DSB

Annual Report 2011

DSB Annual Report 2011

Content

The Annual Report for 2011 has been prepared in Danish and in English. In the event of any discrepancies between the Danish and the English Annual Reports for 2011, the Danish version shall prevail.

Preface

2011 was a year with many serious challenges for DSB. The financial challenges have changed the context in which DSB operates as well as the corporation's sense of self. 2011 was also a year where DSB's very hard-pressed rolling stock situation posed challenges; in the form of lines with overfilled trains as well as lines where it was necessary to put older rolling stock into service.

As a consequence of the financial challenges, DSB has started the work with restoring the economy in the form of extensive efficiency enhancements. The restoration of DSB's economy will establish the framework for DSB as a corporation in the coming years and the objective is a DSB with a satisfactory profit by year-end 2014.

Customer growth continues
Despite the negative media publicity of DSB, the financial problems and a declining reputation, the number of train customers increased in 2011. In the S-trains the number of customers increased by approx. 8 per cent and in the long-distance and regional trains the increase was approx. 4 per cent. A total of almost 175 million journeys were completed on the Danish market. In October the number of S-train customers in one year reached 100 million for the first time ever.

There is cause to celebrate the customer growth; particularly for S-trains the customer satisfaction survey indicated that it will be possible to retain the new customers. The satisfaction is particularly connected with the fact that the number of delays in 2011 was at the lowest level for three years and generally improved by 10 per cent compared with 2010.

DSB's economy must be restored and made more efficient
For a number of years DSB's economy has gradually deteriorated due to costs that grew markedly faster than revenues. Adjusted for items of a non-recurring nature the normalised revenues for 2011 of the Danish operations did not exceed the costs for the first time.

DSB's result before tax for 2011 was a loss of DKK 858 million. For comparison, the result before tax was a loss of DKK 551 million in 2010. This Is not satisfactory.

DSB has launched extensive efficiency enhancement efforts to reduce the costs and ensuring a financially well-functioning and robust DSB. The efficiency of DSB's procurement processes has been enhanced and a number of important efficiency enhancement projects have been launched. At the same time, DSB's head-quarters in Copenhagen has been put up for sale with a view to gathering the administration in one place.

At the beginning of 2012 agreements were made with several of the unions in DSB. The agreements are an important element of the work with restoring DSB's economy and involve a number of measures that will help create a more flexible DSB with a better economy and fewer employees. The negotiations have been intensive, but the unions appreciated DSB's financial situation and have assumed co-responsibility for finding solutions which, in broad outline, will not interfere with train operations or cause inconvenience to the customers.

A challenging rolling stock situation
DSB's rolling stock situation has also been affected in 2011 by the delayed delivery of IC4 train sets. In October the Atkins report on IC4 and IC2 ordered by the Ministry of Transport was published, which concluded that the basic elements of the IC4 are healthy and that the technical problems can be solved, but that it will require additional time and work to obtain an operational stability on the same level as DSB's other rolling stock. It will also be some more expensive than what was estimated in 2009.

The generally hard-pressed rolling stock situation was reflected in overfilled trains on certain lines as well as in the need to reallocate rolling stock between lines. In the last months of the year the rolling stock situation worsened, as Rail Net Denmark in October discovered several cracks in the Storstrøm Bridge, which made it necessary to close the bridge immediately. In addition to the passengers having to be transported by bus for a period, it also meant that a number of trains stranded on Falster and could consequently not be used as planned in national traffic. At the end of November the bridge was partly opened for light train traffic, which still had an impact on the possibilities of providing transport. Not until the end of January 2012 the bridge was finally opened to all types of train traffic.

The rolling stock situation was further aggravated when DSB in November had to stop all operations with IC4, while the Accident Investigation Board investigated two episodes of brake problems on IC4 train sets. DSB has also asked the Technical University of Denmark (DTU), as an impartial and independent body, to advice on the security system and other related security processes.

Late in the year DSB was affected by a strike in contravention of the collective agreement by the craftsmen in DSB Vedligehold. DSB reacted by halving traffic for a period in order to secure services at Christmas and New Year. The strike was short-lived and the inconvenience suffered by the customers in connection with the holiday traffic was limited.

In cooperation with the Ministry of Transport DSB succeeded in renewing the rental for a number of double-decker trains in the autumn. This is positive and solves the most acute rolling stock problems.

International activities
In connection with the presentation of the accounts for 2010 at the beginning of 2011, attention fixed on the poor economy in DSBFirst Øresund and the relations between DSB as the parent corporation and DSBFirst Øresund, including the issue of possible state aid. DSB has played an active part in the investigations, and any state aid issues are believed to have been appropriately handled. The Danish state has in close collaboration with DSB notified the EU Commission, which has asked some clarifying questions. The case is still being considered. DSB does not expect any negative impact from this problem.

As a consequence of the situation, DSB's management launched a number of financial and legal analyses of matters relating to DSBFirst Øresund. DSBFirst carried out efficiency enhancements of its international activities and opened negotiations in the spring with the transport authorities and FirstGroup for a more sustainable model for the traffic on the Coastal Line and the Swedish part of the Øresund traffic. As a consequence thereof, DSBFirst Sverige AB concluded a supplementary agreement on 25 June 2011 with the six Swedish traffic operators, represented by Öresundståg AB for a transfer of DSBFirst's Swedish parts of the Øresund traffic to another traffic operator with effect from 11 December 2011. Öresundståg AB subsequently chose Veolia Transport Sverige as the new operator for this traffic. DSB Øresund (formerly DSBFirst Danmark) has subsequently concluded a cooperation agreement with Veolia in order to ensure a continued, consistent Øresund traffic. The transfer to Veolia was successful and without major inconvenience to the customers.

In the Danish part of DSBFirst – the Coastal Line and the Kastrup Line – the transfer to the new operating pattern was satisfactory, and punctuality on the Coastal Line has significantly improved after a new timetable was introduced in August 2011. However, it was not possible to obtain a similar improvement on the Kastrup Line. All in all these factors have led to a decline in the total customer experienced punctuality.

In the remaining Swedish operations – particularly in Västtrafikken – results for 2011 are not satisfactory. DSB's management has reassessed the business plans for the companies and finds that there is a considerable potential for achieving operational improvements. For DSB Väst AB it is, however, the assessment that the transport contract under the present circumstances cannot become profitable. Consequently, DSB has launched further analyses to find a long-term solution.

The review of DSB's German operations did not give rise to any reassessment of the current business plans.

As a consequence of the DSBFirst Øresund issue and DSB's financial situation, it has been decided to suspend all new activities abroad for now.

