.	Pct.
IC4 train sets	67.2	60.8	6.4	11
IC3 train sets	643.0	489.1	153.9	31
IR4 train sets	273.6	172.0	101.6	59
Øresund train sets	292.8	208.8	84.0	40
MR train sets	58.3	139.5	-81.2	-58
Desiro train sets	137.6	174.3	-36.7	-21
Diesel locomotives – ME	78.8	121.6	-42.8	-35

¹⁾ A train/train set which due to a technical fault is cancelled while in operation and consequently does not carry out the planned service.

The development in the reliability of DSB's rolling stock appears from the above two tables. Comments on the individual train types follow below:

IC3 train sets

In 2015 the IC3 fleet celebrated its 25th anniversary, and the train sets still have a very prominent position in DSB's train fleet. Reliability in terms of number of kilometres travelled between incidents continues to improve compared with their operating pattern. The good results for kilometres between incidents from 2014 was retained for 2015, developing from an average approx. 360,000 kilometres between breakdowns in 2011 to approx. 490,000 kilometres in 2014 and further improving to approx. 640,000 kilometres in 2015.

IC4 train sets

Because more IC4 train sets have been placed in service, the train sets travelled 5.5 million kilometres in 2015, approx. 50 percent more kilometres more than in 2014. This means that the train sets carried out 12 percent of total diesel train operations compared with only 8 percent in 2014.

Reliability developed positively over the year, but with challenges during the autumn and generally below the expected level. The number of train kilometres between technical faults (incidents) on the train increased by 14 percent, and the reliability in 2015 is an average approx. 7,400 kilometres between incidents. The reliability is expected to improve further as the train engines (Power Packs) are being renovated from the beginning of 2016.

MR train sets

In 2015 the MR fleet was reduced by 15 train sets that were scrapped, as there was no interested purchaser for these "life-expired" train sets. The MR fleet is expected to be phased out as the IC4 and IC2 train sets travel more and more kilometres.

Desiro train sets

During the year, the reliability of the Desiro train sets has improved markedly with an increase from approx. 27,000 kilometres between incidents to approx. 43,000 kilometres between incidents.

Ultrafine particles

In 2015 efforts were launched to minimise the emission of ultrafine particles in flue gas for MR train sets and ME diesel locomotives, respectively.

MR flue gas catalytic converters were fitted several MR train sets during a test in 2008 and 2009. 4 of these MR train sets will continue in operation in 2016 and fitting of catalytic converters on another 10 MR train sets is planned for 2016.

An ME flue gas catalytic converter prototype has been developed and tested. Developments are still ongoing. The implementation of a satisfactory solution is expected to be commenced in 2016.

In addition to the flue gas catalytic converters, DSB has launched two other development projects involving the ME locomotives. One of these projects focuses on a minor engine upgrade that will reduce particle emissions, while the other project concerns a spoiler that is fitted on the locomotive to divert the exhaust away from the passenger coaches. The effect and potential of these development projects are expected to be evaluated at year-end 2016.

Rolling stock taken over from DSB Øresund

In connection with DSB's takeover over DSB Øresund's operations on the Coastal Line and the Kastrup Line on 13 December 2015, 20 IR4 train set and 34 ET train sets were transferred from DSB Øresund to DSB.

Initiatives aimed at increasing the customer experience in ET train sets for the Øresund traffic have been launched and concrete solutions are expected to be implemented in 2016.

Banedanmark's Signal Programme

The Signal Programme is owned and operated by Banedanmark is crucial for an effective train operation in the future. In connection with the upgrading of the infrastructure, new communication and safety equipment will be installed in DSB's train sets.

In 2013 serial installations were commenced in the S-trains. By year-end 2013 the new GSM-R radios had been installed in all 135 train sets of the S-train fleet. In 2013 serial installations of CBTS were commenced in the S-trains. The entire S-train fleet is expected to be equipped with CBTC by mid-2016.

New signal equipment is also planned to be installed in the other train sets in DSB's train fleet. The installation of the GSM-R radios was commenced in 2015 and is expected to be completed at year-end 2016. The serial installation of the signal system ERTMS is expected to be commenced at the beginning of 2016 and be completed at the beginning of 2019.

Reputation

DSB's reputation was still vulnerable at year-end 2015. Following a slight deterioration in the third quarter, the reputation score was restored to the same level as last year of 49.7 at year-end.

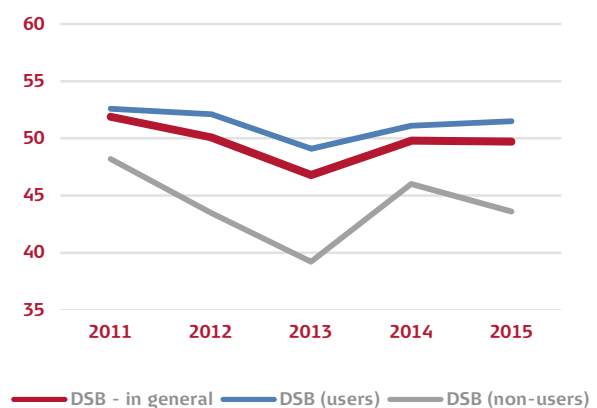
The reputation score shows that DSB has made it through a year with many challenges, both in terms of punctuality and journey time during and after the extensive track improvement works and in connection with the refugee and migrant situation in autumn and winter, without any further dents in its reputation.

DSB's communication was, in all dimensions of the reputation score ending 2015, significantly higher than for the same period in 2014. This particularly applied to openness and sincerity, which increased by 7.2 and 7.1 points, respectively.

Users continued to have a more favourable opinion of DSB than non-users, and this gap was increased by 2.8 points over the last year. Reputation among users was 51.5, while it was 43.6 among non-users.

Figure 2: Reputation

Index 0-100



Activity Area Accounts 2015

DSB is constantly working to optimise and enhance the efficiency of its train operations through ongoing improvements, thus ensuring that DSB remains a competitive, transparent, responsible and solid corporation. In order for DSB to fulfil these objectives, it is important to have in-depth knowledge about the economy of the train services obtained by breaking it down by activity area as well as splitting operations into the various lines. Only with such a detailed understanding can DSB continue to operate effectively and bring transparency to the political debate on the development of public transport in Denmark.

During 2015 DSB focused on developing a way to report on the economy of its train operations, divided into Train Services and Train System. The work was based on a further development of DSB's distribution model, called the Line Economy Model, in order thereby to ensure coherence and consistency between Activity Area and Line Accounts.

The breakdown of DSB's overall accounts is based on a number of assumptions and distribution presumptions, which, naturally, are and should be the subject of discussion. DSB has therefore published the results of its work on the economy of train operations regularly throughout 2015 and invited dialogue through meetings with recognised transport researchers and the Ministry of Transport and Building in order to create the best possible basis for insight into DSB's business.

DSB operates trains in Denmark as a single activity, and DSB's organisation and business processes support the most efficient operation possible of the total volume of train traffic and the other activities operated by DSB as a result of the transport contract with the Danish state and the statutory basis for DSB's work. The breakdown thus serves an analytical purpose and has been produced by studying passenger revenues and cost distribution rather than basic registrations. The same is the case for the breakdown by lines. The analysis results should therefore be regarded with caution.

Public Services delivered in accordance with the transport contract are divided into Train Services, Train System and General Obligations, see Table 1. Train Services concern operator responsibilities for operating trains. Train System is an umbrella term for the activities that provide support for operating trains—everything from running stations, rolling stock and deliveries to operation planning and monitoring as well as traffic information and ticket sales. General Obligations are activities which are independent of train operations, e.g. the running of the Railway Museum and extra costs relating to civil servants.

Train Services are further subdivided into Long-distance and Regional Services as well as S-train Services. Train System is split into Stations, Rolling Stock and Systems & Channels. Systems & Channels includes Sales Channels and Customer Service as well as Transport Management and shared functions, see Figure 13.

For 2015 DSB's revenue before leasing out rolling stock is stated as DKK 9,787 million for financing the public service transport delivered. 72 percent of this revenue finances Train Services, while 26 percent finances Train System responsibilities. Almost 2 percent finances DSB's General Obligations.

DSB's expenses incurred on Public Services total DKK 7,186 million before leasing of rolling stock in 2015. Of this, 68 percent was spent on Train Services and a good 30 percent on Train System responsibilities, with the remaining amount financing General Obligations. Add to the above depreciation, amortisation and write-downs, financial income and expenses and tax.

It applies to both revenue and expenses that expenses concerning the leasing of rolling stock have been disregarded, as the rolling stock in this model is considered to be a profit-neutral intragroup transfer. The analysis assumes that the rolling stock is leased to Train Operations at cost.

Table 1: Profit in DSB's Train Operations broken down on activity areas 2015

DKK million	Public services (1)	Train Services		Train System			General Obligations	
		Long-distance and regional train services	S-train services	Stations	Rolling Stock (2)	Systems & Channels (3)	Historical (4)	Non-recurring items (5)
Passenger revenues	4,969	3,431	1,439	0	0	119	-20	0
Revenue from transport contract	4,111	1,933	45	534	39	1,439	121	0
Other operating income (6)	707	166	18	91	222	153	54	3
Revenue before leasing out of rolling stock	9,787	5,530	1,502	625	261	1,711	155	3
Leasing out of rolling stock	1,661	0	0	0	1,661	0	0	0
Total revenue	11,448	5,530	1,502	625	1,922	1,711	155	3
Expenses for raw materials and consumables	481	394	76	1	0	10	0	0
Other external expenses	4,327	2,373	464	281	317	903	-16	5
Staff expenses	2,378	1,255	336	110	8	510	159	0
Expenses before leasing of rolling stock	7,186	4,022	876	392	325	1,423	143	5
Leasing of rolling stock	1,661	1,129	532	0	0	0	0	0
Total expenses	8,847	5,151	1,408	392	325	1,423	143	5
Profit before depreciation, amortisation and write-downs	2,601	379	94	233	1,597	288	12	-2
Depreciation, amortisation and write-downs	1,945	86	15	150	1,356	202	10	126
Operating profit/loss	656	293	79	83	241	86	2	-128
Net financials	299	5	6	44	211	31	2	0
Profit/loss before tax	357	288	73	39	30	55	0	-128
Tax	61							
Profit for the year	296							
Percentage distribution								
Revenue from transport contract		47%	1%	13%	1%	35%	3%	0%
Revenue before leasing out of rolling stock		57%	15%	6%	3%	17%	2%	0%
Expenses before leasing out of rolling stock		56%	12%	5%	5%	20%	2%	0%
Expenses, depreciation, amortisation, write-downs and net financials	11,091	5,242	1,429	586	1,892	1,656	155	131

¹ Public services include public services according to a negotiated contract, see Figure 9.

² Leasing of double-decker coaches is included in Rolling Stock.

³ Passenger revenues under Systems & Channels cover commissions from sale of tickets from other operators.

⁴ General obligations (historical) relate to the Danish Railway Museum, seconded public servants, leasing out of special buildings on non-commercial terms, non-financed expenses for joint stations and intragroup eliminations.

⁵ General Obligations (non-recurring items) concern sale of properties in DSB and write-downs of IC4 and IC2 trainsets.

⁶ Other operating income consists of leasing out of conductors and engine drivers, rent, leasing out of rolling stock, revenue from non-transport related activities.

The breakdown of Train Operations on activity areas is, as previously mentioned, based on Public Services¹, which is a revised statement of the activities carried out by DSB under the transport contract. The Public Services statement is prepared in the format prescribed by the Accounting Regulations for DSB.

The basis for breaking down the economy this way is DSB's Line Economy Model. This model divides DSB's profit and loss account into activities and calculates the economy of the individual line based on the activities required, i.e. the full costs of e.g. train crew (salaries, pension, managers and planners, IT, uniforms etc.) are allocated to the individual line according to the number of hours worked on the line by the train crew and other staff.

Revenue from the transport contract (hereinafter the contract payment) and passenger revenues are distributed on activity areas based on principles established in connection with the transport contract.

The distribution in these Activity Area Accounts is based on 48 percent of the contract payment (DKK 1,978 million) going to Train Services, to which also largely all passenger revenues (DKK 4,870 million) are allocated. The balance of the contract payment is distributed to the Train System, i.e. Stations (DKK 534 million) and to Systems & Channels (DKK 1,439 million). Rolling Stock receives a contract payment to cover expenses associated with Trains for the Future (DKK 39 million). General Obligations receive a contract payment (DKK 121 million) to cover e.g. the operation of the Danish Railway Museum and additional costs due to the employment of public servants relative to employees employed under a collective agreement in current operations.

It is an analytical choice that the passenger revenues are primarily allocated to Train Services, as the passenger revenues are in reality also used to help finance e.g. stations, sales channels, time-tabling, traffic information etc. If the passenger revenues were also distributed on the Train System services, the amount of the contract payment allocated to these activity areas would be reduced.

The following sections includes a detailed analysis of the expenses associated with Train Operations, including raw materials and consumables, staff expenses and other external expenses, consisting of e.g. expenses for repair and maintenance of rolling stock as well as cleaning of rolling stock and station areas.

Table 2: Connection between profit before tax in the annual accounts and the profit before tax in public services

DKK million	Profit before tax
Consolidated annual accounts 2015	580
Public services according to the negotiated contract 2015	357
Difference	223
Activities exposed to competition	114
Consolidated annual accounts adjustments(1)	109

¹ Technical accounting adjustments such as e.g. eliminations, minority interests etc.

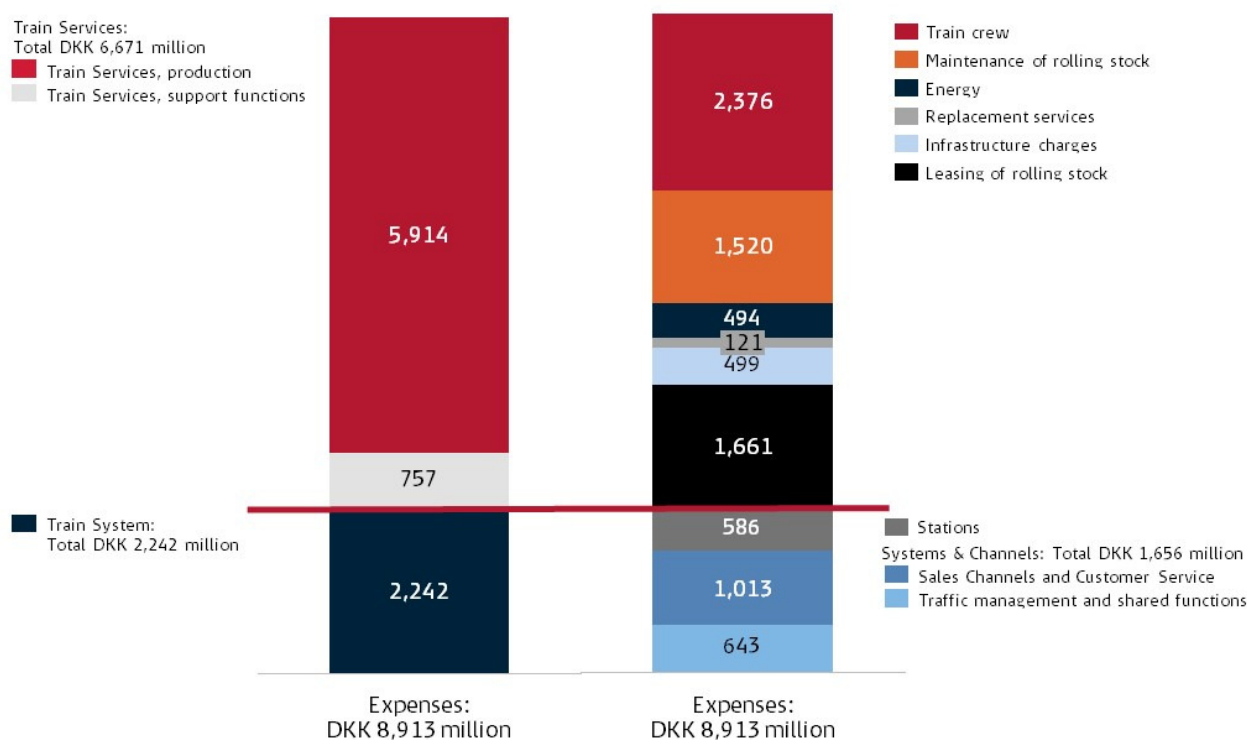
¹ Compared to the Presentation of Main Business Areas, however, a settlement of leasing of rolling stock is included in connection with the activity areas Rolling Stock and Train Services, based on DSB's cost of capital.