Changes in the Executive Board

In March 2011 Søren Eriksen, CEO, was dismissed and instead Klaus Petersen, CFO, was appointed acting CEO. The Board of Directors decided to expand the Executive Board to two members. Christian Roslev joined the Executive Board as a new CEO in August and Jacob Kjær took up the position of CFO. Unfortunately, Christian Roslev was forced to resign for health reasons after barely three months. In December Jesper T. Lok was employed as a future CEO and we are looking forward to his coming aboard on 1 May 2012. In the period until Jesper T. Lok takes up the position of CEO, Jacob Kjær, CFO, also fulfils the position as acting CEO.

Times are changing in DSB

DSB is facing a number of financial challenges and presently DSB has launched extensive strategic and practical work with efficiency enhancements in DSB. Significant savings are necessary and everything is in play when it comes to ensuring a robust economy for the future so that DSB can provide the Danes with financially sustainable and efficient public transport in the future as well. At year-end 2014 DSB must have carried out efficiency enhancements worth one billion DKK on a yearly basis. This is, combined with finding a solution to the rolling stock issues and ensuring increased operational stability for the IC4 train sets, among the major challenges in the new year.

Copenhagen, 22 March 2012

Peter Schütze	**Jacob Kjær**
Chairman of the Board	Acting CEO and CFO

DSB - now and in the future

DSB – Now and in the future

Efficiency enhancements and customer focus – DSB will focus on creating a robust economy that can form the basis for DSB's activities in the future as well as work to ensure that the customers arrive on time.

2011 was a dramatic year for DSB characterised by substantial financial problems, turmoil in the management ranks, handing over of parts of the Swedish activities as well as challenges in terms of rolling stock, in particular the IC4.

DSB is currently in a transitional phase where the consequences of the financial challenges have been analysed, and the work with efficiency enhancements has been commenced.

Focus until end-2014

DSB needs to prepare a new long-term strategy, but before such a strategy is prepared, the necessary efficiency enhancements in the corporation must be carried out (Group Plan 2014).

DSB's economy needs to be restored. This will lead to an enhancement of DSB's competitive power and to the creation of a solid foundation for DSB's role in the political vision that the railway is to account for the majority of the future growth in the transport sector.

Enhancing DSB's competitive power is an important element in ensuring that DSB is worthy of still being the primary player in doubling the use of train services by 2030. Consequently, the efficiency enhancements are also part of the preparations for the new contract with the Ministry of Transport on negotiated long-distance, regional and S-train traffic to be concluded by DSB at year-end 2014.

The implemented efficiency enhancement plan will optimise resource utilisation. An important element in this regard are the negotiations conducted with the employee organisations, which have led to the decision that around 1,000 jobs must be shed.

It has been decided that DSB will focus on consolidating relations with the existing customers and as a minimum maintaining customer satisfaction. DSB will analyse the product portfolio with a view to any adjustments and work to target its communication with the customers further.

A pivotal commitment is DSB's prioritisation and continued focus on the basic product, i.e. trains on time, punctuality and enhanced reliability in the form of fewer cancelled trains. This commitment must be met in a period where punctuality will be challenged - among other things because of the extensive infrastructure work on the railway throughout Denmark and the IC4 challenges.

As a corporation DSB needs to be consolidated with a view to building a solid foundation for the future growth in public transport. In addition to financial adjustments, the consolidation will focus on management, work culture and a clear formulation of measurable targets and focus on improving the rolling stock situation, punctuality and robust timetables. As a consequence, Group Plan 2014 establishes three main targets which will guide the work to be carried out up to year-end 2014:

1. On target - every time
DSB basically wishes to strengthen performance orientation and target steering among its employees and focus on leadership and teamwork.

DSB will detail the target-oriented management and render internal connections visible by making all links in the delivery chain measurable, i.e. clear targets will be established for each link and a clear division of responsibility will be made. Follow-up on the targets will be provided consistently and contribute to ensuring delivery on time and in the right quality.

2. Economy in balance
For a number of years, DSB has focused on attracting more customers and offering a broader range of service products. These efforts have been successful and have led to an increase in the number of customers, but have also involved considerable costs. At this point in time we need to focus on restoring a sustainable and robust economy in the corporation.

DSB needs to become more efficient, reduce its production costs, improve earnings and DSB must prevent its debt from growing. In addition to here-and-now efficiency enhancements, stringent financial control is needed and it must be supported by a simpler corporate structure.

3. Trains you can rely on
DSB's reputation is negatively affected. It is essential for DSB to restore its reputation and enjoy the confidence of the population. DSB believes that this restoration can be achieved by focusing on an even better basic product, increased openness and stronger relations with the individual customer.




January

Dialogue trains
DSB Dialogue Trains run during the period 17–21 January. DSB executives each visit a number of stations all over the country in order to engage in dialogue with customers and politicians.

New Øresund trains
Ten new Øresund trains are put into service on Kystbanen (the Coastal Line).

March

Electronic multi-ride ticket
The new electronic multi-ride ticket for train, bus and metro is introduced.

Søren Eriksen stopped
Søren Eriksen, CEO, left, and Klaus Pedersen, CFO, took over the management of DSB and is appointed acting CEO.

New Desiro trains
Eight new Desiro trains were successfully commissioned on the Grenåbanen (the Grenå Line), and old MR trains are decommissioned.

May

Hour of destiny for DSBFirst
Gert Frost was appointed acting CEO for DSBFirst and DSB Sverige following the dismissal of Karsten Røn Andersen.

Financial situation
DSB's finances were strained due to the DSBFirst crisis. At the same time, DSB served a record number of passengers during the first quarter despite the crisis and severe winter weather. Also, there was an improvement in punctuality.

On the track of 2011

February

Danmarks Indsamling (Denmark's Collection)
DKK 254,707.50: this is the figure on the cheque which DSB employees are able to hand over to the great Danmarks Indsamling.

Children's guide
DSB's children's guide celebrates 25th anniversary.


April

Loss
DSB sustained a considerable loss. The problems in DSBFirst changed DSB's 2010 Accounts from an expected profit of DKK 173 million to a loss of DKK 551 million. At the same time, DSB has never had so many customers.

Record numbers of passengers for DSB S-tog
DSB S-tog achieved the highest passenger figures for 20 years in the first quarter.

Mogens Granborg
DSB's Chairman, Mogens Granborg, resigned for health reasons.

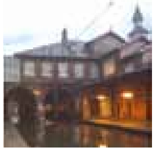
Diversity
DSB became national champion in diversity. DSB was awarded the MIA prize for its targeted work with all the parameters of diversity: sex, age, ethnic origin, religion, sexual orientation and disability/health.

June

New Chairman
Peter Schütze was appointed Chairman of DSB's Board of Directors.

DSBFirst continues
The Øresund traffic was secured and DSBFirst avoided liquidation.

Copenhagen Pride
DSB celebrates diversity and participates in Copenhagen Pride for the first time.

July

The Executive Board was expanded to two members
Christian Roslev is appointed CEO and Jacob Kjær is appointed CFO. They make up DSB's Executive Board.