Train Operation expenses for all DSB's lines

Train Operation expenses including depreciation, amortisation and write-downs and financial income and expenses for Train Services are DKK 6,671 million, for Long-distance and Regional Trains (DKK 5,242 million) and S-trains (DKK 1,429 million), Stations (DKK 586 million) and Systems & Channels (DKK 1,656 million) totalled DKK 8,913 million in 2015, see, Table 1 and Figure 1.

Figure 1: Breakdown of Train Operation expenses 2015

DKK million



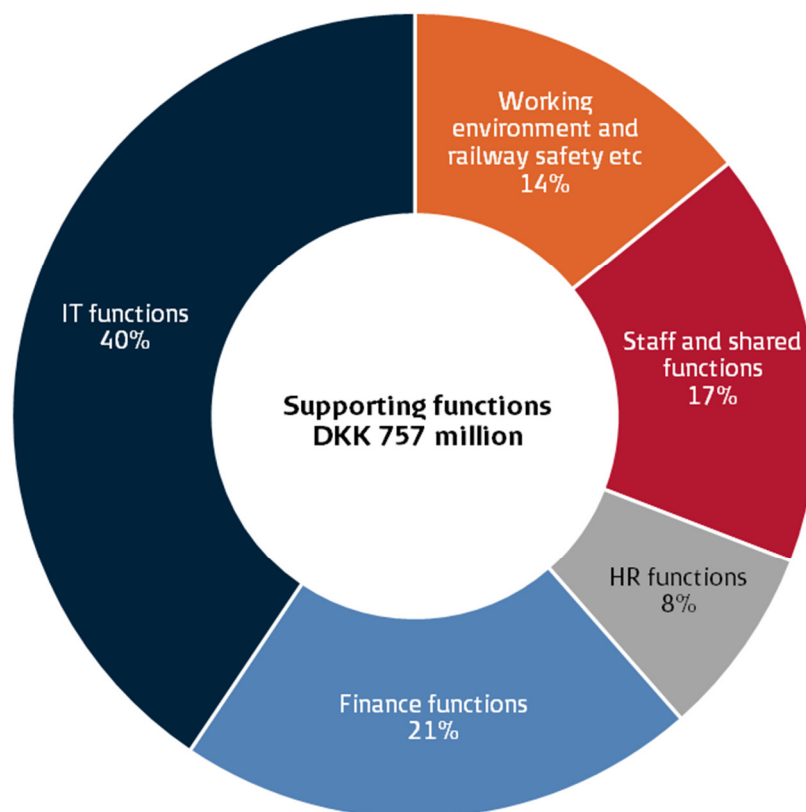
The activity area Rolling Stock is not included as an expense under Train System, as a lease payment of DKK 1,661 million is made to Train Services for the rolling stock used and the leasing of rolling stock thus appears as an expense.

Expenses for Train Services were DKK 6,671 million, of which rolling stock maintenance and leasing of rolling stock account for 48 percent of the total expenses for Train Services, while expenses for train crew accounted for 36 percent, see Figure 1. The rest of the expenses concern energy for train operation, infrastructure charges and replacement services etc.

DKK 757 million – or 11 percent of the total Train Services expenses are expenses for supporting functions, including cross-organisational expenses for IT services, staff and joint functions, economy and HR functions as well as working environment and railway safety etc., see Figure 2.

Figure 2: Train Service expenses for supporting functions

Share in percent



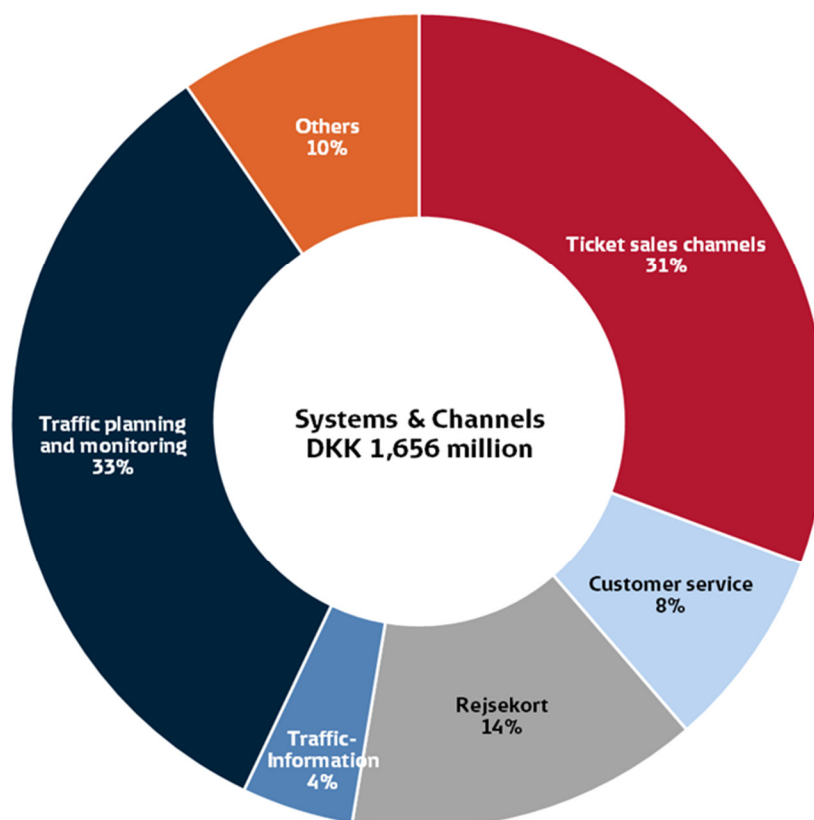
The expenses for supporting functions are distributed on activities based on the number of employees – converted into full-time employees – that are used for performing the individual activities. This means that employee-intensive activities are responsible for a substantial part of the expenses. As a consequence Train Services – to which the largest share of DSB’s employees contributes directly as part of the train crew and indirectly in the workshops – carry a relatively large share of the expenses for supporting functions.

Expenses for the Train System which is what ensures coherence in Train Services are DKK 2,242 million, see Figure 1. Of this, 26 percent of the expenses are for Station operation (DKK 586 million) and 74 percent of the expenses are for Systems & Channels (DKK 1,656 million).

Customer-oriented activities such as Ticket Sales Channels (staffed, digital sales and ticket vending machines), Customer Service, Rejsekort (DSB’s co-financing of the Rejsekort system) and Traffic Information account for 57 percent of the expenses for Systems & Channels. Traffic-oriented activities which accounts for 33 percent primarily includes systems for staff and traffic planning as well as for monitoring and controlling train traffic in the operations centres run by DSB together with Banedanmark. Other activities account for 10 percent of Systems & Channels, see Figure 3.

Figure 3: Systems & Channels

Share in percent



DSB is committed to ensuring ongoing improvements and enhanced efficiency of its Train Operations to the benefit of customers and taxpayers alike. In this connection the division into activities identifies both possibilities and limitations.

For instance, it is possible to reduce staff expenses across several activities through improved planning and increased flexibility in the use of staff or through more effective tools.

It is also possible to reduce the cross-organisational expenses, e.g. by simplifying and improving the portfolio management in the IT area and implementing other administrative efficiency enhancements. Finally, it is of decisive importance to ensuring effective Train Operations that the rolling stock is available to the planned extent and in the presumed quality as well as at the least possible cost. This planning and delivery related optimisation is a central task at DSB.

In other areas the possibilities of enhancing efficiency are limited because the expenses are outside DSB's control to varying degrees.

For instance, the extent of DSB's Train Services is to a very high degree laid down in the contract, the amount of the infrastructure charges is dictated by others and the extent of replacement services required is determined by infrastructure conditions on which DSB has a limited influence². At the same time, rolling stock is a long-term investment, which it is difficult to adjust upwards or downwards in the short term and to a certain extent politically determined.

Rolling stock and staff requirements in Train Services are dimensioned based on rush-hour traffic where most customers need transport. This means that sufficient rolling stock must be available, which determines the investment in rolling stock and the related workshops for maintenance and preparation of the rolling stock. Insofar as crew is concerned, the time space between early-morning and afternoon rush hours means that the same crew members cannot cover both rush-hour periods within a normal working day.

A substantial part of the expenses of Train Services – depreciation on rolling stock, train crew, expenses for electricity or diesel for operation of the train etc. – is in fact independent of the number of passengers. This means that it is very important to the economy of Train Services that the capacity is utilised in the best possible way. These financial considerations must be balanced against the fact that the Train Services provided by DSB aim to contribute to sustainable growth and cohesion in Denmark through access to the train, also in the less densely populated regions and for most of the hours of the day and night.

² DSB has intensive and well-functioning cooperative relations with Banedanmark with regard to the planning and carrying out of infrastructure works, which contribute to reducing the expenses – and the inconvenience to the customers – in connection with planned and unplanned infrastructure works.

Line Accounts 2015

The expenses for Train Services and the activities in this connection may be further broken down on lines by means of the Line Economy Model, but this adds a further complexity and therefore uncertainty that is not present when looking at the total expenses.

In the following line accounts the leasing of rolling stock is as a basis determined based on an average rolling stock use, while all other expenses are distributed according to the Line Economy Model. The reason the accounts are based on an average rolling stock use is that DSB's rolling stock is part of a pool and is used flexibly with a view to ensuring an optimal use of the resources. This means that the types of rolling stock used on the individual lines may vary greatly over time. However, the analysis has been adjusted for the lines where dedicated rolling stock is used (Odense – Svendborg, Aarhus – Grenaa og S-train). The lease payment for S-trains is, for instance, only based on the actual rolling stock expenses for S-trains, which is operated as a closed system.

The expenses are broken down on lines by means of distribution keys, which, inherently, involve a discretionary element. At the same time, the passenger revenues are distributed based on ad hoc counts of passengers, weighing of trains etc. These matters make the analysis basis subject to some uncertainty, which is, of course, increased the more fine-meshed the analyses carried out of the individual lines are. Therefore, the following line accounts must be used cautiously.

Extensive track improvement works were carried out over the summer of 2015, which led to a reduced number of passengers as they have chosen other means of transport, but also to marked shifts between the lines used. Particularly InterCity Copenhagen – Aarhus operated at a substantially lower frequency due to a lack of available track capacity. By way of compensation, longer express trains were placed in service. Consequently, there was a substitution from InterCity to express trains, but also other lines were affected, e.g. services on the Odense – Fredericia line were cancelled for three months. The extensive changes in travel patterns lead to increased uncertainty as to the distribution of revenue on the individual lines. Therefore, the following line analyses must be used cautiously.

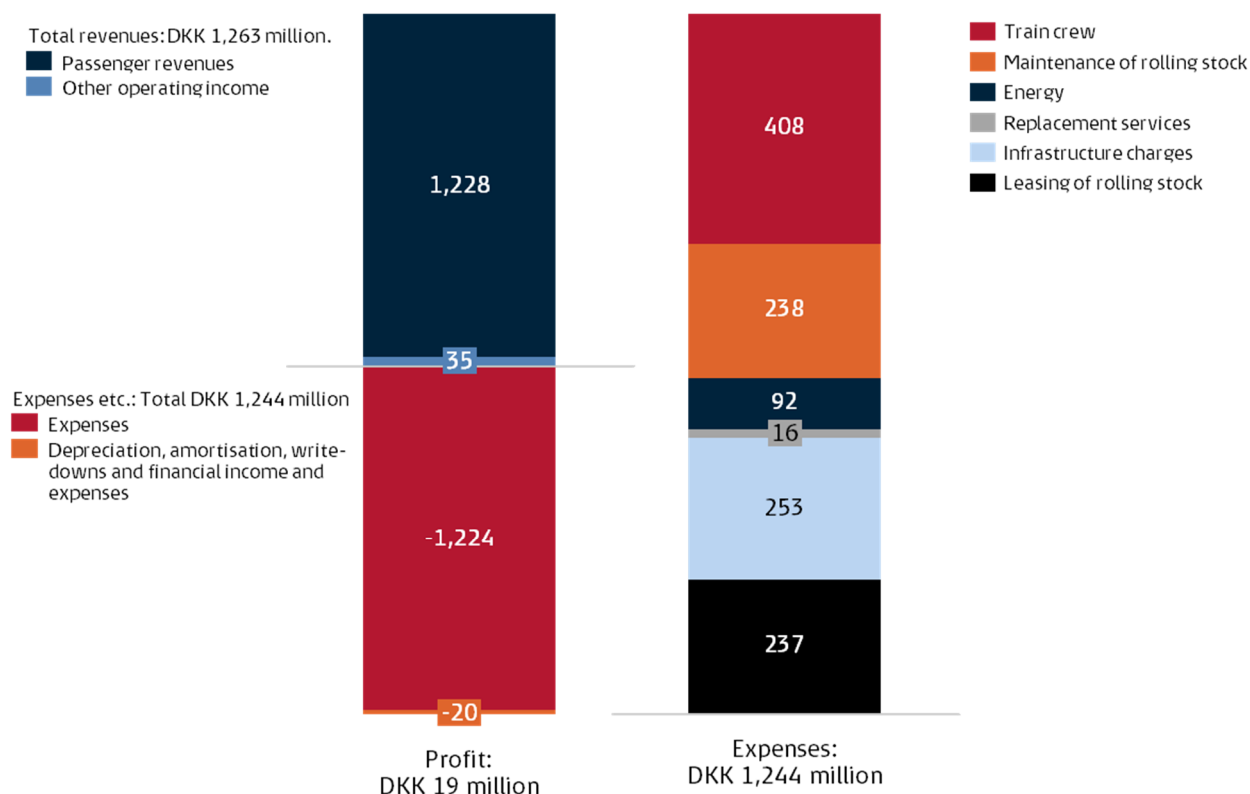
InterCity services between Copenhagen and Aarhus

InterCity services on the Copenhagen – Aarhus line contributed revenue of DKK 1,263 million in 2015 and expenses, including depreciation, amortisation and write-downs and financial income and expenses, of DKK 1,244 million, see Figure 4.

Consequently, regarded in isolation, InterCity Copenhagen – Aarhus generated a profit of DKK 19 million in 2015 and did thus not require any contract payment. The profit is substantially negatively affected by the track improvement works on Western Funen over the summer where the number of through departures was reduced, which led to falling revenue and passengers opting for the express train instead. In comparison, InterCity Copenhagen – Aarhus generated a profit of DKK 164 million in 2014.

Figure 4: Economy of InterCity train services Copenhagen – Aarhus 2015

DKK million



The distribution of expenses on this line differs from the general picture due to the relatively high infrastructure charges (20 percent of the total expenses for Train Services for this line), which to a large extent are charges for crossing the Great Belt. The infrastructure charge for this line accounts for more than half of DSB's total infrastructure charges.

Despite the extensive track improvement works carried out over the summer, the InterCity Copenhagen – Aarhus line generated a profit in 2015, primarily because the many passengers contribute extensive passenger revenues and because it is possible to utilise the capacity far better than is the case for lines with fewer passengers during the day for which the contract with the Danish state requires train services.