Cloudburst
Large parts of Copenhagen were flooded, and i.a. the train servicing centres at Østerport and Kastrup were affected.

August

Christian Roslev and Jacob Kjær took up their positions
Finances must be brought under control.

Loss
Historic loss and red financial figures in DSB's Interim Accounts. DSB's overall result for the first half of 2011 was a loss of DKK 67 million before tax (2010: profit of DKK 183 million).

Record numbers of passengers
The first half of 2011 also showed a marked increase in passengers and improved punctuality.

September

New customer ambassador
Helle Fuhrmann took up her position as customer ambassador.

World Championships in cycling
Excellent train debut for the World Championships in cycling in Denmark.

October

Sølvgade for sale
DSB's head office of 83 years was put up for sale. The objective is to get a more open and flexible head office.

New owner
Henrik Dam Kristensen took over the position as Minister for Transport.

Cracks in the Storstrøm Bridge
The bridge was closed to train traffic for weeks while Banedanmark investigated.

Roslev stopped
Christian Roslev left and Jacob Kjær, CFO, was appointed acting CEO.

100 million S-train customers
For the first time ever, 100 million Danes bought S-train tickets during the course of a year.

November

IC4 is investigated
The Accident Investigation Board Denmark investigated an IC4 train set after it passed a stop signal.

Record numbers of passengers
Record numbers of customers chose the train despite DSB's crisis.

December

Copenhagen Central Station 100 years
Copenhagen Central Station celebrated its centenary, and the "Old Lady" was honoured on 3–4 December.

Mærsk executive takes the helm
Jesper T. Lok was appointed new CEO and takes over on 1 May 2012.

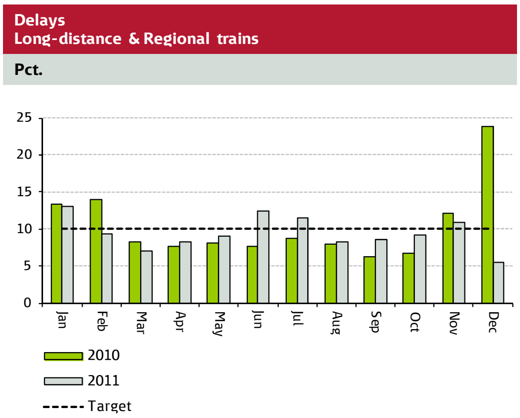
Record winning Christmas performance
Despite a workers' strike, DSB performed really well during the Christmas period, achieving the best punctuality figures at Christmas this millennium.

Harry stopped
Harry and Co. retire.

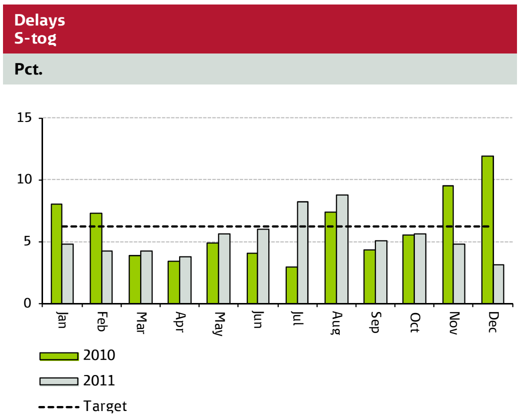
All change for the Øresund traffic
DSBFirst transferred the traffic in Sweden to Veolia.

Trains on time

Despite the turbulence that has surrounded DSB, 2011 also saw a number of positive developments. The number of delays was consequently at the lowest level in three years in 2011. Recent years' efforts to ensure that as many trains as possible depart on time have been successful. At the same time the number of delays is within the targets agreed with the Ministry of Transport.



For Long-distance & Regional trains as well as S-tog, the number of delays[1] fell by approx. 10 per cent compared with 2010.



For Long-distance & Regional trains the percentage of delayed trains was 9.4 in 2011, compared with 10.3 per cent in 2010. The positive development was realised in spite of operations with the IC4 being stopped and in spite of the closing of the Storstrøm Bridge and is due to a combination of continued, focused efforts to improve the general punctuality, fewer rolling stock failures and the extraordinarily severe winter weather in 2010 which had a negative impact on the number of delays that year.

For S-tog the delay percentage was 5.2 in 2011, compared with 6.0 per cent in 2010. This development is due to fewer rolling stock failures and less track improvement work and was realised in spite of the intense cloudbursts.

In 2011 DSBFirst Danmark had an operator punctuality of 98.7 per cent. The Swedish operator punctuality as 99.9 per cent (calculated in the period until 11 December 2011, when Veolia took over the Swedish part of the Øresund services). Operator punctuality in both Denmark and Sweden met targets in the transport contracts. The customer experienced punctuality in 2011 was 75.4 per cent in DSBFirst Sweden. In DSBFirst Danmark the customer experienced punctuality was 83.1 per cent.

The customers must arrive on time

The customers have said that what is most important to them is arriving on time. We need to improve our performance to maintain and increase our customer base because there is a direct link between punctuality and DSB's customer satisfaction and customer growth.

In collaboration with Rail Net Denmark a punctuality strategy has been drawn up. In this strategy we stipulate ambitious targets and concrete measures as to how we can ensure trains and customers on time together. The target is to halve the average number of seconds our customers are delayed per journey by 2020. Our punctuality must be among the very best in the European rail industry.

Productivity

The number of train km per employee rose by 12 per cent to 8,802, and the number of train journeys per employee rose by 5 per cent to 21,816.

---

[1] Definitions regarding delays:

Punctuality is defined as number of trains arriving at the platform within the fixed requirements. The number of **delays** are calculated as 100 subtracted from the total punctuality. The calculation of the **operator puncuality** is based solely on terms for which the operator is responsible. The punctuality, which the passengers experience (**the customer experienced punctuality**), is measured based on how delayed the trains are, irrespective of the cause or who is responsible for the delay.

Costs per train km fell by 12 per cent from DKK 134 to DKK 118 in 2011. The development should be seen in the light of the increased km production as a result of the take over of DSB Småland, DSB Väst and DSB Uppland, having long train lines. Add to this the provisions concerning DSBFirst Øresund and the costs to restructurings in 2010.

Table 1: Productivity in the DSB Group

	2011	2010	Growth Abs.	Growth Pct.
Number of train km per employee	8,802	7,846	956	12%
Number of train journeys per employee	21,816	20,762	1,054	5%
Costs per train km	118	134	-16	-12%

On the Danish lines, DSB has seen a positive development in the number of train km per employees by 4 per cent and in the number of train journeys per employee by 8 per cent. Costs per train km decreased by 4 per cent compared with 2010.

Table 2: Productivity in the Danish activities in the DSB Group

	2011	2010	Growth Abs.	Growth Pct.
Number of train km per employee	6,991	6,707	284	4%
Number of train journeys per employee	21,015	19,448	1,567	8%
Costs per train km	158	163	-5	-3%

Customers

For DSB the customers' satisfaction and the corporation's reputation are of crucial importance. The customers must experience a sustainable and financially effective corporation with a high level of service and a constructive dialogue. DSB wishes to offer products and services which the customers need. DSB constantly strives to adapt to the customers' wishes.

As part of the new focus DSB wishes to consolidate and maintain relations with the existing customers and as a minimum maintain customer satisfaction, while at the same time carrying out extensive efficiency enhancements of the corporation.

Development in number of customers

In 2011 almost 175 million journeys were made with DSB on the Danish market. Compared with 2010, this figure represents 5 per cent growth, corresponding to 8.7 million journeys. These figures are historically good. Overall in the DSB Group the number of customers has increased by 22.9 million, corresponding to 12 per cent growth.

Table 3: Number of customers

1,000 customers	2011	2010 [4]	Growth Abs.	Growth Pct.
Long distance & Regional trains, incl.:	49,638	47,842	1,796	4%
East	24,974	24,168	806	3%
West	15,207	14,425	782	5%
East/West across the Great Belt	8,652	8,370	282	3%
Other	805	879	-74	-8%
DSBFirst in Denmark	24,632	25,285	-653	-3%
S-tog (adjusted)[1]	85,632	81,047	4,585	6%
Total number of customers in Denmark (adjusted)[1]	**159,902**	**154,174**	**5,728**	**4%**
Adjustment temporary track closure	14,922	11,948	2,974	25%
Total number of customers in Denmark	**174,824**	**166,122**	**8,702**	**5%**
Total number of customers in Sweden[2]	**50,268**	**38,888**	**11,380**	**29%**
Total number of customers in Germany[3]	**4,000**	**1,600**	**2,400**	**150%**
Elimination2	10,060	10,429	-369	-4%
Total number of customers	**219,032**	**196,181**	**22,851**	**12%**
Total number of customers (adjusted)[1]	**204,110**	**184,233**	**19,877**	**11%**

1) Excluding customers who have experienced temporary track closures in periods and time intervals on their lines. Temporary track closure entails that at least one track on the line has been closed and that during part of the period all tracks on the line have been closed. Excluding adjustment for temporary track closures the increase in number of passengers in S-tog was 8 per cent

2) Cross-border travellers are included under customer numbers per country. In the overall balance for the DSB Group, the number of customers who do not embark or disembark during their journey are eliminated.

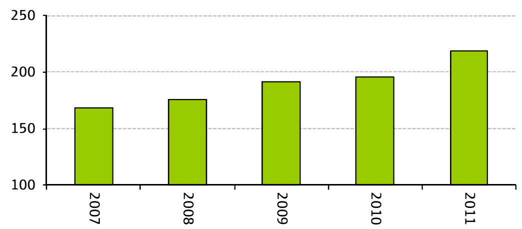
3) Journeys with the German operating company VIAS are included in Number of customers in the DSB Group with 100 per cent of 1 April 2010. In the consolidated accounts VIAS is recognised on a pro-rata basis with 50 per cent.

4) Compared to previously published figures, the number of customers in 2010 has been adjusted as a consequence of a new model for presenting the number of journeys.

The Danish customer growth is made up of 4 per cent growth in Long-distance & Regional trains and 8 per cent in S-tog, partly offset by a 3 per cent drop on the Danish DSBFirst Øresund lines. These figures are including customers on the lines affected by the extensive track improvement work on the S-train network primarily in 2010.

Number of customers DSB Group

Million customers



If the customer figures are adjusted for the lines that have undergone considerable track improvement work, customer growth in S-tog is 6 per cent. The total number of international customers increased by 13.8 million in 2011 to 54.3 million, corresponding to a 34 per cent increase. This development can be attributed to the start-up of the operations DSB Väst, DSB Småland and DSB Upptåget as well as the acquisition of 50 per cent of VIAS, which from 1 December 2010 also operates the Rheingau-Line.

Development in passenger traffic in Denmark
In 2011 the total number of journeys across the Great Belt (train, airplane, car and bus) rose by approx. 1 per cent compared with 2010. The increase is primarily attributable to car and train traffic, while airplane traffic stagnated.

DSB's market share across the Great Belt totals 26 per cent in 2011, which is unchanged compared with 2010.

According to the latest statistics from the Danish Road Directorate from the third quarter of 2011, the national car traffic dropped by 1 per cent in the third quarter of 2011 compared with the same period in 2010. In the first nine months of 2011, the car traffic experienced an increase of 1 per cent compared with the same period in 2010.

Long-distance & Regional trains
Long-distance & Regional trains had 49.6 million customers in 2011, which is an increase by 1.8 million or 4 per cent compared with 2010. In 2011 the number of customers increased by 3 per cent for Zealand and across the Great Belt and by 5 per cent for Funen and Jutland.

This development is due to focused work with price parameters in relation to the business, leisure and commuter markets, supported by targeted campaigns particularly through the loyalty programmes +More and Work Plus. Add to these, special Education Cards and Youth Offers such as e.g. the HyperCard, supported by the advantage programme WildCard. The trend is towards more extensive growth in the number of journeys purchased with season or clip cards compared with individual tickets.

S-tog
On the lines that were not affected by track improvement work S-tog experienced 6 per cent customer growth, corresponding to 4.6 million customers compared with 2010. Never before have so many customers used the S-train, which is i.a. due to a robust production with a generally high regularity as well as a number of initiatives related to the combination of bicycle and S-train. These initiatives comprise ticket types such as e.g. Mobilbillet and Mobilklippekort (two types of tickets via mobile telephone) and collaboration with external partners with regard to transport in connection with special events, i.a. the UCI Road World Championships in September, which alone contributed approx. 0.5 million travellers.

DSBFirst in Denmark
In 2011 DSBFirst Danmark experienced a 3 per cent decline in the number of customers compared with 2010, according to the statistics from the Danish Transport Authority.

This development is i.a. attributable to a decline in the customer experienced punctuality. DSB met the customers' requirement for punctuality with a changed timetable in august 2011. This has led to a considerably improved punctuality on the Coastal Line. However, it has not been possible to achieve a similar improvement on the Kastrup Line, which partly explains the customer experienced punctuality.

Sweden
DSB's activities in Sweden consist of journeys in the Swedish part of DSBFirst Øresund, Roslagsbanan in the Stockholm area, DSB Småland around Jönköping and DSB Väst covering the regional and commuter traffic in the Gothenburg area. In June 2011 DSB took over the train traffic in the Uppsala area.

On 11 December 2011 DSB transferred the Swedish part of the Øresund traffic to Veolia Transport Sverige AB. This was part of the agreement about DSBFirst concluded with the Swedish Transport authorities from Øresundståg AB.

The new operations have contributed to DSB having 50.3 million customers in Sweden in 2011, corresponding to 29 per cent growth. The development was to a certain degree reduced due to the transfer over of the Swedish part of the Øresund traffic.