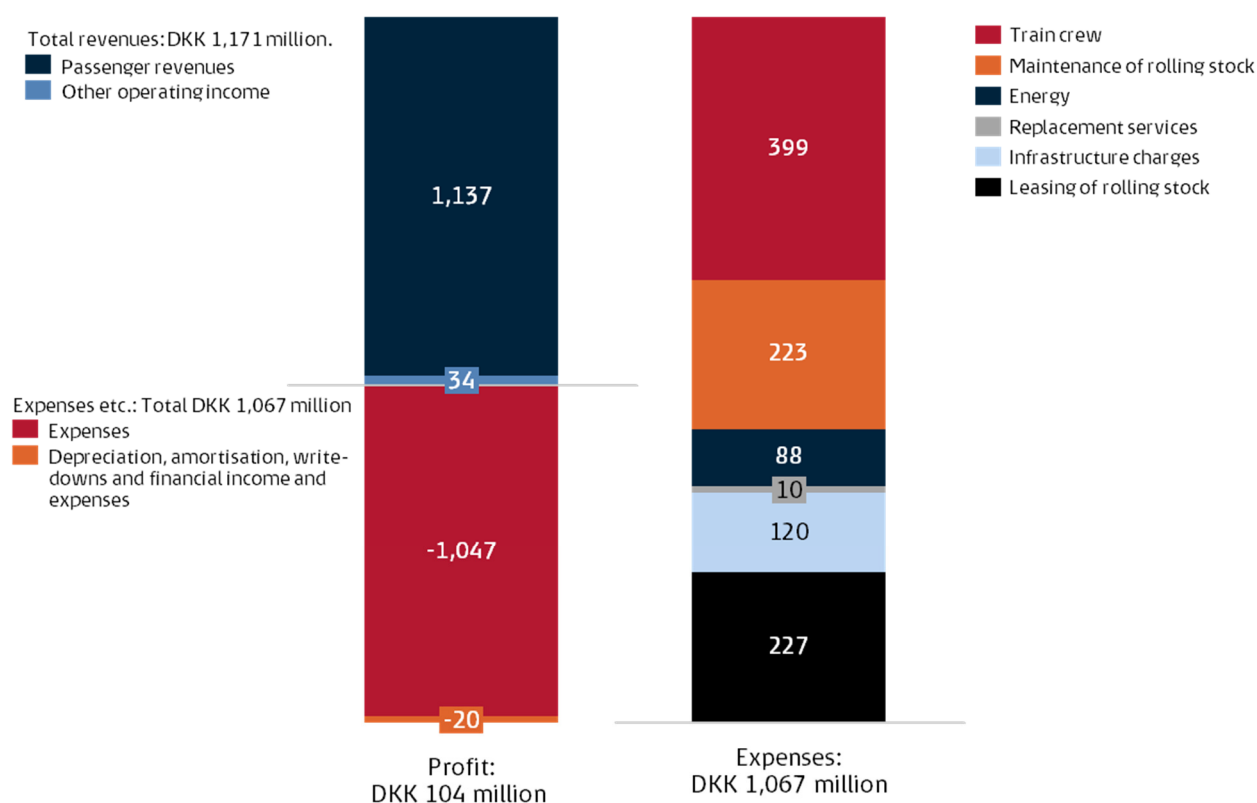
The InterCity Copenhagen – Aarhus line is a good example of the uncertainty associated with breaking down revenue and expenses on lines. The distribution of revenue is based on weighing of trains, passenger counts etc., which are subject to uncertainty. Add to this the fact that the InterCity traffic is operated in a way that involves the train being split up in Fredericia, Vejle and Aarhus. Part of the revenues attributed to Copenhagen – Aarhus thus comes from passengers travelling with a direct connection to destinations that are not on the line. The number of passengers that would not opt for the train if a direct connection did not exist via the InterCity system is subject to uncertainty. Add to this the uncertainty associated with the distribution of expenses as described above.

InterCity Express train services

Revenue from Express train services was DKK 1,171 million in 2015, and expenses were DKK 1,067 million, thus generating a profit of DKK 104 million, see Figure 5. The track improvement work carried out over the summer entailed more passengers and thus an increase in revenues but also a corresponding increase in expenses for leasing and maintenance of rolling stock because longer train sets were used. Express train services generated a total profit of DKK 101 million in 2014. The revenue substitution in between InterCity Copenhagen - Aarhus and Express trains has been far from one to one. Track improvement works has had a negative impact on profit for 2015, which is also expected in 2016 due to the planned works on Eastern Funen

Figure 5: Economy of InterCity Express train services 2015

DKK million



Expenses for train crew amount to 37 percent of the total expenses due to the fact that more crew members are needed when the train sets are longer. Maintenance of rolling stock and leasing of rolling stock account for 42 percent of the total expenses.

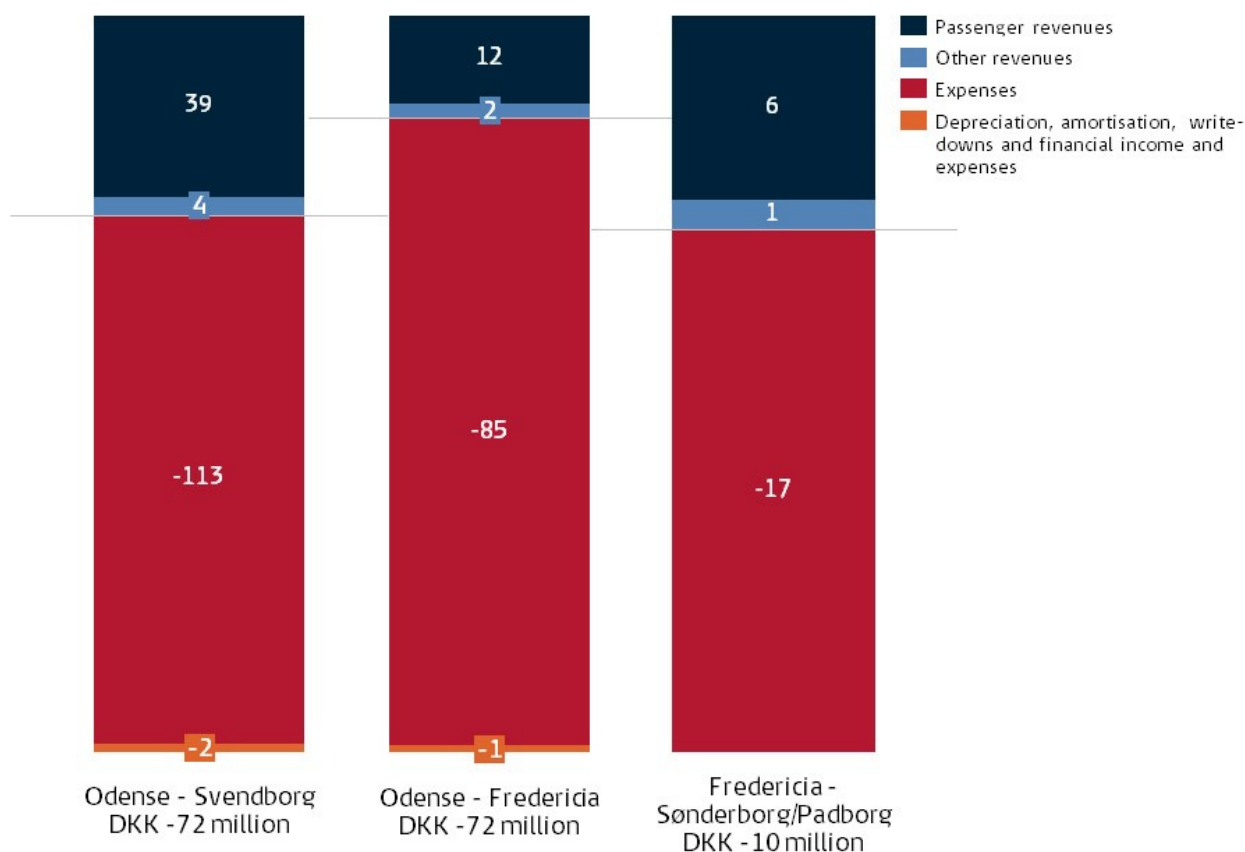
The reason for these excellent results in the express train services is primarily – like for InterCity Copenhagen – Aarhus, the fact that relatively many passengers per train enable a far better utilisation of capacity than is the case on lines with fewer passengers on average.

Train Services on selected lines operated by regional trains

Passenger revenues in DSB's regional train systems are generally not sufficient to cover the expenses of the Train Services. An example from 2015 is the lines operated by regional trains Odense – Svendborg, Odense – Fredericia and Fredericia – Sønderborg/Padborg, see Figure 6.

Figure 6: Results on selected lines operated by regional trains 2015

DKK million



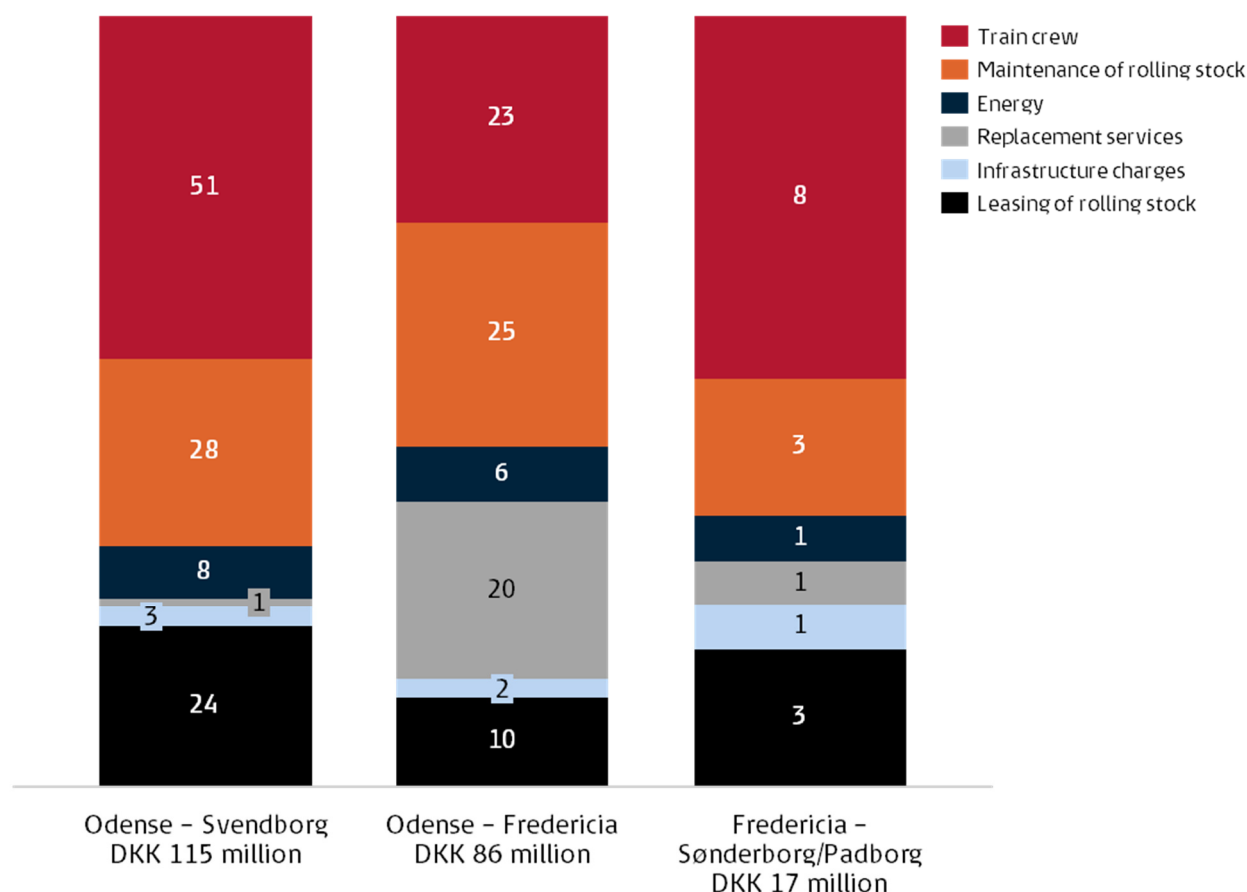
This means that regional train services on these lines could not have been provided without a contribution from the profitable lines, including the InterCity service between Copenhagen – Aarhus and the express train services, and/or the contract payment from the Danish state.

The reason is primarily that there are fewer passengers compared with the service frequency etc. stipulated in the transport contract. This means that the capacity utilisation is not optimal, i.e. many empty seats in the train during the day, where services are required in the transport contract. Consequently, some lines operated by regional trains may have a good capacity utilisation during rush hours, but a relatively poor capacity utilisation outside these hours.

Expenses for regional train services on the selected lines generally do not differ substantially from the general picture. The predominant share of the expenses thus concerns the train crew and leasing and maintenance of the rolling stock used, see Figure 7.

Figure 7: Expenses etc. on selected lines operated by regional trains 2015

DKK million



On the Odense – Svendborg line the leasing of rolling stock is stated based on the actual expenses paid for the Desiro train sets which are dedicated to this line today. On the Odense – Fredericia and Fredericia – Sønderborg/Padborg lines, on the other hand, the average rolling stock expenses are used because the rolling stock is allocated from the rolling stock pool, see the previous section in this regard.

The Odense – Fredericia line was closed for a period of three months as a consequence of the track improvement works of the summer, which explains the very extensive expenses for replacement services, i.e. expenses for busses to transport the passengers instead of trains.

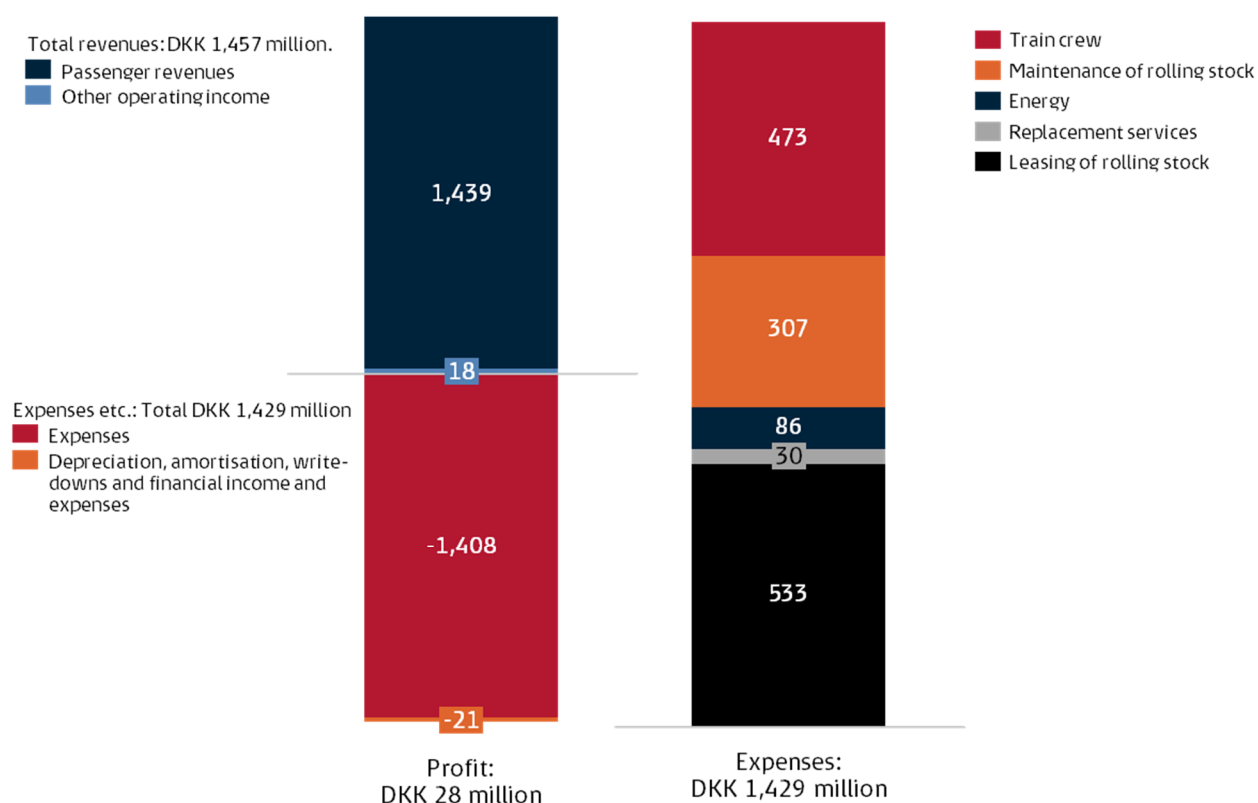
Expenses for train crew constitute a particularly large expense item in the overall expenses for train services for the Fredericia – Padborg/Sønderborg line where the trains carry an engine driver as well as a conductor (47 percent). The other two lines are operated by driver-only operated trains. The possibilities of driver-only operation are i.a. determined by the physical conditions in the train and at stations, which must fulfil certain safety standards.