Germany
DSB's activities in Germany consist of journeys with the German operator company VIAS. Since 2005 VIAS has operated the Odenwaldbahn in the Frankfurt am Main area.

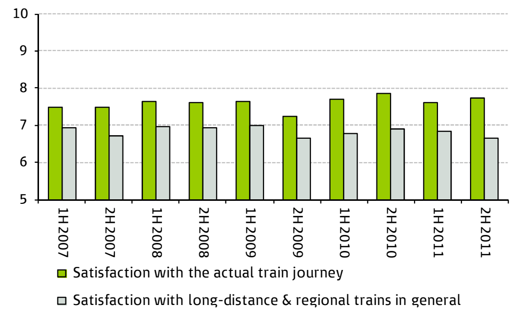
From December 2010 VIAS has also been operating the Rheingau line from Frankfurt am Main to Koblenz. In 2011 VIAS had a total of 4.0 million customers.

Development in customer satisfaction

For a service operator like DSB, the customers' satisfaction is crucial. DSB listens when the customers have something to say and uses several tools to gather knowledge about what the customers want and expect from DSB. Among these tools are the Customer Compass and reputation measurements. And of course, there is also the direct daily dialogue with the customers.

Satisfaction with the actual train journey and long-distance & regional trains in general

Index



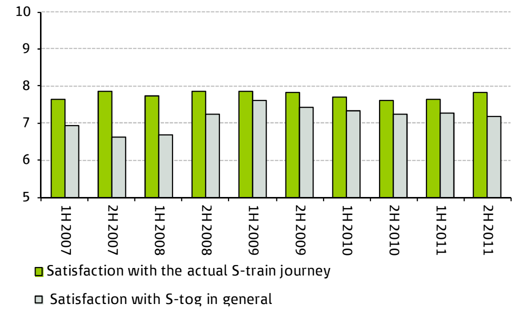
The Customer Compass is read four times a year by means of approx. 12,000 responses for Long-distance & Regional trains and approx. 4,000 responses for S-tog in each survey. On a scale from 1 to 10, 1 being very dissatisfied and 10 being very satisfied, the customers indicate their satisfaction in terms of a number of issues in connection with the train journey.

The customers' satisfaction with the actual train journey increased in 2011 compared with 2010. Consequently, DSB's Customer Compass shows that the satisfaction with travelling with DSB has increased from 7.61 at year-end 2010 to 7.73 at year-end 2011.

This development is i.a. due to an increased number of trains departing on time and improved satisfaction with i.a. the cleaning at stations and in the trains.

Satisfaction with the actual S-train journey and S-tog in general

Index



Despite this development the customers' satisfaction with DSB in general has been declining for the past two years and fell from 6.91 at year-end 2010 to 6.66 at year-end 2011. The rolling stock situation did not fulfil the customers' expectations and requirements in all areas, i.a. due to overloaded trains. The timetable for 2012 ensures more seats on the most popular lines, but it also means that DSB has had to, temporarily, reduce the quality of the travel experience because it has been necessary to put older rolling stock into service.

The customers have also expressed their dissatisfaction with the complexity of ticket types and discount schemes as well as the quality of the internet access on the trains.

The customers' assessment of S-tog as a general service operator fell in 2011, but is still at a satisfactory level (7.17 at year-end 2011 compared with 7.44 at year-end 2010).

Satisfaction with the actual S-train journey, however, has increased compared with 2010 and is 7.84 (7.62) at year-end 2011. The positive development in 2011 was i.a. driven by a stable punctuality and a strengthened integration of bicycle and S-train journey.

For DSB as a whole the development in customer satisfaction is not fully satisfactory. Therefore, DSB wants to strengthen its dialogue with the customers further and improve its knowledge about the customers' journey patterns and preferences. An important step towards a better understanding of the customers' journey patterns is the continued deployment of the Travel Card.

As part of the new focus DSB will consolidate its relations with the existing customers and as a minimum maintain the customer satisfaction, while at the same time carrying out extensive efficiency enhancements in the corporation. DSB will analyse the product portfolio and work to improve its communication with the customers.

Customer ambassador

As one of the initiatives aimed at improving the relations with the customers DSB has established a customer ambassador function and on 1 October 2011 the new customer ambassador took office.

With the appointment of the customer ambassador DSB expands and reinforces the customers' possibilities of being heard and making their points of view heard. The customer ambassador will ensure that the individual customer is heard and is able to enjoy his/her rights and make proposals for improvements of service, information and processes and consequently contribute to making DSB and public transport an attractive option. The customer ambassador makes recommendations to the CEO and submits a report that will be published.

Customer enquiries
The customer ambassador will deal with enquiries from customers who have previously had a case decided by DSB. DSB's Customer Centre is still the first place to contact if a customer has a complaint. If a customer wants the decision made by DSB's Customer Centre to be considered by the customer ambassador, the customer can ask for it. Part of the customer ambassador's job is to continuously monitor the consideration of complaints in DSB and report to the CEO in this regard.

The customer ambassador's own investigations
The customer ambassador can also take up issues of her own accord based on enquiries from customers directly to the customer ambassador or based on the continuous monitoring of DSB's customer cases and statistics of customer enquiries. Media publicity or questions raised in the Danish parliament can also prompt the consideration of an issue. The customer ambassador decides what issues to look into. The purpose is to make proposals for improvements of service, information or processes to the CEO.

In December 2011 the customer ambassador launched an investigation of the issuing of HyperCards and Education Cards.

Reporting by the customer ambassador
The customer ambassador publishes a half-yearly report of her activities. In addition, decisions in concrete cases are regularly published in anonymised form. The first report will be published together with the interim report for 2012.

The IC4 and the rolling stock situation

Putting into service of the IC4 train reached a milestone when DSB put two coupled train sets into service in national traffic on 17 January 2011. However, operational stability proved to be unsatisfactory in the subsequent months.

Atkins
In May 2011 the Ministry of Transport decided to have another set of eyes look at the IC4 trains. The international consulting firm Atkins was selected to carry out a so-called technical review of the IC4 and IC2 trains.

At the end of October 2011 the results of the review were published. Among other things, Atkins concluded that the basic elements of the IC4 trains are healthy but that it will require additional time and money to achieve an operational stability that is on the same level as DSB's other rolling stock.

Grounding
On 14 November 2011 DSB stopped operations with all IC4 trains after an IC4 train overran a red stop signal at Marslev on Funen and an incident at Høje Taastrup because it could not be excluded that it was due to a type fault.

The Accident Investigation Board, DSB's own specialists and a number of international brake experts investigated the cause of the two overruns and carried out thorough tests of the brake systems of the trains.

On Monday 29 January 2012 the Accident Investigation Board published a preliminary report including the results of the many and thorough tests, and after having received approval from the Danish Transport Authority DSB started operation simulations without passengers on 28 February 2012.