S-trains

Train services on the S-network generated revenue of DKK 1,457 million in 2015 while expenses – including depreciation, amortisation and write-downs and financial income and expenses – were DKK 1,429 million, see Figure 8.

Figure 8: Economy of S-train services 2015

DKK million



Train services provided by S-trains generated a profit of DKK 28 million in 2015, corresponding to 2 percent of the passenger revenues and can thus be operated without a contract payment. The profit is negatively affected by write-downs of receivables from fines issued to passengers traveling without a valid ticket (DKK 11 million) concerning previous years as well as increased expenses for replacement services (DKK 4 million). The profit for 2015 is on the same level as the profit for 2014.

Expenses for the train crew only amount to 33 percent of the overall expenses for train services on the S-train network, which is due to the fact that the S-trains are driver-only operated.

The reason the S-train services can be operated without supplement of contract payment is that the total seating capacity of the S-trains is well utilised during the day compared to e.g. regional train services where the capacity utilisation – outside rush hours – is generally relatively limited. S-train is operated in a closed system with fewer facility centers which makes S-train more effective.

Line accounts for all DSB's lines in 2015

The line accounts of all DSB's lines are based on the activity area Train Services which reflect the direct expenses of operating trains. The contract payment of DKK 1,978 million (Long distance and regional services DKK 1,933 million and S-train DKK 45 million) is not distributed on individual lines as such a distribution would be relative to the profit and thus mean that the most expensive lines would get the largest amount of the contract payment, see Table 3.

A profit means that the line operates at a profit that is used to finance loss-making lines. A loss, on the other hand, means that the line operates at a loss and therefore must receive financing from profitable lines and/or the contract payment from the Danish state.

According to the Accounting Regulations, DSB is required to also specify the individual lines, including all expenses, regardless of whether the individual expense concerns the extent of production. Therefore, the Train System expenses for Stations and Systems & Channels are broken down on lines in Table 4. In practice, this means that e.g. expenses for stations, operation of the Rejsekort system, ticket vending machines, operations centres controlling traffic to limit delays etc. and traffic information have been broken down on lines, even though these activities do not have any direct connection with the extent of traffic on the individual line.

The key figures for passenger revenues per seat kilometre and expenses per seat kilometre provide the best indication of how the seat capacity is utilised on the individual lines, See tabel 4. Seat kilometres take into account the number of seats available in the individual train types and the number of train sets/coaches coupled on a line. Train kilometres which are often used as a key figure do not take these differences into account. The statement of passenger kilometres is subject to a not insignificant uncertainty when regarded in terms of lines. The reason is that the statement of journeys and thus how far the individual passenger travels to a great extent is based on passenger surveys that are subject to substantial uncertainty. For instance, DSB have no precise information as to how often or how long a commuter with a season ticket travels, nor do we know what journey line the commuter travels (see page 25).

Table 3: Line accounts for Train Services before contract payment 2015

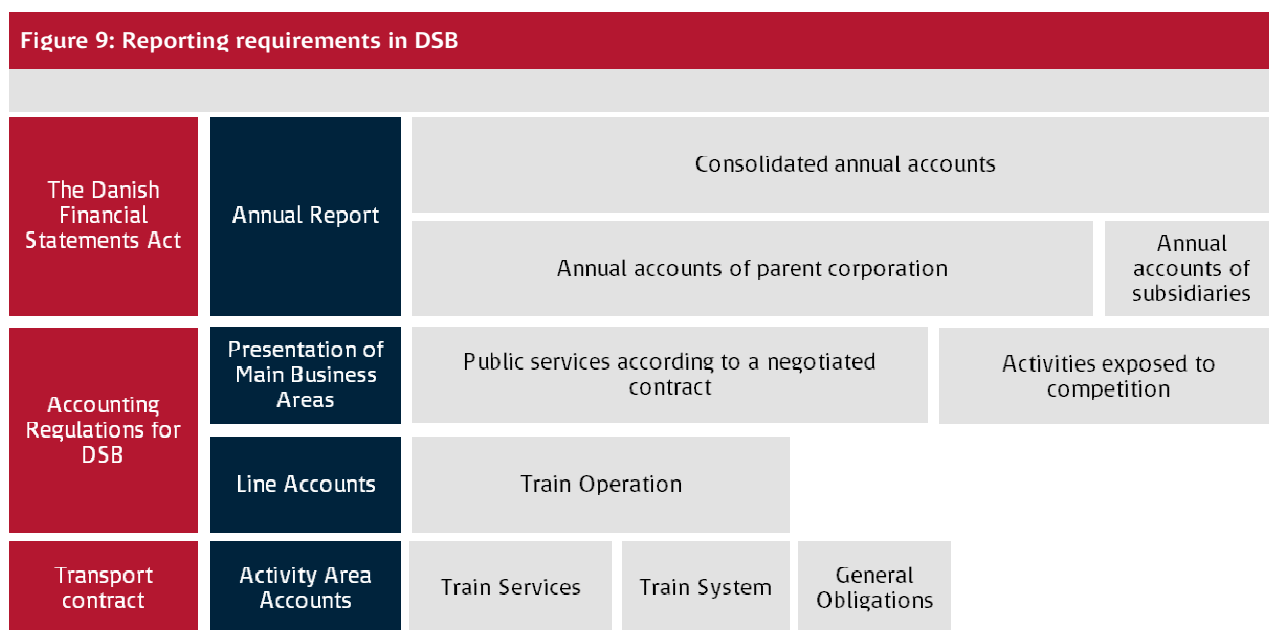
DKK million	Passenger revenues	Contract payment	Other revenue	Total revenue Train-services	Train crew	Maintenance of rolling stock	Energy	Replacement services	Infrastructure charges	Leasing of rolling stock (avg.exp.)	Total expenses for Train Services	Profit / loss on Train Services
Express trains	1,137		34	1,171	-399	-223	-88	-10	-120	-227	-1,067	104
Copenhagen – Aarhus	1,228		35	1,263	-408	-238	-92	-16	-253	-237	-1,244	19
Middelfart – Sønderborg, Fredericia – Esbjerg	82		8	90	-96	-39	-14	-12	-17	-37	-215	-125
Vejle – Herning – Struer – Thisted	2		1	3	-6	-2	-1	0	0	-2	-11	-8
Bornholm	9		0	9	0	-3	0	0	-2	-4	-9	0
Aarhus – Frederikshavn	75		7	82	-87	-33	-12	-1	-5	-31	-169	-87
InterCity	1,396		51	1,447	-597	-315	-119	-29	-277	-311	-1,648	-201
EuroCity Zealand	97		4	101	-46	-8	-2	-1	-4	-16	-77	24
EuroCity Jutland	40		1	41	-10	-3	-1	-1	-2	-4	-21	20
International trains	137		5	142	-56	-11	-3	-2	-6	-20	-98	44
Odense – Svendborg	39		4	43	-51	-28	-8	-1	-3	-24	-115	-72
Aarhus – Grenaa	22		5	27	-53	-23	-7	-1	-3	-17	-104	-77
Fredericia – Padborg/Sønderborg	6		1	7	-8	-3	-1	-1	-1	-3	-17	-10
Odense – Fredericia	12		2	14	-23	-25	-6	-20	-2	-10	-86	-72
Fredericia – Vejle – Struer	19		4	23	-42	-34	-10	-1	-3	-22	-112	-89
Aarhus – Langå – Aalborg	9		2	11	-20	-13	-3	0	-1	-6	-43	-32
Aalborg – Frederikshavn	15		3	18	-33	-22	-6	-1	-1	-9	-72	-54
Aarhus – Fredericia – Esbjerg	112		7	119	-89	-142	-35	-5	-7	-49	-327	-208
Regional West	234		28	262	-319	-290	-76	-30	-21	-140	-876	-614
Copenhagen – Kalundborg	104		10	114	-111	-92	-29	-4	-12	-91	-339	-225
Copenhagen – Holbæk	80		7	87	-81	-66	-21	-3	-14	-73	-258	-171
Copenhagen – Nykøbing F – Rødby	242		16	258	-173	-118	-46	-10	-19	-190	-556	-298
Roskilde – Køge – Næstved	21		6	27	-62	-31	-8	-1	-2	-16	-120	-93
Copenhagen – Ringsted	62		6	68	-71	-53	-15	-2	-14	-48	-203	-135
Copenhagen – Roskilde	6		2	8	-21	-8	-2	0	-3	-6	-40	-32
Coastal Line/Øresund	12		1	13	-13	-6	-1	0	-11	-6	-37	-24
Regional East	527		48	575	-532	-374	-122	-20	-75	-430	-1,553	-978
S-train Central (Hellerup – Valby)	552		3	555	-97	-51	-14	-11	0	-89	-262	293
S-train Køge	180		3	183	-85	-71	-20	-4	0	-123	-303	-120
S-train Høje Taastrup	129		1	130	-35	-21	-6	-3	0	-36	-101	29
S-train Frederikssund	160		3	163	-80	-58	-16	-3	0	-100	-257	-94
S-train Farum	93		2	95	-48	-33	-9	-2	0	-56	-148	-53
S-train Hillerød	175		3	178	-70	-52	-14	-4	0	-87	-227	-49
S-train Klampenborg	30		1	31	-14	-7	-2	-1	0	-12	-36	-5
S-train Ring Line	120		2	122	-44	-14	-5	-2	0	-30	-95	27
S-train	1,439		18	1,457	-473	-307	-86	-30	0	-533	-1,429	28
Train Services excl. transport contract revenues	4,870		184	5,054	-2,376	-1,520	-494	-121	-499	-1,661	-6,671	-1,617
Train Services incl. transport contract revenues	4,870	1,978	184	7,032	-2,376	-1,520	-494	-121	-499	-1,661	-6,671	361

Table 4: Line accounts for Train Services and Train System including key figures 2015

DKK million	Train Services Passenger revenues	Train Services Other revenue	Train Services Expenses	Profit/loss on Train Services	Other revenue	Other expenses	Train System Expenses	Passenger revenues per seat km	Train Service Expense per seat km	Train Operations P/L per passenger km	Passenger km million units	Train km million units
Express trains	1,137	34	-1,067	104	70	-285	-111	0.53	-0.50	-0.09	1,278	7.40
Copenhagen – Aarhus	1,228	35	-1,244	19	97	-459	-343	0.50	-0.51	-0.25	1,381	7.15
Middelfart – Sønderborg, Fredericia – Esbjerg	82	8	-215	-125	6	-34	-153	0.21	-0.55	-1.60	96	2.03
Vejle – Herning – Struer – Thisted	2	1	-11	-8	0	-1	-9	0.09	-0.58	-4.97	2	0.11
Bornholm	9	0	-9	0	1	-4	-3	0.19	-0.18	-0.32	8	0.21
Aarhus – Frederikshavn	75	7	-169	-87	6	-39	-120	0.26	-0.59	-1.11	107	1.71
InterCity	1,396	51	-1,648	-201	110	-537	-628	0.43	-0.51	-0.39	1,595	11.23
EuroCity Zealand	97	4	-77	24	7	-26	5	0.54	-0.43	0.04	126	0.64
EuroCity Jutland	40	1	-21	20	2	-9	13	0.92	-0.47	0.30	49	0.24
International trains	137	5	-98	44	9	-35	18	0.62	-0.44	0.11	175	0.89
Odense – Svendborg	39	4	-115	-72	5	-38	-105	0.23	-0.68	-2.77	38	1.31
Aarhus – Grenaa	22	5	-104	-77	4	-36	-109	0.16	-0.74	-3.62	30	1.14
Fredericia – Padborg/Sønderborg	6	1	-17	-10	0	-3	-13	0.17	-0.48	-1.70	7	0.15
Odense – Fredericia	12	2	-86	-72	2	-14	-84	0.12	-0.87	-7.83	11	0.64
Fredericia – Vejle – Struer	19	4	-112	-89	2	-19	-106	0.11	-0.61	-3.97	26	1.22
Aarhus – Langå – Aalborg	9	2	-43	-32	1	-7	-38	0.15	-0.76	-3.15	12	0.36
Aalborg – Frederikshavn	15	3	-72	-54	2	-14	-66	0.14	-0.71	-3.45	19	0.55
Aarhus – Fredericia – Esbjerg	112	7	-327	-208	10	-66	-264	0.19	-0.57	-1.76	149	2.93
Regional West	234	28	-876	-614	26	-197	-785	0.17	-0.64	-2.67	293	8.30
Copenhagen – Kalundborg	104	10	-339	-225	17	-116	-324	0.18	-0.57	-2.40	135	1.76
Copenhagen – Holbæk	80	7	-258	-171	13	-99	-257	0.18	-0.58	-2.36	108	1.25
Copenhagen – Nykøbing F – Rødby	242	16	-556	-298	32	-212	-478	0.21	-0.49	-1.33	362	3.21
Roskilde – Køge – Næstved	21	6	-120	-93	5	-38	-126	0.17	-0.97	-3.90	32	0.83
Copenhagen – Ringsted	62	6	-203	-135	11	-78	-202	0.14	-0.45	-2.22	91	1.23
Copenhagen – Roskilde	6	2	-40	-32	1	-9	-40	0.08	-0.59	-7.36	5	0.27
Coastal Line/Øresund	12	1	-37	-24	0	-3	-27	0.13	-0.40	-	-	0.25
Regional East	527	48	-1,553	-978	79	-555	-1,454	0.18	-0.53	-1.98	734	8.79
S-train Central (Hellerup – Valby)	552	3	-262	293	2	-149	146	0.58	-0.28	-	-	2.57
S-train Køge	180	3	-303	-120	4	-85	-201	0.14	-0.23	-	-	3.44
S-train Høje Taastrup	129	1	-101	29	0	-47	-18	0.33	-0.26	-	-	1.08
S-train Frederikssund	160	3	-257	-94	-1	-80	-175	0.15	-0.24	-	-	2.89
S-train Farum	93	2	-148	-53	-1	-45	-99	0.15	-0.24	-	-	1.66
S-train Hillerød	175	3	-227	-49	-1	-69	-119	0.19	-0.24	-	-	2.40
S-train Klampenborg	30	1	-36	-5	0	-15	-20	0.22	-0.27	-	-	0.39
S-train Ring Line	120	2	-95	27	0	-43	-16	0.38	-0.31	-	-	1.40
S-train	1,439	18	-1,429	28	3	-533	-502	0.25	-0.25	-	-	15.83
Total all lines	4,870	184	-6,671	-1,617	297	-2,142	-3,462	0.31	-0.43	-	-	52.43
Total public service	4,870	184	-6,671	-1,617	607	-2,744	-3,754	-	-	-	-	-

Method used for preparing the activity area and line accounts

As a public corporation DSB is required to meet a number of reporting requirements, see Figure 9. The reporting requirements each have their own background and purpose, and their overall objective is to ensure transparency and control of DSB's affairs. The requirements each take a different perspective on the corporation. This makes it difficult to see the connection between the individual reports, which may at the same time impede transparency of DSB's economy.



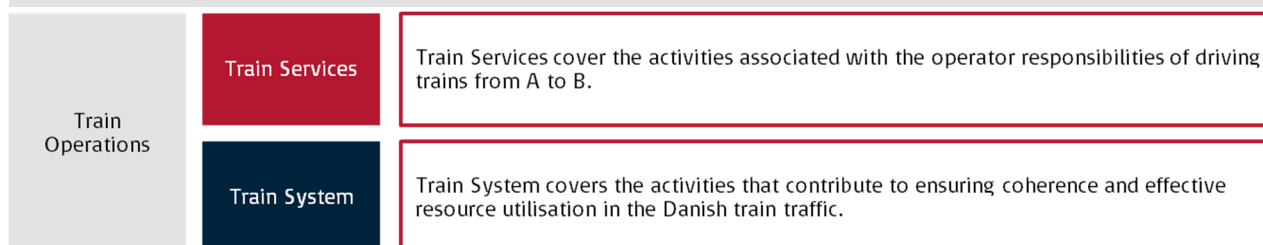
According to the Danish Financial Statements Act, annual accounts must be prepared that include the entire Group and provide knowledge about the financial position of the entire corporation.