DTU investigates safety regarding the IC4's brake capacity
Following criticism in the media DSB has asked the Technical University of Denmark (DTU) to carry out a review of the security regarding the IC4's brake capacity, including the train computer. As an impartial and independent body, DTU will assess the security system and other related security processes in the IC4 train.

DSB will assess DTU's investigations on an ongoing basis and decide when to submit an application to the Danish Transport Authority for permission to operate the trains with passengers.

IC4 trains delivered by AnsaldoBreda
As of 31 December 2011 DSB has accepted delivery of 41 mass produced train sets from AnsaldoBreda. Add to these 14 so-called NT sets which are the first and individually manufactured train sets DSB received from AnsaldoBreda in connection with the settlement in May 2009.
These train sets will be upgraded by DSB Vedligehold A/S as a subsupplier to AnsaldoBreda under a commercial contract.

On 31 December 2011 DSB accepted delivery of the first IC2 train, authorised for a speed of 160 km/h.

The rolling stock situation in other regards
Based on the challenges surrounding the rolling stock situation DSB made a decision in 2011 to put more rolling stock into service from the timetable 2012 (December 2011). The trains put into service were older MR trains which were supposed to be sold. The relatively small MR trains were put into service on the lines where technology permits them to be used and where there are not so many customers. Between Odense and Copenhagen only modern rolling stock authorised for tunnel operation can be used.

This means that from December 2011 MR trains have been in operation between Aarhus and Esbjerg, and some train sets between Aarhus and Aalborg where IC3 train sets have previously been used. DSB expects to be able to put modern train sets into service on the lines again sometime during 2012.

DSB has also decided to extend the lease for 67 double-decker coaches that are used on Zealand for another approx. five years and similarly to extend the lease for 12 Desiro trains used on Funen.

Moreover, DSB received the last of 10 new train sets for the Coastal Line and the Øresund traffic in the beginning of 2011 as well as eight new train sets for operation on the Grenå Line.

In terms of rolling stock performance the Øresund trains and the diesel locomotives distinguished themselves by their markedly higher performance in 2011.

Over the past years the ME locomotives have completed a major rebuilding and renovation programme, which has definitely strengthened a number of technical system areas on 20 of the total of 36 ME trains. Together with constant follow-up and the workshop staff's commitment and involvement these changes have made a very positive difference and ensured a historically good performance.

Similarly, the Øresund train sets showed an excellent performance in 2011. Also here a major renovation package has been completed, which has upgraded the technology of the train sets and eliminated a number of faults that interrupted operations.

Annual accounts and financial review

Financial highlights

DSB Group	2007	2008	2009	2010	2011	Relative changes 2010-2011
Profit and loss account in DKK million						
Passenger revenues	4,391	4,541	4,223	4,329	4,487	3.6%
Revenue from transport contracts	4,247	4,130	4,453	4,550	5,363	17.9%
Sales from shops etc.	815	808	767	769	816	6.1%
Sales of repair and maintenance of rolling stock etc.	253	258	151	137	169	23.4%
Leasing of rolling stock	25	16	174	187	231	23.5%
Net turnover	**9,731**	**9,753**	**9,768**	**9,972**	**11,066**	**11.0%**
Work performed by the enterprise and capitalised	352	510	521	638	534	-16.3%
Other operating income etc.	514	618	790	849	485	-42.9%
Total revenues	**10,597**	**10,881**	**11,079**	**11,459**	**12,085**	**5.5%**
Costs for raw materials and consumables	1,376	1,550	1,532	1,631	1,738	-6.6%
Other external expenses	2,790	2,695	3,040	3,642	3,684	-1.2%
Staff expenses	3,687	3,988	4,312	4,648	4,970	-6.9%
Total expenses	**7,853**	**8,233**	**8,884**	**9,921**	**10,392**	**-4.7%**
Profit before depreciation, amortisation and write-downs	**2,744**	**2,648**	**2,195**	**1,538**	**1,693**	**10.1%**
Depreciation, amortisation and write-downs	1,444	1,362	1,347	1,639	2,010	-22.6%
Operating profit/loss	**1,300**	**1,286**	**848**	**-101**	**-317**	**-213.9%**
Net financials	-446	-545	-388	-450	-541	-20.2%
Profit/loss before tax	**854**	**741**	**460**	**-551**	**-858**	**-55.7%**
Profit/loss for the year	**767**	**558**	**341**	**-574**	**-694**	**-20.9%**
Balance sheet in DKK million						
Balance sheet total	24,778	24,530	25,707	25,776	24,710	-4.1%
Non-current assets	21,871	21,932	21,978	23,152	22,701	-1.9%
Current assets	2,907	2,598	3,729	2,624	2,009	-23.4%
Equity	7,898	7,343	7,348	6,613	5,119	-22.6%
Minority interests	9	20	15	1	-6	-
Provisions	2,114	2,091	2,071	2,499	2,044	-18.2%
Non-current liabilities	9,547	8,811	8,036	10,342	9,718	-6.0%
Current liabilities	5,210	6,265	8,237	6,321	7,835	24.0%
Interest-bearing liabilities, net	10,993	11,900	11,873	12,029	12,172	1.2%
Cash flow in DKK million						
Cash flow - operating activities	1,905	942	1,667	2,224	1,900	-14.6%
Cash flow - investing activities	-1,500	-1,185	-1,248	-2,244	-1,755	21.8%
- hereof investment in tangible assets	-1,719	-1,529	-1,240	-2,442	-2,143	12.2%
Cash flow - financing	-968	-428	-865	167	-286	-271.3%
Cash at bank and in hand at year-end	654	-17	-463	-316	-457	-44.6%
Key figures						
Operating profit margin (EBITDA margin)	28.2	27.2	22.5	15.4	15.3	-0.6%
Profit ratio (EBIT margin)	13.4	13.2	8.7	-1.0	-2.9	-190.0%
Return on equity (ROE)	9.8	7.3	4.6	-8.2	-11.9	-45.1%
Return on invested capital after tax (ROIC after tax)	5.9	5.1	3.3	-1.2	-1.6	-33.3%
Gearing	4.0	4.5	5.4	7.8	7.2	-7.7%
Solvency ratio	31.9	29.9	28.6	25.7	20.7	-19.5%
Interest cover	2.7	2.3	1.8	0.0	-0.4	-
Further information						
Average number of full-time employees	9,196	9,229	9,308	9,449	10,040	6.3%
Number of train journeys (in thousands of journeys)	168,930	175,632	191,268	196,181	219,032	11.6%
Number of train kilometres (in thousands of train kilometres)	56,730	58,777	70,013	74,140	88,372	19.2%

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, net / profit before depreciation, amortisation and write-downs

Solvency ratio = equity x 100 / balance sheet total

Interest cover = operating profit + financial income / financial expenses

Financial review

DSB's results before tax were a loss of DKK 858 million in 2011, the balance sheet total was DKK 24.7 billion and interest-bearing liabilities totalled DKK 12.2 billion at year-end 2011.

DSB's operating profit margin has been deteriorating over a number of years and in 2011 it reached an unsatisfactory level.

The DSB Group 2007-2011
The development in the cost level has exceeded the development in revenues. Over the past five years the costs have increased by an annual average of 7.3 per cent and consequently total DKK 10.4 billion in 2011. This development is partly due to production expansions and new activities, but also to the development in wages and salaries in the Danish activities. The development was also affected by increasing depreciation and amortisation (annual average growth of 8.6 per cent) and financial expenses (annual average growth of 4.9 per cent). Similarly, the annual average increase in revenues is a mere 3.3 per cent, which is almost exclusively due to transport contract payments regarding new activities.

Loss of DKK 858 million
The Group realised a loss before tax of DKK 858 million for 2011, compared with a loss of DKK 551 million for 2010.

Like in 2010, the loss before tax realised by DSB for 2011 is affected by items of a non-recurring nature. Adjusted results are presented below for analytical purposes. For 2011 the items comprise write-down of IC4 train sets of DKK 345 million, provisions regarding DSB Väst AB of DKK 303 million and value adjustments of other balance sheet items of DKK 165 million.

In addition, the results are affected by other special items such as the effect of track closures and the closing of the Storstrøm Bridge, profits on sale of fixed assets etc. and net costs for replacement rolling stock, primarily double-decker coaches.

Table 1: Adjusted result before tax [1]

Amounts in DKK million	2011	2010
Result before tax	**-858**	**-551**
Write-down of IC4	345	-
Provisions concerning DSB Väst AB	303	-
Reassessment of fixed projects	165	-
Costs to replacement rolling stock	103	0
Effect of track closures / closure of Sorstrømsbridge	39	128
Salary scale adjustments	28	-
Recognition of AnsaldoBreda discounts	-7	-151
Increased civil servant pension contribution	65	-65
Profit on sale of property	-80	-140
Reversal and provisons etc. concerning DSBFirst Øresund	-222	725
Costs to restructurings	-	140
Adjusted result before tax	**-119**	**86**

1) Minus indicates that the correction has had a positive impact on the result

Furthermore, the results are affected by provisions for increased pension costs regarding public servants and an adjustment of pension contributions for 2010. Furthermore, the result is affected by a reversal of provisions regarding DSBFirst Øresund in the amount of DKK 222 million.

The result for 2010 was affected by the effects of track works and profits from the sale of property. Finally, the result for 2010 recognised discounts etc. of DKK 151 million from AnsaldoBreda, DKK 140 million in costs to restructurings and DKK 725 million in provisions and write-downs concerning DSBFirst Øresund.

Adjusted for these items, results before tax for 2011 were a loss of DKK 119 million, compared to a profit of DKK 86 million in 2010.

The development in the adjusted results before tax is due i.a. to increasing costs, for instance as a consequence of the IC4 problems, the deployment of the Travel Card as well as the development in the Swedish companies, which are partly offset by implemented efficiency enhancements and savings as well as more customers in Long-distance & Regional trains and S-tog.

In 2011 DKK 289 million of the provisions of DKK 511 million regarding DSBFirst Øresund, which was recognised in the annual accounts for 2010[1], was utilised. The amount covers the operating deficit in DSBFirst Sverige and DSBFirst Danmark until the reconstruction. The remaining accounting value of the balance of the provisions is reversed in the annual accounts for 2011, with an amount of DKK 222 million.

Net turnover improved by 11 per cent
Net turnover in the DSB Group for 2011 was DKK 11,066 million (DKK 9,972 million), representing an improvement of 11 per cent.

Passenger revenues amounted to DKK 4,487 million (DKK 4,329 million), up DKK 158 million. This development is primarily due to more customers in both Long-distance & Regional trains and S-tog.

Revenue from transport contracts rose by DKK 813 million and totalled DKK 5,363 million (DKK 4,550 million). This increase is primarily due to the activity expansions in Southern Sweden in December 2010 (DSB Väst in the Gothenburg area and DSB Småland in the Jönköping area) and the acquisition of 50 per cent of the German operator company VIAS at 1 April 2010.

Sales from shops etc. improved by 6 per cent compared with 2010 and totalled DKK 816 million (DKK 769 million). The improvement is i.a. due to the conversion of Kort & Godt shops into 7-Eleven shops.

Sales of repair and maintenance of rolling stock etc. to Group external customers amounted to DKK 169 million in 2011 (DKK 137 million). The increase of DKK 32 million is due to increased sales of maintenance tasks, primarily Flytoget in Oslo, and to the fact that DSB Vedligehold performs work as a subsupplier to AnsaldoBreda on the delivery of the IC4 train sets.

Rental of rolling stock was DKK 231 million (DKK 187 million). The increase of DKK 44 million is primarily due to the rental of newly acquired Øresund train sets to the Danish Transport Authority, which in its capacity as transport authority makes them available to DSB Øresund for the operation of the Coastal Line and the Kastrup Line.

Work performed by the enterprise and recognised under assets fell by DKK 104 million and was DKK 534 million in 2011. The development is due to fewer construction projects.

Other operating income totalled DKK 485 million in 2011 (DKK 849 million). The decline of DKK 364 million is primarily due to the recognition as revenue of discounts of DKK 151 million from AnsaldoBreda in 2010 in connection with the IC4 delay, less profits from sales of fixed assets as well as a decline in other compensation from AnsaldoBreda.

.

[1] In addition to provisions of DKK 511 million, the annual accounts for 2010 included write-downs of DKK 214 million - totalling DKK 725 million.

Increasing costs compared with 2010
Total costs were DKK 10,392 million (DKK 9,921 million).

Costs of raw materials and consumables were DKK 1,738 million, representing an increase of DKK 107 million. This development is primarily due to costs in the new operations, cost of sales in shops as well as the general price development.

Other external costs increased by DKK 42 million and totalled DKK 3,684 million in 2011. 2011 was affected by general savings and costs relating to the value adjustment of the balance sheet items and the challenges with the delivery of the IC4 train sets and costs for replacement rolling stock. Add to the above provisions for losses regarding DSB Väst AB which did not present satisfactory results for 2011. 2010 was also affected by a number of accounting issues, including primarily provisions and adjustments regarding DSBFirst Øresund.

In 2011 staff expenses increased by DKK 322 million to DKK 4,970 million (DKK 4,648 million). The increase is primarily due to increased activities in the new foreign operations and changes in pension contributions for public servants, which were, however, partly offset by a stable level of wages and salaries in Denmark because of a number of initiatives, including a restrictive employment policy that was introduced in 2011 as well as a generally reduced number of jobs in the administrative area. In addition an amount of DKK 140 million was recognised in the accounts for 2010 as costs for restructuring.