The purpose of the Accounting Regulations applying for DSB is to separate public services from activities exposed to competition in order to provide information about the activities that are subject to the contract payment and to ensure that illegal state aid is not granted. The Presentation of Main Business Areas which is reviewed by DSB's external auditors is a division of the parent corporation DSB's profit into "public services according to a negotiated contract" and "activities exposed to competition".

The transport contract only covers public services provided by DSB under the contract. These services only form part of the parent corporation's activities. This means that DSB Vedligehold A/S is not directly covered by the public service obligation, but is indirectly covered by way of the preparation and maintenance services delivered to and paid for by Train Services. Similarly, the Kort & Godt shops are not covered by the public service obligation either.

The Activity Area and Line Accounts are based on DSB's Presentation of Main Business Areas for 2015 where public services are disclosed separately. The activity area accounts represent an attempt at segmenting DSB's activities according to the division used in the transport contract. The line accounts are a breakdown of Train Operations on lines according to the Accounting Regulations applicable to DSB.

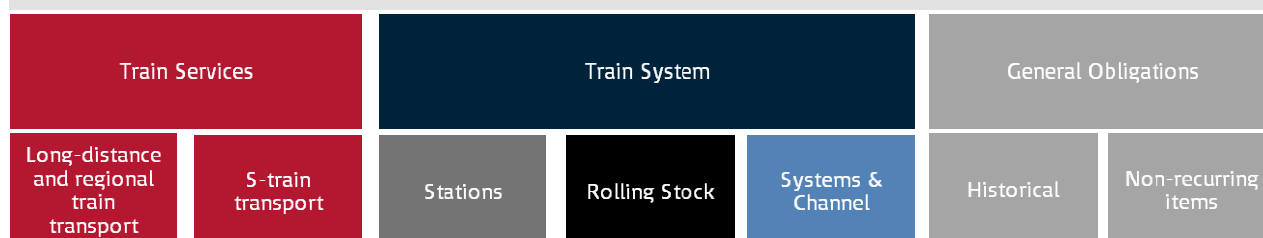
Figure 10: Elements of Train Operations



So far DSB has been operating trains in Denmark as a single activity. In connection with the new transport contract, DSB is required to prepare and carry out a division of Train Operations into activities relating to the actual operation of trains (Train Services) and activities relating to the maintenance of the production apparatus (Train System), see Figure 10.

Public services according to a negotiated contract consist of Train Services and Train System as well as General Obligations, see Figure 11. Train Services include activities relating to the operation of trains, including payment for rolling stock and maintenance, while Train System includes activities relating to the production apparatus (rolling stock, stations and cross-organisational systems, including ticket sales channels). General Obligations cover historically related activities, not directly relating to Train Operations (e.g. operation of the Danish Railway Museum).

Figure 11: Public services divided into activity areas



Comment: Systems & Channels are defined as General Obligations in the transport contract.

Difference between annual accounts and activity accounts

DSB prepares an activity-based distribution model, called the Line Economy Model, which according to the Accounting Regulations applicable to DSB determines the economy of the activities carried out by DSB according to the transport contract. Public services are stated according to the model and are divided into activity areas and individual lines according to the model.

The economy of a line such as e.g. InterCity Copenhagen – Aarhus cannot be determined based on the ordinary accounting registrations because the bookkeeping is designed according to the organisational structure of the corporation, which means across activity areas and the activities carried out by them. This means that largely all expenses are indirect relative to the line, even expenses which are traditionally perceived as direct.

The reason is that DSB carries out the Train Operations as a single network. This means that rolling stock and train crew are allocated from a pool, i.e. that a specific IC3 train set operates on

several lines, just as the train crew also works on several lines. This applies, for instance, also to most of the derived expenses such as e.g. energy that is purchased in a pool and is not directly attributable to a specific line based on the registered energy expense.

The Line Economy Model is based on a combination of "full cost allocation" and "activity-based cost allocation". The full allocation is based on the requirement of the Accounting Regulations that all expenses must be distributed on the lines.

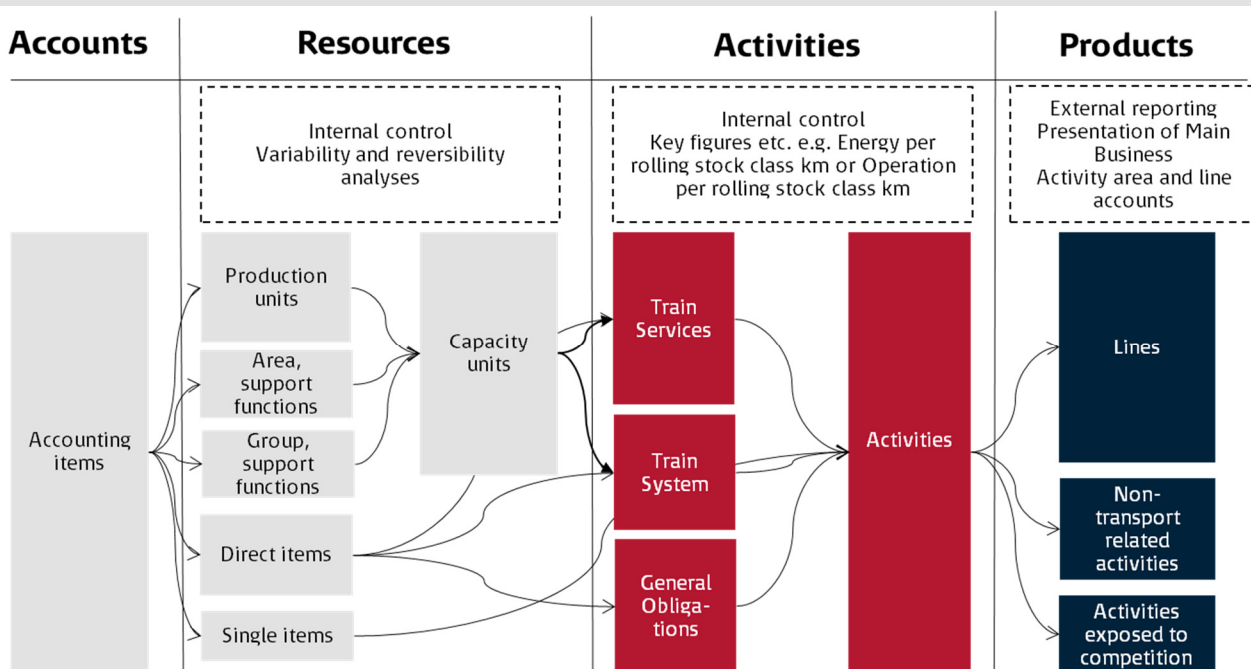
The Line Economy Model is based on DSB's bookkeeping, which is also the basis for DSB's annual accounts, but it adds an activity and line dimension that does not exist in the bookkeeping.

The Line Economy Model

The Line Economy Model is the basis for the Presentation of Main Business Areas, the Activity Area and Line Accounts for DSB. This way a clear connection and a complete transaction trail are created between the individual accounts.

The model establishes the Presentation of Main Business Areas by dividing DSB's activities into "public services according to a negotiated contract" and "activities exposed to competition". For instance, DSB operates the Aarhus – Odder line for Midttrafik together with the Aarhus – Grenaa line, which is part of the transport contract. The economy must thus be divided in such a way that state aid is not granted for the first line. The challenge is that both the train crew and the rolling stock etc. are used for both lines.

Figure 12: Line Economy Model design



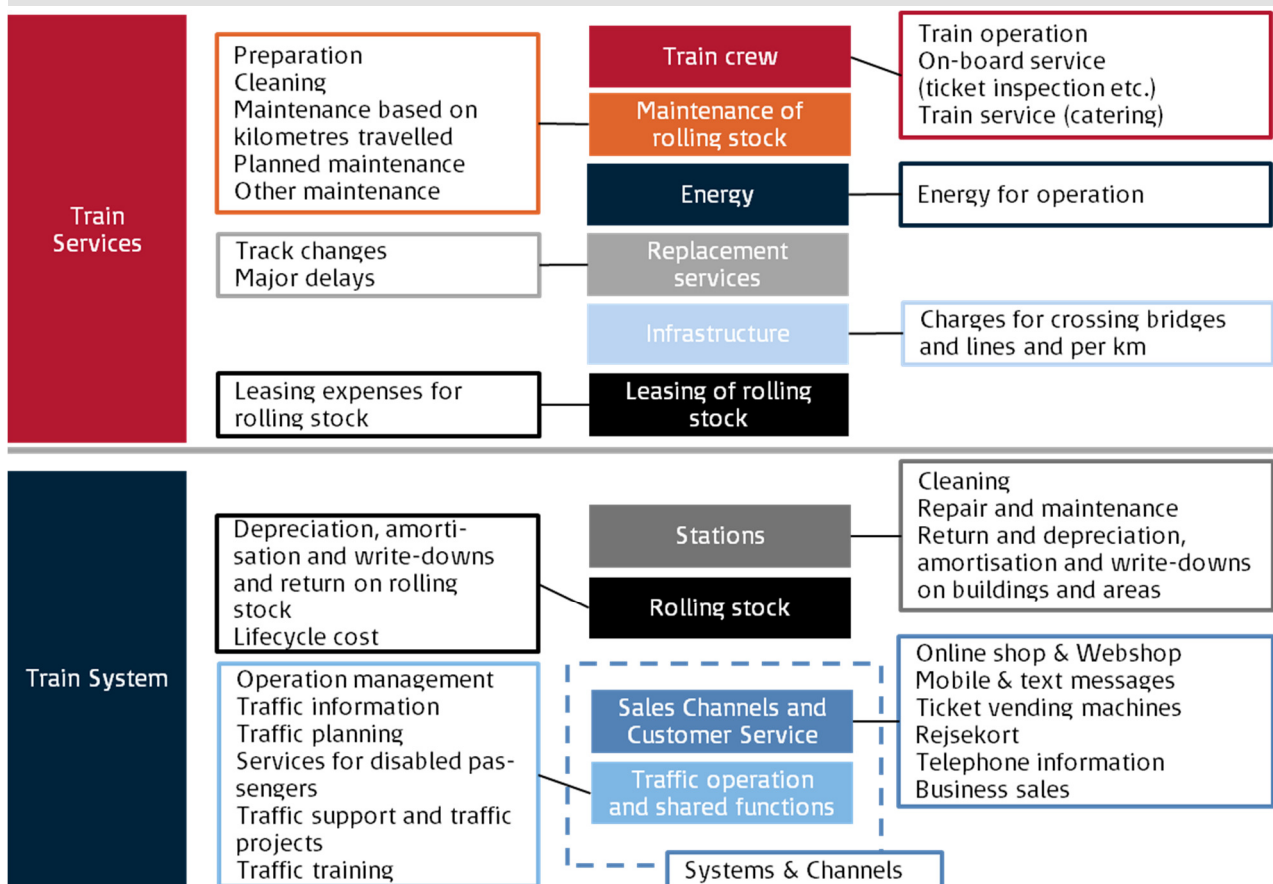
Public services are further broken down on activity areas and thus the activities carried out by DSB to operate the individual lines. Lines include all items relating to Train Services, see definition above.

Figure 12 describes the principle of the method used in the Line Economy Model in which the accounting entries are grouped and distributed on lines via activities. On a resource level, the bookkeeping is grouped and classified according to production relation so that the supporting functions are distributed according to the relative resource use of the capacity units. The model primarily uses objective and systematic distribution keys based on production information.

Distribution of DSB's Train Operations on the activities Train Services and Train System

During 2015 DSB has prepared a number of analyses with the purpose of defining the new activity areas introduced with the transport contract.

Figure 13: Activities in Train Services and Train System



The activity definitions and classifications used are a precision of the method DSB has used so far for its line accounts, thus supporting a distinction between train services and train system activities. DSB finds that the definitions and classifications used largely support this distinction, but that adaptation will presumably be required in the future.

The basic registrations presently have the purpose of supporting the corporation's current organisation and thus the most effective Train Operations business. Therefore, the reporting on activity areas is based on the distribution keys of the Line Economy Model.

Distribution keys

The Line Economy Model is developed based on the objective that the model must reflect DSB's structure in terms of revenue, expenses and production. As the model is a distribution model, the amount of revenue and expenses per line will depend on the choice of expense classifications and distribution keys.

The distribution of Train Services activities on lines is generally based on the following principles:

- If the activity is only carried out for one single line, it will be allocated directly to that line.
- If instead the activity is carried out to be able to provide train services on more or all lines, the expenses will be distributed on lines according to a relevant production parameter.

Figure 14: Most important distribution keys for Train Services in the Line Economy Model

Train crew	Time registrations by engine drivers, conductors and ticket inspectors
Maintenance of rolling stock	Rolling stock class hours, rolling stock class kilometres and seat kilometres
Energy	Rolling stock class kilometres
Replacement-services	Journey portions, directly attributed to specific lines
Infrastructure	Bridges, tunnels, lines and train kilometres
Leasing of rolling stock	Average

Figure 14 shows the most important production-based distribution keys used in the distribution of Train Services activities on the individual lines.

An example is the total amount of expenses for the activity train operation under train crew, which is distributed on the lines based on the time registrations of the engine drivers which are linked to the individual line via the rolling stock.

Another example is the total expenses for maintenance of IC3 train sets, which are distributed relatively pro rata on the lines where the IC3 train set is used, based on the rolling stock class kilometres travelled by the IC3 train sets.

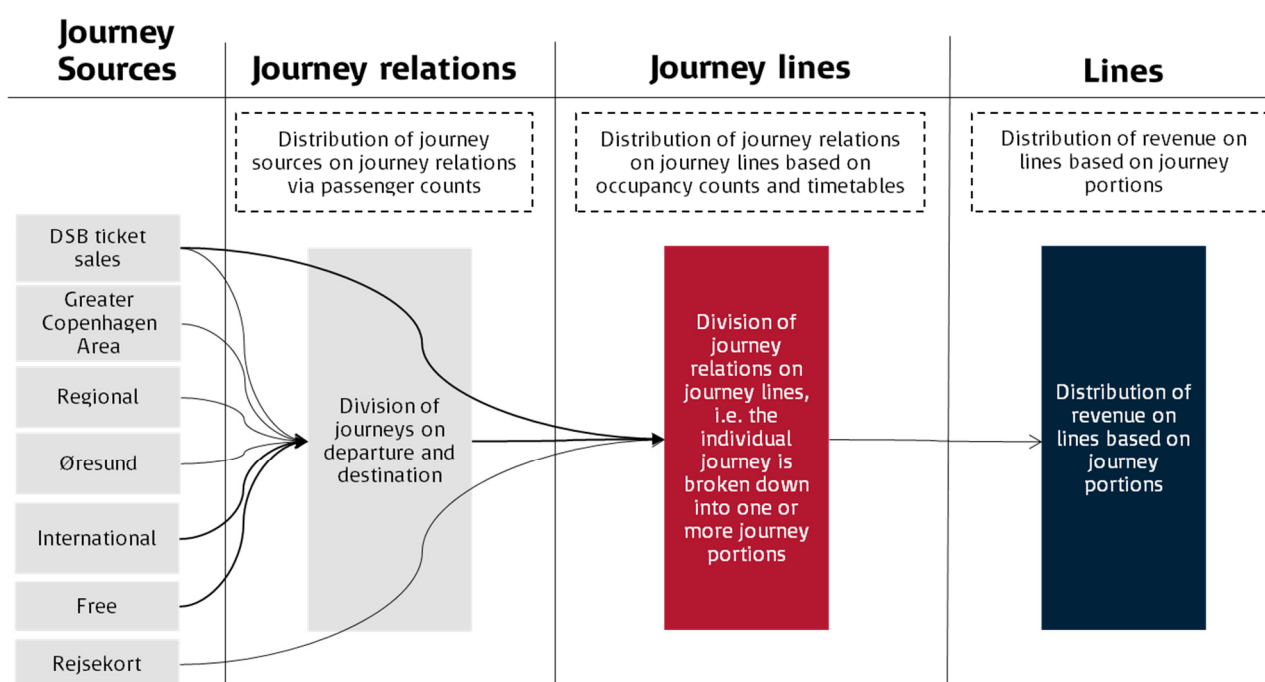
A third example is the infrastructure expenses from crossing the Great Belt, which are distributed according to the number of crossings on the individual line.

Distribution of passenger revenues on lines

It is not possible to directly calculate the number of journeys in DSB. This is due to the fact that public transport is available by bus, metro and train without the ticket necessarily being for a specific departure. This is the case for season tickets as well as individual tickets, as it is possible to purchase an open ticket for e.g. the Copenhagen – Aarhus line. Therefore, it is not possible to determine whether the journey is made by InterCity or express train. Also a journey may involve several operators and lines. For instance, a journey from Tisvildeleje to Bornholm involves the local railway from Tisvildeleje to Hillerød, the S-train from Hillerød to Copenhagen Central Station and InterCity Bornholm from Copenhagen Central Station to Ystad – all on one ticket.

The calculation is made even more complicated by the fact that there are many different ticket systems and fare areas today, which requires coordination across various operators.

Figure 15: Principles for allocation of passenger revenues on Lines in the Journey Revenue Model



DSB has a number of journey sources, see Figure 15, of which the principal are DSB's own ticket sales and journeys in the Greater Copenhagen Area and Rejsekort. The journeys are i.a. calculated through passenger counts on trains and weighing of trains converted into number of passengers. The method may vary from source to source and has been agreed with the other operators within a given fare area.

The journeys are then divided into journey relations showing from where and to where the journey was made. This is i.a. done based on the passenger surveys³ of travel patterns that provide a statistical weight that may be applied to the journey sources.

³ The BRIK count in the Copenhagen City and Regional Transport area and the national count carried out by COWI on Long-distance and Regional Trains.

Once the journey relations have been determined, the journey line must be determined, i.e. which of several possible lines was used to travel between two destinations. As a journey can be made via several lines, it must be distributed pro rata on the lines so that one journey is divided into one or more portions. Occupancy rates and timetables are used to make such division.

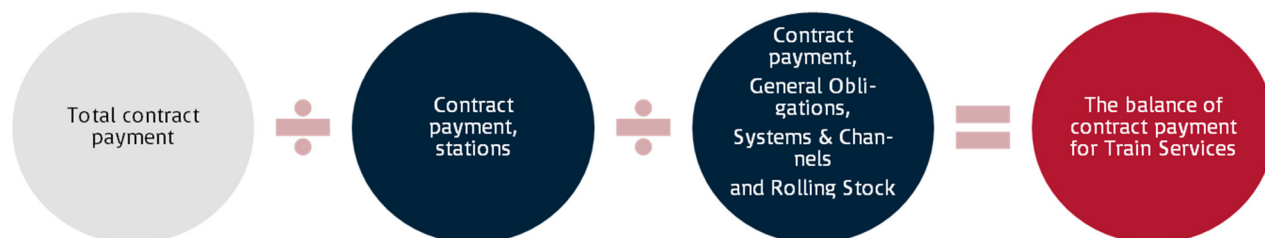
The journey portions are used to distribute passenger revenues on lines in the overall Journey Revenue Model. In the Line Economy Model this input is used as the key to distributing the booked passenger revenues. Consequently, there is a certain discretionary element in the passenger revenues distributed on the individual lines.

Distribution of revenues from the transport contract on activity areas

The Line Economy Model does not distribute the contract payment on lines as there is no unique activity-based method according to which the contract payment can be distributed. It is a condition of the political agreement that train operations are divided into Train Services and Train System.

For use for the activity accounts, DSB has chosen to distribute the contract payment according to the following method.

Figure 16: Principles for distribution of revenue from the transport contract on activity areas



The contract payment to Stations is distributed in such a way that an annual return on the invested capital (ROIC) of 3 percent is ensured.

The contract payment for General Obligations (historical) is based on cost recovery. The contract payment to Systems & Channels is based on a profit margin of 5 percent, while the contract payment to Rolling Stock only covers all the project expenses for preparation of the acquisition of new electrical train sets for Denmark as the lease payment for leasing the rolling stock is paid to the Train Services activity.

The balance of the contract payment accrues to Train Services where it is distributed in such a way that the profit margin is identical for long-distance and regional train transport and S-train transport.

In addition, it is assumed that the passenger revenues accrue to Train Services and thus not contribute directly to the Train System according to the model.

Distribution of lease payments for rolling stock to Train Services

All revenue and expenses and depreciation, amortisation and write-downs and financial income and expenses for rolling stock have been pooled, exclusive of Øresund and Trains for the Future which are not included, for Long-distance and Regional Trains and S-trains, respectively.

On long-distance and regional lines operated by dedicated rolling stock (Odense – Svendborg & Aarhus – Grenaa), the specific rolling stock expenses for the line are allocated directly to the line in question. The remaining rolling stock pool is regarded as a joint pool that can be placed in service on all lines. Therefore, an average lease payment is calculated for rolling stock based on the number of rolling stock class kilometres travelled on the individual lines. The lease payment for S-trains is based only on the actual rolling stock expenses for S-train rolling stock.

Distribution of VAT and tax

DSB has the right to deduct part of the purchase VAT because the Group engages in activities that are both subject to and not subject to VAT. The non-deductible part of the input VAT is included in the profit and loss account and in the balance sheet items.

VAT is handled separately in the model. DSB's corporation and companies have a joint VAT registration and the VAT for DSB is booked centrally. Therefore, the year's net VAT expenses are distributed on the activity areas according to the pro rata VAT associated with the expenses. After that the VAT expenses follow the actual expenses through the distribution model.

Corporation income tax is not distributed on activity areas and lines. In the Presentation of Main Business Areas the corporation income tax is distributed between public services according to a negotiated contract and activities exposed to competition.

Management statement

The Executive Board has today discussed and approved DSB's Activity and Line Accounts for 2015.

The Line Accounts are prepared according to the principles and methods that are stipulated in the Accounting Regulations applicable to DSB, considering the interpretations agreed with the Ministry of Transport and Building.

We believe that

- the Accounting Regulations are complied with in 2015, including that the requisite accounting division has been carried out according to clause 2 of the Accounting Regulations, so that DSB is able to account for the need for subsidies for passenger transport.
- the model apparatus and the distribution keys applied are documented in accordance with clause 3 of the Accounting Regulations so that DSB is able to account for the distribution economy of the lines.

Taastrup, 25. February 2016

Flemming Jensen
CEO

Thomas Thellersen Børner
CFO

Corporate Social Responsibility (CSR)

At DSB we have incorporated CSR in the way we work – in our policies, processes and practice and in our procurement, environmental considerations and economy. DSB has an ethical policy which commits DSB to comply with the 10 universal principles of the UN Global Compact with focus on human rights and employee rights. DSB's ethical rules require that our suppliers comply with national and international rules regarding child labour, health and safety at work, discrimination, use of forced or involuntary labour, corruption and bribery as well as the environment.

As an integrated part of the environmental policy, DSB works actively to reduce the corporation's impact on the climate.

DSB joined the UN Global Compact in 2009 and contributes to the work both financially and by annually reporting on its progress.



DSB's CSR activities are not only realised through the way we work at DSB, but also through the requirements we make on our suppliers. In connection with procurement procedures DSB ensures that strategic suppliers are prequalified and informed about our ethical rules (code of conduct). We expect the suppliers to comply with and act in accordance with these basic principles.

Cooperation and support

DSB has since 2008 cooperated with Natteravnene ("Night Owls"), a national voluntary organisation consisting of more than 5,000 adults. The volunteers walk around at night in the towns and cities, including at stations and in trains. Their purpose is to be good role models, contribute to the sense of safety and security and help children and young people, providing joy of life and promoting integration. In addition to the financial support DSB provides to Natteravnene, they can ride all DSB trains free of charge while doing volunteer work.

DSB also cooperates with a number of humanitarian organisations in Denmark by permitting them to collect money for their charitable causes and distribute material to DSB's customers at the stations. The organisations include Danmarks Indsamlingen (DR and 12 of Denmark's largest humanitarian organisations), DanChurchAid, the Danish Cancer Society, ActionAidDenmark, Save the Children Denmark, Danish Red Cross, the Danish Refugee Council and the World's Best News.

In connection with the phasing-out of the clip card in the Greater Copenhagen Area, DSB, Metro-selskabet and Movia (DOT, Din Offentlige Transport) cooperated to give the customers the possibility of donating the value of their unused clips to the Danish Children's Aid Foundation. Many customers availed themselves of this offer, and the Danish Children's Aid Foundation subsequently received almost DKK 1 million to support their work to help children in care and vulnerable young people in Denmark.

At election time in Denmark, DSB also supports the democratic process by permitting the political parties and their candidates to distribute material at the stations in the period leading up to the election. This was also the case in 2015 in connection with the election to the Danish parliament in June and the referendum concerning the Danish EU opt-outs in December.

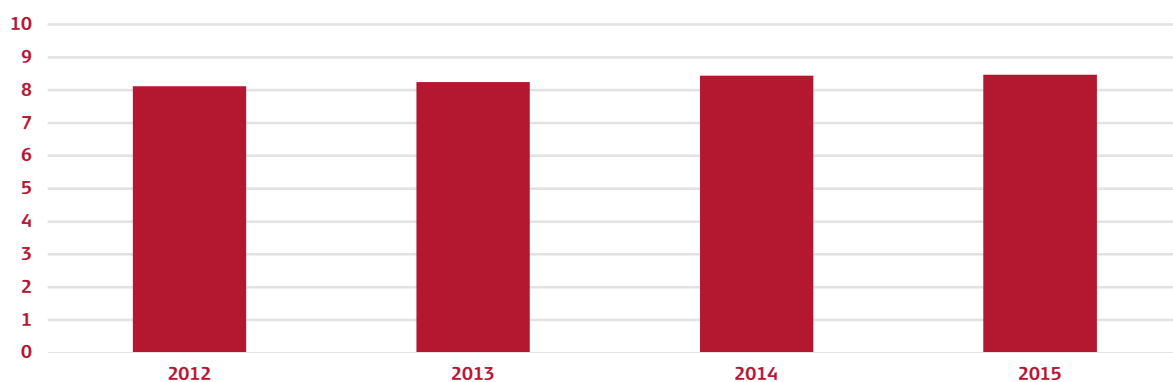
An inordinately high influx of refugees and migrants was a challenge to the operation of DSB's trains and at the stations in 2015. DSB responded to the challenge in close cooperation with the Danish authorities to ensure that DSB's customers would experience as little inconvenience as possible. In December DSB made an agreement with Danish Red Cross to the effect that they could temporarily use vacant premises at the Copenhagen Central Station to receive refugees and migrants.

Safety and security

Customers and employees of DSB must be able to feel safe and secure. Surveillance cameras in the trains and at the stations contribute to this. In 2015 a total of 2,021 cameras had been installed at 131 stations and 3,824 had been installed in the S-trains. In addition, DSB has two mobile video surveillance systems that can be moved to stations where passengers experience insecurity or which are particularly exposed to vandalism.

Figure 1: Satisfaction with feeling safe and secure in the train

Scale 0-10

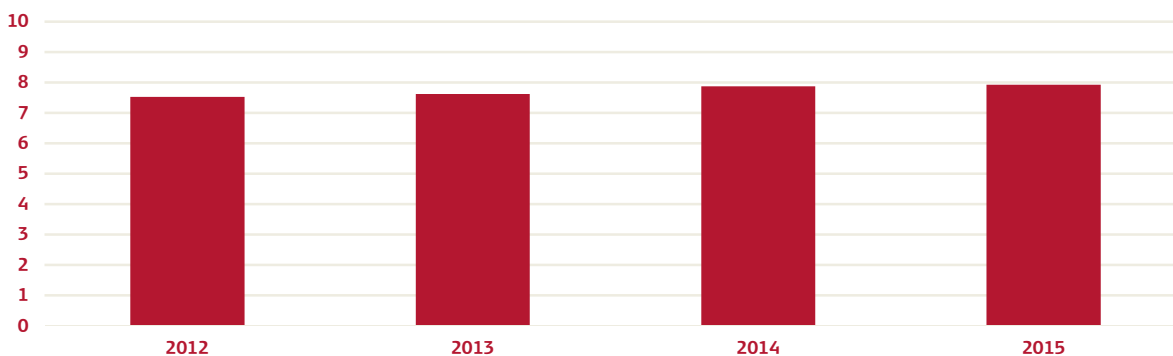


The cameras are i.a. used to summon the police and extra staff if necessary and to help the police solve cases concerning vandalism, violence, pick-pocketing etc. DSB has also entered into a nationwide cooperation agreement with the Danish National Police regarding the use of videos etc. in connection with police investigations of 'person under train' incidents. In 2015 DSB's surveillance centre contributed to police investigations in 991 cases.

In 2015 external security guards patrolled the Copenhagen Central Station and Høje Taastrup station to make sure that passengers and employees could feel safe and secure.

Figure 2: Satisfaction with feeling safe and secure at the station

Scale 0-10

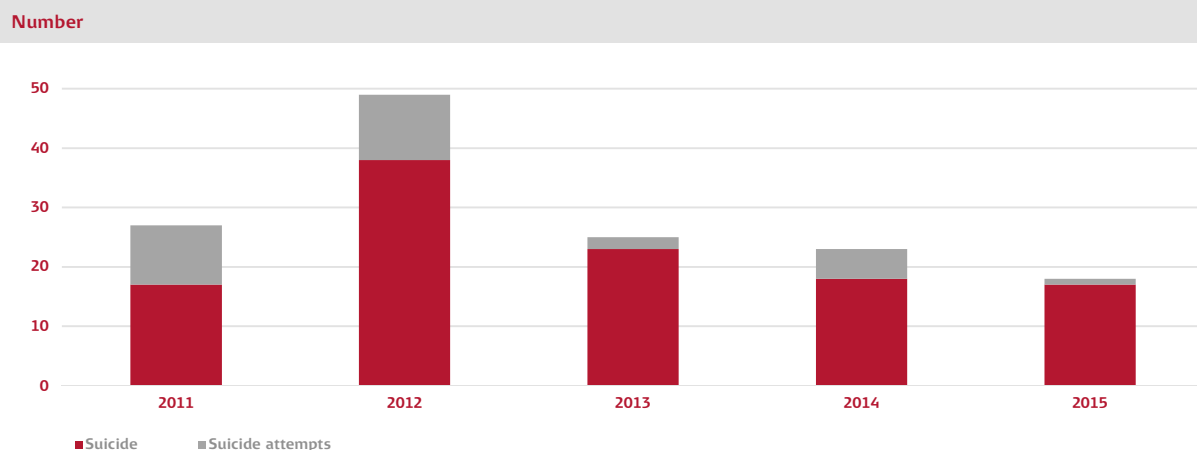


DSB is currently installing defibrillators at 64 selected train stations across Denmark and in all DSB's 520 train sets. The installation of defibrillators began in 2014 and is expected to be completed in 2016. By year-end 2015 defibrillators had been installed at 41 stations and in 383 train sets. The installation of defibrillators is the result of a collaboration project between DSB and TrygFonden which also includes the training of 750 DSB employees in life-saving first aid and use of defibrillators.

Every year DSB spends large amounts of money on removing graffiti, i.a. to create a nice and clean environment and improve the customers' sense of safety and security. In 2015 DSB thus spent more than DKK 20 million on removing graffiti from 1,929 train sets. At the stations, DSB and Banedanmark have introduced zero tolerance of graffiti at the stations in the Greater Copenhagen Area and at certain stations on Zealand. This means that the stations most at risk in terms of graffiti are checked for graffiti every day, while the other stations are only checked once a week. The intensified effort to reduce graffiti introduced in 2014 has paid off. For instance, 40 graffiti paintings fewer were removed in 2015 at DSB's stations east of the Great Belt compared with 2014.

Unfortunately, 'person under train' incidents in connection with suicide and suicide attempts are a recurring event for DSB. In addition to being a tragic event for the persons involved and their family, it also affects DSB's customers and employees by way of train cancellations, delays and crisis counselling for i.a. engine drivers. In 2015 DSB recorded 17 suicides and 1 suicide attempt (18 and 5, respectively, in 2014).

Figure 3: Suicide and suicide attempts



Health and safety at work

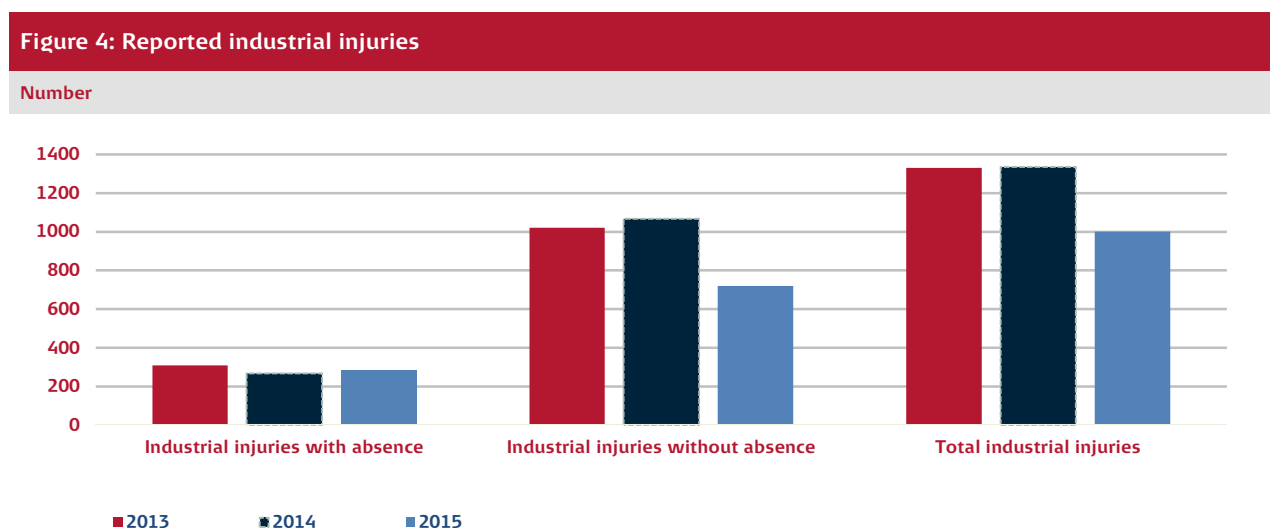
DSB is a Danish employer with many employees, and ensuring health and safety at work is part of our corporate social responsibility. It is important that DSB sends its employees home in the same condition as they were in when they arrived at work.

The target for 2015 was to reduce the number of industrial injuries - both with and without absence from work - and generally to reduce the sickness absence in DSB. In 2015 DSB launched

several campaigns to avoid industrial injuries aimed at the staff groups most exposed to injuries, i.a. at the workshops and the engine drivers.

The total number of industrial injuries in DSB fell markedly by more than 300 registered injuries from 1,335 in 2014 to 1,001 in 2015. Unfortunately, the reduction is driven by injuries without absence – the number of industrial injuries with absence rose by 14 in 2015 compared with 2014. The average sickness absence in DSB fell by 0.4 day per employee to 9.7 days in 2015.

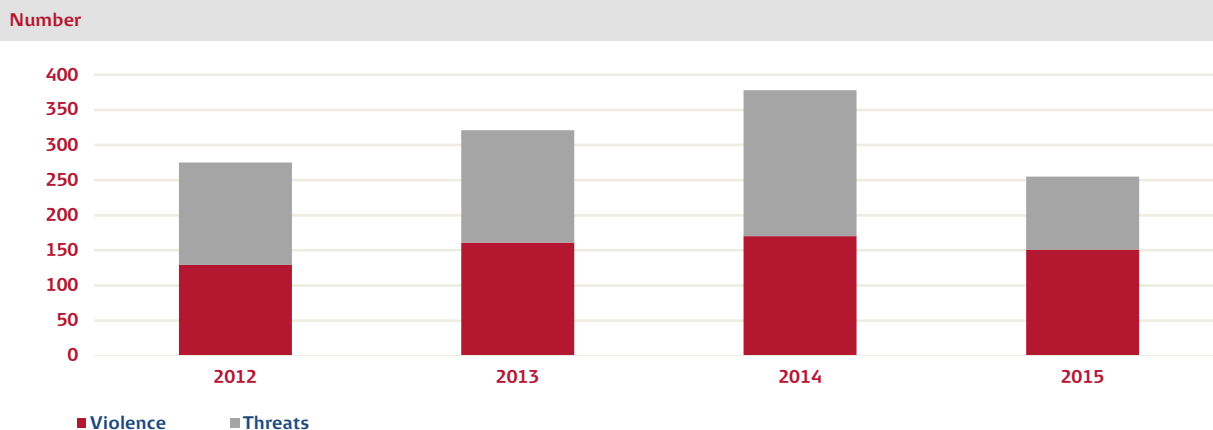
In 2015 DSB continued its work to reduce the ultrafine particles that are hazardous to health. These particles are especially emitted by the older locomotives and train sets. This work i.a. involves upgrading the exhaust system at the workshops and introducing various measures that mean that the locomotives need not be started inside the workshops.



In order to maintain a systematic approach to health and safety at work, DSB chose to become certified according to the internationally recognised standard for health and safety at work OHSAS 18001 in 2013. In 2015 an external follow-up audit was carried out across the organisation. A total of four deviations were observed, which have all been addressed in separate action plans containing preventive and corrective actions. The deviations were consequently closed by an external certification agency.

When many people are gathered at stations and in the trains as well as in connection with ticket inspections, disagreements may arise, which may escalate to threats and violence against fellow passengers and DSB staff. In 2015 DSB experienced a marked reduction in the occurrence of violence and threats against DSB staff. The reduction of violence is by more than 10 percent, while the number of threats was halved.

Figure 5: Violence and threats against DSB staff



DSB makes every effort to continue to become better at preventing and handling these situations. This is i.a. done through training DSB's staff in conflict handling, cooperation with the police and a dialogue with the customers.

In case of big events such as festivals and football matches, many customers, often in a festive mood and rather noisy, are travelling to the same destination. In connection with a number of these events, DSB enters into a dialogue with organisers and customers with a view to arranging for a special train for the individual event. The purpose is to ensure that both the participants and DSB's other customers can have as pleasant a journey as possible and with as few conflicts as possible. DSB has 43 conductors who are especially trained to handle the customers onboard the football trains. In 2015 DSB provided special coaches for 14,500 football fans on 28 football journeys. In addition, special S-trains were provided for a couple of thousands of fans when the football teams Brøndby and FCK met. In 2015 there were no industrial injuries in connection with these journeys. Very little damage to DSB's rolling stock was registered in connection with transporting these football fans.

DSB also makes a special effort for children who are part of a family living in separate parts of the country. DSB has 70 trained children's guides who take care of the children from departure station to destination station. A special coach is reserved for these children, and only the children who have seat reservations for this coach are allowed there. DSB's children's guides meet the children at the station, are there for the children if they need help during the journey and make sure that the children get off at the right stations. The special trains with children's guides are available Fridays and Sundays as well as on other days in connection with national holidays. In 2015 there was a total of 19,462 seat reservations for the special children's coaches.

Accessibility

In 2015 DSB improved its service to senior citizens and disabled customers. From 1 August disabled customers requiring assistance could wait until 24 hours before planned departure to contact DSB, thus reducing this period by half compared with earlier. DSB also increased its opening hours for orders by telephone, thus enabling disabled customers to get assistance during all hours when train services are provided. Finally, from the turn of the year 2015/2016, DSB will be offering assistance at all DSB's long-distance and regional train stations and at the Coastal Line. Previously,

this offer extended to only 63 selected stations. In 2015 DSB provided assistance to disabled customers 15,288 times and sold 43,737 companion tickets.

DSB wishes to provide easy access to buying a ticket for the journey. Therefore, DSB is developing information and ticket services and apps for mobile phones and computers. In order to ensure that everybody is comfortable with the new ways of buying tickets, DSB offers courses where DSB employees come and tell our customers about how the various ticket buying options work in practice. DSB's customer service team held 96 meetings of this kind in 2015, primarily with focus on the DanAge Association, computer clubs, libraries and the new initiative: cooperation with the local citizens' service centres in the municipalities.

Diversity

In DSB we believe that diversity makes the corporation stronger and increases our competitiveness. Among other things, this is about the diversity in the corporation in the form of gender and ethnicity and about the diversity developed by DSB among its staff through education and experience.

At year-end 2015 a total of 27 percent of DSB's employees were seniors (+55 years). 215 employees (2.9 percent) are employed on special terms such as acute jobs, flexijobs, light jobs, partially ready for work and Section 56 jobs. Of DSB's staff 7.7 percent of the employees and 4.1 percent of the managers have another ethnic origin than Danish.

DSB also wants to assume responsibility for helping young people get a job. DSB i.a. does so by taking on apprentices and trainees. In 2015 DSB had 42 trainee positions.

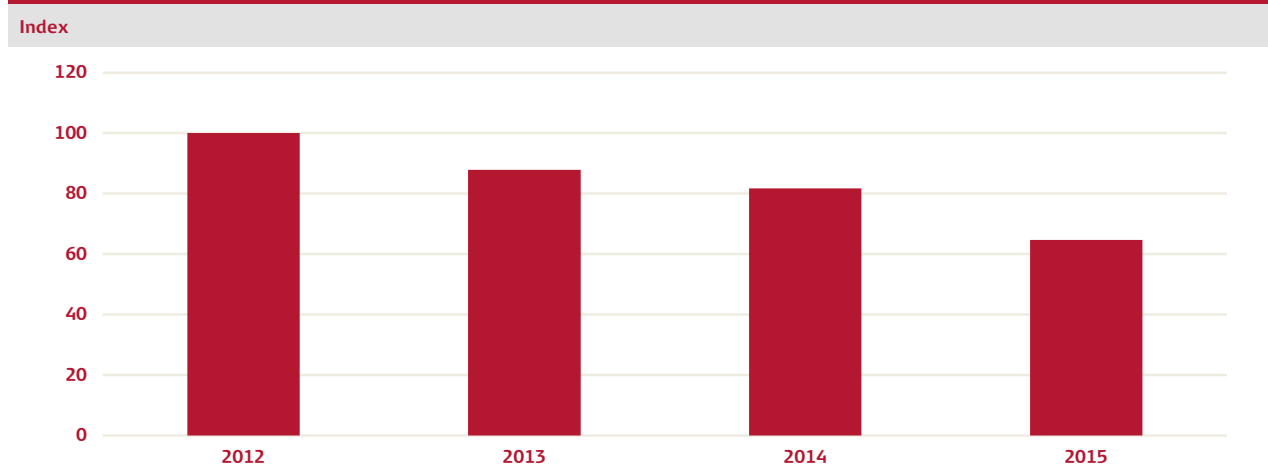
Equal representation at management levels is part of DSB's HR policy. On DSB's Board of Directors 33 percent are women (not including employee representatives), while the figure is 29 percent for the Corporate Management. Of all managers at DSB 26 percent are women – almost the same percentage as of all employees.

DSB's objective in terms of gender distribution at the various management levels is that the distribution must reflect the gender distribution in the corporation as a whole. DSB will fulfil this objective i.a. by requiring recruitment consultants to provide both female and male candidates and by considering the underrepresented gender in connection with successor planning.

Environment and climate

Diesel trains emit particles and also impacts the air quality in other ways.

Figure 6: Particle emissions



Total particle emissions from the diesel trains fell by 20 percent compared with 2014. The reason is a reduced use of ME-diesel locomotives and MR train sets as well as more IC4 train sets being placed in service as they emit fewer particles.

2015 continued the focus on the number of ultrafine particles in the double-decker coaches pulled/pushed by the ME locomotives. DSB is currently working on implementing various prototypes to reduce the exposure of customers and employees to ultrafine particles.

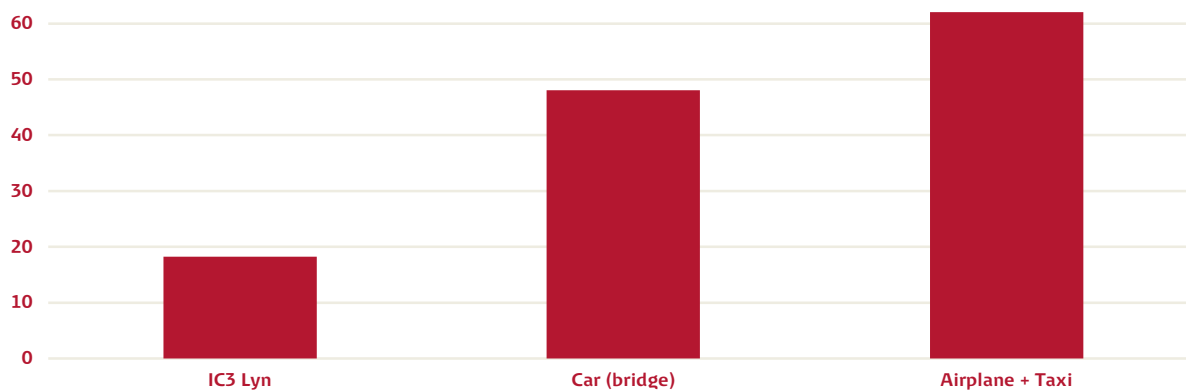
Deutsche Bahn is developing a spoiler that is expected to divert the exhaust away from the coaches so that the number of particles in the coaches will be reduced. The prototype will be fitted in the spring of 2016. Then it will be tested and its environmental impact measured.

90 percent of DSB's total energy consumption is used for train operations. The train is an energy-friendly mode of transport compared with other modes of transport, regardless of whether the journey is a long journey or only a few stations internally in the Greater Copenhagen Area.

Through its environmental policy, DSB continues to focus on increasing efficiency through a reduction of its energy consumption per passenger kilometre and generally to reduce DSB's impact on the surrounding environment.

Figure 7: CO₂ emissions (Aalborg - Copenhagen)

Kg per person



The assumptions on which the comparison with other modes of transport is based are included in DSB's Environmental Report 2015 or on www.dsb.dk/miljo.

Figure 8: CO₂ emissions for a 12-km journey in the Greater Copenhagen Area

Kg per person



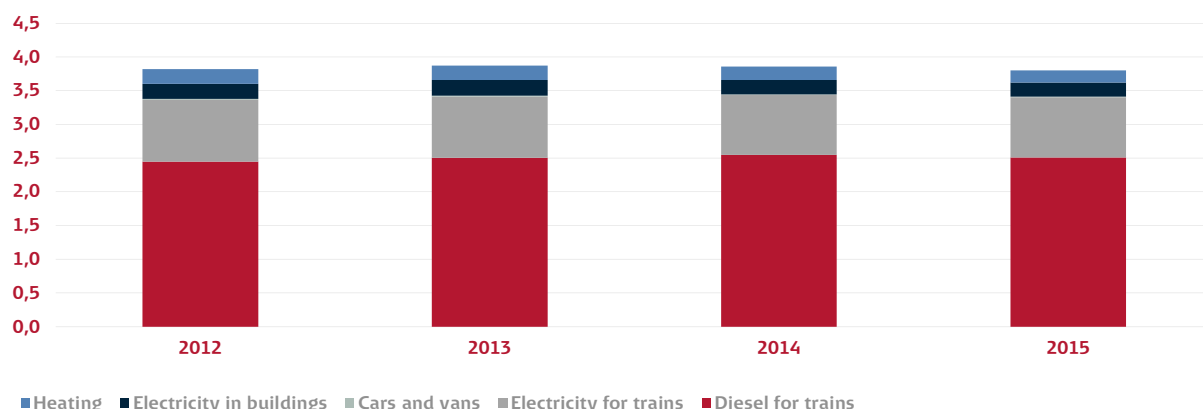
In order to render this work visible, DSB has set up a strategic target for sustainability defined as gram CO₂ per passenger kilometre.

The continued electrification of the main network in Denmark will mean a reduced energy consumption as well as reduced CO₂ emissions due to the expected increased share of renewable energy in the Danish energy mix.

DSB's total energy consumption for trains fell slightly compared with 2014. This reflects a reduction of DSB's diesel operations and a slight increase in the electricity consumption.

Figure 9: Direct and indirect energy consumption

GJ (million)



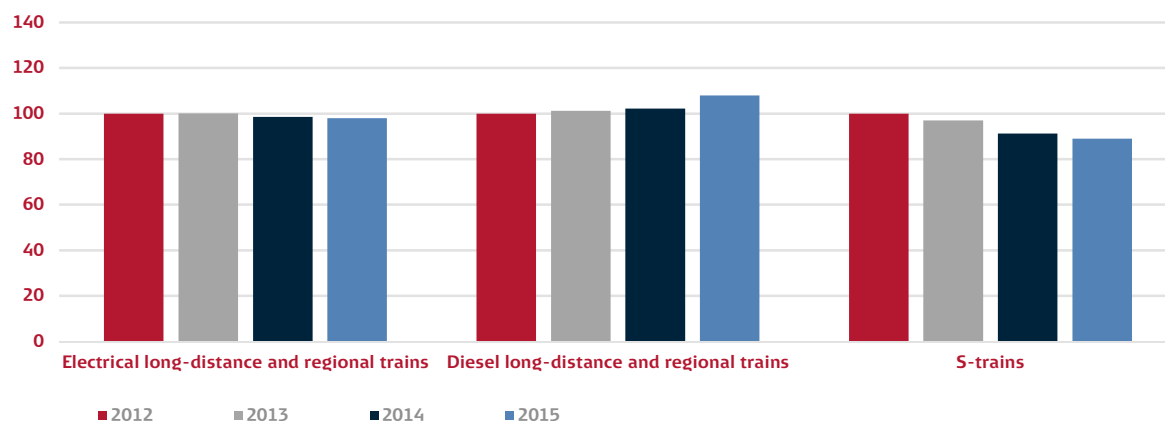
Electricity consumption for cars and vans is less than 1 percent of DSB's total energy consumption and is therefore not included in the figure.

The energy consumption remains unchanged since 2014 due to reduced heating consumption and increased electricity consumption.

DSB's total CO₂ emissions are unchanged compared with 2014, for the train product as well as for the corporation.

Figure 10: Development in electricity and diesel consumption per passenger kilometre

Index



For S-tog the energy consumption per passenger kilometre fell by 3 percent. This fall was obtained through growth in the number of passenger kilometres of 2 percent and a fall in the overall energy consumption of 0.6 percent. CO₂ emissions remained unchanged as the CO₂ emission from the Danish energy mix rose.

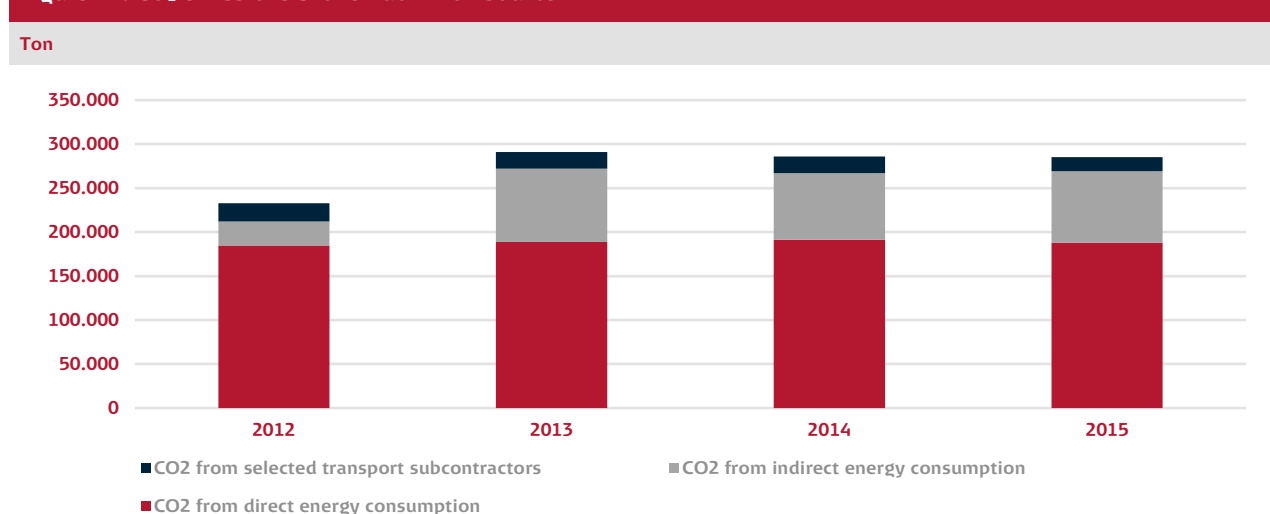
Table 1: Development in energy consumption and CO2 emission

	Change in energy consumption per seat kilometre	Change in energy consumption per passenger kilometre	Change in CO ₂ emission per passenger kilometre
Long-distance & Regional Trains			
- Diesel trains	4%	7%	7%
- Electric trains	0%	1%	4%
S-tog	-1%	-3%	0%

DSB continues to make an effort to reduce the energy consumption in its buildings and fixed installations. Among others, the following initiatives were introduced in 2015, which will obtain their full effect in 2016:

- On the majority of S-train platforms, lighting was replaced by LED in the autumn of 2015. Expected annual savings of 1 GWh
- Consolidation of workshop activities

Figure 11: CO₂ emissions broken down on source



As of 2013 DSB decided against purchasing RECS certificates for power produced by renewable energy sources. This means that the emissions as of and including 2013 are not comparable with the results from 2012.

DSB experienced two spillage accidents from trains during operations in 2015. In one of the accidents approx. 400 litres of diesel oil leaked into the ballast. The oil was collected from the ditch and monitoring drilling will be carried out over the coming years to check for percolation to the groundwater. The second accident involved limited spillage.

The number of noise and smoke complaints submitted by neighbours and customers fell from 202 in 2014 to 147 in 2015.

The complaints represent the total number of complaints received by DSB through the Customer Centre, directly to DSB Environment and through Banedanmark. The complaints in 2015 do not concern one particular area, but are distributed over a wide range of issues.

Two of the complaints involved municipalities, i.e. the Municipality of Lindholm and the Municipality of Fredericia. The use of the turning track at Lindholm has been heavily reduced from 2016. Changes have been made at the activities in Fredericia and they now produce less noise for the neighbours.

In addition, DSB and Banedanmark are having a dialogue with the City of Copenhagen with regard to the possibilities of reducing the noise from the preparation areas at Belvedere situated between Dybbølsbro and Enghave.

The measurements carried out by Banedanmark of the air quality at Nørreport show a continued substantial improvement compared with the situation before the rebuilding.



About DSB

Board of Directors

The Board of Directors' directorships in Danish and foreign commercial enterprises. The special competencies of the Board of Directors are described on www.dsb.dk.



Peter Schütze, Chairman

Joined DSB's Board of Directors on 1 June 2011 at an extraordinary Annual Meeting

Re-elected Chairman on 16 April 2013 (ordinary Annual Meeting)

Re-elected Chairman on 17 March 2015 (ordinary Annual Meeting)

Term of office ends: 2017

Chairman of:

- the Board of Directors of Falck Holding A/S
- Investeringskomiteen - The Danish Climate Investment Fund and The Danish Agribusiness Fund
- Dronning Margrethe II's Arkæologiske Fond

Vice Chairman of:

- the Board of Directors of Simcorp A/S
- the Board of Directors of Nordea-Fonden and Nordea Bank-Fonden

Member of:

- Industrial Board Axcel and Axcel Future
- the Board of Directors of Lundbeck Fonden
- the Board Leadership Society in Denmark, Gösta Enboms Fond
- the Systemic Risk Council



Annette Sadolin, Vice Chairman

Joined DSB's Board of Directors on 28 April 2009

Re-elected – elected Vice Chairman – on 27 April 2011 (ordinary Annual Meeting)

Re-elected – elected Vice Chairman – on 16 April 2013 (ordinary Annual Meeting)

Re-elected Chairman on 17 March 2015 (ordinary Annual Meeting)

Term of office ends: 2017

Chairman of:

- the Board of Directors of Østre Gasværk Teater

Member of:

- the Board of Directors of DSV A/S
- the Board of Directors of Topdanmark Forsikring A/S
- the Board of Directors of Skodsborg Kurhotel og Spa A/S
- the Board of Directors of Ratons AB, Sweden
- the Board of Directors of Blue Square Re. N.V.
- the Board of Directors of Ny Carlsberg Glyptotek
- the Board of Directors of KNI A/S, Greenland



Lars Andersen

Joined DSB's Board of Directors on 25 June 1999

Last re-elected on 17 March 2015 (ordinary Annual Meeting)

Term of office ends: 2017

Director of the Economic Council of the Labour Movement

Member of:

- the Board of Directors of IndustriPension Holding A/S
- the Board of Directors of Industriens Pensionsforsikring A/S
- the Board of Directors of Arbejdernes Landsbank A/S



Carsten Gerner

Joined DSB's Board of Directors on 24 April 2012 (ordinary Annual Meeting)

Re-elected on 18 March 2014 (ordinary Annual Meeting)

Term of office ends: 2016

Member of:

- the Board of Directors of Hempel Fonden
- the Board of Directors of Hempel Holding A/S
- the audit committee of Hempel A/S
- the Board of Directors of Ib Andresen Industri A/S
- the Board of IAI Holding A/S
- the Board of Directors of Boligfonden DTU
- the Board of Directors of H-Kollegie Fonden



Helge Israelsen

Joined DSB's Board of Directors on 24 April 2012 (ordinary Annual Meeting)

Re-elected on 18 March 2014 (ordinary Annual Meeting)

Term of office ends: 2016



Christina Grumstrup Sørensen

Joined DSB's Board of Directors on 17 March 2015 (ordinary Annual Meeting)

Term of office ends: 2017

Senior Partner at Copenhagen Infrastructure Partners

Member of the Board of Directors of Terma A/S



Andreas Hasle

Joined DSB's Board of Directors on 25 June 1999

Last re-elected on 2 March 2015 (elected by employees)

**Hans Christian Kirketerp-Møller**

Joined DSB's Board of Directors on 27 April 2011 (elected by employees)

Re-elected on 2 March 2015 (elected by employees)

Senior consultant

Chairman of:

- the Board of Directors of AOF Gentofte, Gladsaxe and Lyngby-Taarbæk
- the Board of Directors of Design for Alle

President UIC - PASSAGE

Member of:

- the Board of Directors of Forbundet Arkitekter og Designere
- the Board of Directors of BAR-FOKA

**Preben Steenholdt Pedersen**

Joined DSB's Board of Directors on 27 April 2011 (elected by employees)

Re-elected on 2 March 2015 (elected by employees)

Head driver

Vice Chairman of Dansk Jernbaneforbund

Member of:

- the Board of Directors of Dan Ejendomsservice A/S
- the Board of Directors of Tjenestemændenes forsikring
- the Board of Directors of Interesseforeningen
- the Board of Directors of Forsikringsagenturforeningen afd. 1
- the Board of Directors of Transporterhvervets Uddannelser (TUR)

Executive Board

The Executive Board's directorships in Danish and foreign commercial enterprises.



Flemming Jensen, CEO

Employed with DSB since 2015



Thomas Thellersen Børner, CFO

Employed with DSB since 2013

Member of the Board of Directors of Rejsekort A/S



Anders Egehus, Executive Vice President, Operations

Employed with DSB since 2012



Susanne Mørch Koch, Executive Vice President, Commercial

Employed with DSB since 2008

Vice Chairman of the Board of Directors of Rejsekort A/S

Corporate Management

The Corporate Management's directorships in Danish and foreign commercial enterprises.



Lars Kaspersen, Executive Vice President, Communications & Branding

Employed with DSB since 2013



Jürgen Müller, Executive Vice President, Strategy & Rolling Stock

Employed with DSB since 2015

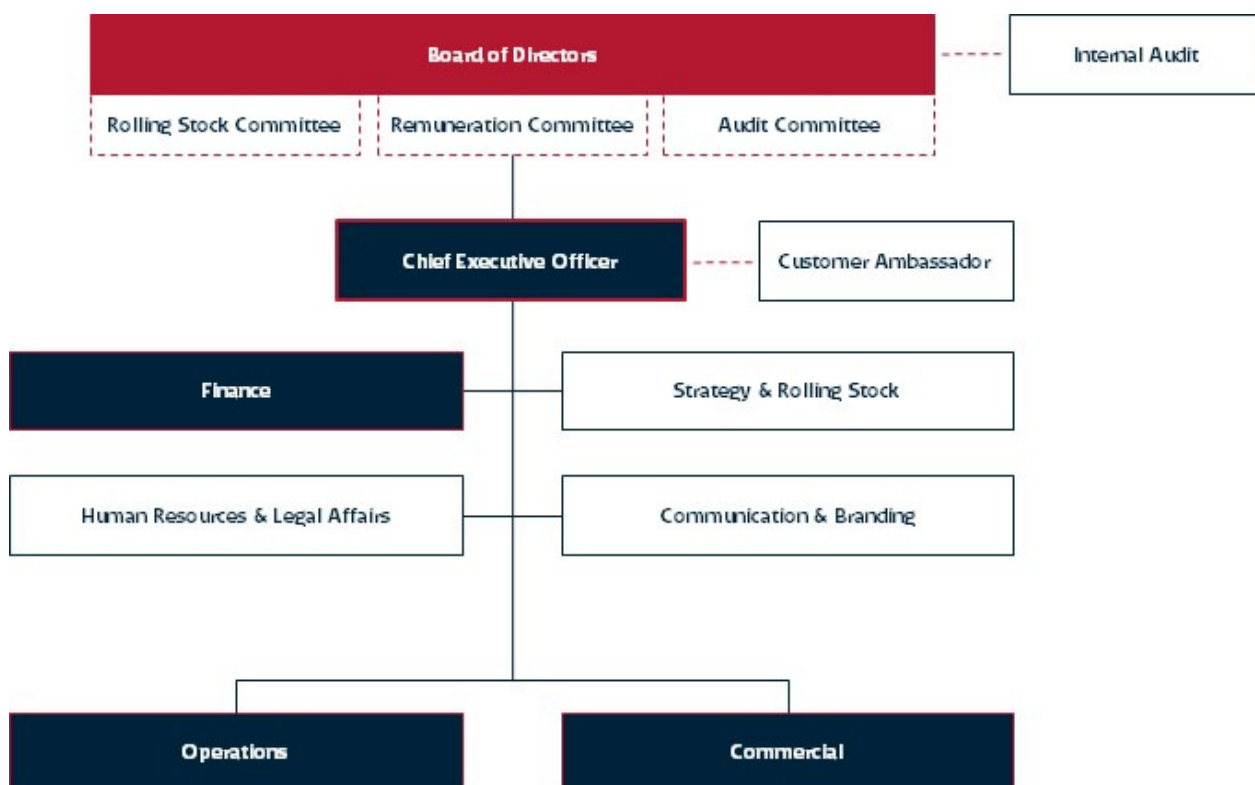


Mette Rosholm, Executive Vice President, HR & Legal Affairs

Employed with DSB since 2014

Member of the Board of Directors of Rejsekort A/S

Organisation



Executive Board

Financial calendar 2016

Expected publication of interim reports:

1st quarter report 2016	12 May 2016
Interim report 2016	23 August 2016
3rd quarter report 2016	10 November 2016

Publications

The Annual Report for 2015 is available on www.dsb.dk

The Environmental Report for 2015 is available on www.dsb.dk

Corporate information

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Telegade 2
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www.dsb.dk

Central bus. reg. no.: DK 25050053

Municipality of domicile

Høje-Taastrup

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Central bus. reg. no. 30700228

The National Audit Office of Denmark

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