Depreciation, amortisation and write-downs
Depreciation, amortisation and write-downs increased by DKK 371 million and totalled DKK 2,010 million (DKK 1,639 million). The increase is primarily due to write-downs of the IC4 train sets at the accounting reassessment of the capitalized-costs and increased depreciation as a consequence of the deployment of the Travel Card and more IC4 and Øresund train sets..

Financial expenses
In 2011 net financials represented an expense of DKK 541 million (DKK 450 million). An interest compensation from AnsaldoBreda is recognised in the accounts for 2011 in the amount of DKK 36 million (DKK 62 million in 2010).

Development in financial ratios
The earnings performance has a negative impact on the financial ratios. Consequently, the general level of the financial ratios is unsatisfactory.

The operating profit margin fell from 15.4 to 15.3. Similarly, the profit ratio fell from -1.0 to -2.9. Return on equity is still negative as a consequence of the loss realised for 2011.

Return on invested capital after tax (ROIC after tax) is -1.6 per cent in 2011, down 0.4 percentage point on 2010.

Gearing was 7.2 in 2011, which is a fall of 0.6 compared with 2010.

With 20.7 per cent at 31 December 2011 the solvency ratio was lower than it was at year-end 2010 (25.7).

Interest cover was -0.4 in 2011, compared with 0.0 in 2010.

Balance sheet items
The Group's balance sheet stood at DKK 24,710 million at 31 December 2011, compared with DKK 25,776 million at year-end 2010, which is a decline of DKK 1,066 million.

DSB invested a total of DKK 2,437 million (DKK 2,464 million) in 2011. The reason for this development is that 2010 in addition to the acquisition of IC4 train sets was also affected by the acquisition of new Øresund train sets.

The decline in the Group's assets is otherwise primarily due to increased depreciation as a consequence of the deployment of the Travel Card as well as more IC4 and Øresund train sets, write-downs of the IC4 train sets as well as reduced receivables in connection with sales of real property and cash at bank and in hand.

Equity and minority interests totalled DKK 5,113 million, down DKK 1,501 million on year-end 2010. This is primarily due to the dividend payment of DKK 300 million, the capital reduction (intermodal terminals), value adjustment of financial instruments as well as the loss for 2011.

Provisions fell from DKK 2,499 million at year-end 2010 to DKK 2,044 million at 31 December 2011. This development is primarily due to utilisation of DKK 289 million in 2011 regarding DSBFirst Øresund. The balance of the carrying amount of the provision was subsequently reversed in the accounts for 2011 with an amount of DKK 222 million. The provision was recognised in the annual accounts for 2010 as part of the DKK 725 million in total provisions and write-downs regarding DSBFirst Øresund. There were also provisions and write-downs regarding DSB Väst AB in the amount of DKK 303 million and a decline in deferred tax of DKK 256 million.

Total liabilities at 31 December 2011 were DKK 17,553 million, which is DKK 890 million more than at year-end 2010.

Interest-bearing liabilities are up DKK 143 million and amount to DKK 12,172 million at year-end 2011.

Dividend to the Ministry of Transport

The Board of Directors recommends that no dividend is paid to the Ministry of Transport for 2011.

Number of employees

The average number of full-time employees was 10,040 in 2011, which is an increase of 591 employees compared with 2010. The increase is primarily due to the start-up of new operations in Sweden and in Germany. All in all the number of employees in the foreign operations increased by 640 full-time employees, while the number of employees in Denmark was reduced by 49 fulltime employees. The development in Denmark is due to fewer jobs in the administrative area and the employment freeze that was introduced in 2011, partly offset by more employees in connection with the completion of the IC4.

Remuneration

DSB's Board of Directors find it important that DSB has a remuneration structure, which can attract and retain the necessary competencies.

Remuneration to DSB's Executive Board amounted to DKK 17.4 million, of which remuneration to executives who have left DSB amounted to DKK 16.2 million. In addition, two CEOs in affiliated companies have received DKK 3.5 million and DKK 3.8 million respectively in connection with their dismissal in 2011. The indicated remunerations include salary, car contribution, pension, bonus and special remuneration (e.g. severance pay).

In 2011 the average annual salary for members of the Corporate Management stood at DKK 2.8 million. In 2011 no employee has received more than the average salary for members of the Corporate Management. No specialist without management assignments has received a remuneration exceeding DKK 1.2 million annually.

Agreements regarding severance pay for vice presidents and deputy directors and directors span from 6 to 12 months. The contract with the coming CEO, who takes over on 1 May 2012, does not include an agreement on severance pay, but the period of notice has been agreed to 24 months (30 months in the first year). Less that 5 employees receive stay on bonuses. No stay on bonus exceeds more than 3 months salary.

Segments

Long-distance & Regional trains

Table 2: Long distance & Regional trains

Amounts in DKK million	2011	2010 [1]	Growth Abs.	Growth Pct.
Net turnover	4,854	4,694	160	3%
Revenue from passengers and travel agency	3,280	3,232	48	1%
Revenue from transport contract	1,215	1,115	100	9%
Revenue from train service	43	47	-4	-9%
Sale of repair and maintenance of rolling stock	85	113	-28	-25%
Leasing of rolling stock	231	187	44	24%
Other operating income and work performed by the enterprise and capitalised	240	333	-93	-28%
Total income	5,094	5,027	67	1%
Total expenses	4,668	4,350	-318	-7%
Profit before depreciation and write-downs	426	677	-251	-37%
Depreciation and write-downs on intangible and tangible fixed assets	965	504	-461	-91%
Operating result	-539	173	-712	412%
Profit margin	8.8	14.4	-5.6	-39%
Train km (1,000 km)	38,194	37,925	269	1%

[1] The figures for 2010 have been adjusted in connection with the establishment of DSB Vedligehold.

Net turnover in Long-distance & Regional trains improved by DKK 160 million compared with

2010.

Passenger revenues totalled DKK 3,280 million (DKK 3,232 million), which is an increase of DKK 48 million. The increase is due to the increased number of passengers.

Revenue from the transport contract concluded with the Danish state rose by DKK 100 million or 9 per cent compared with 2010 (DKK 1,115 million). This development is affected by an increasing contract payment as a consequence of the deployment of new IC4 train sets, partly offset by the conditions regarding efficiency enhancements in the corporation stipulated in the transport contract and which involve a reduction of the revenue over the term of the contract.

Revenue from train service was DKK 43 million (DKK 47 million).

Sales of repair and maintenance of rolling stock etc. amounted to DKK 85 million (DKK 113 million).

Rental of rolling stock increased by DKK 44 million and totalled DKK 231 million (DKK 187 million). This development is due to the rental of newly acquired Øresund train sets to the Danish Transport Authority, which in its capacity as transport authority makes them available to DSBFirst Øresund for the operation of the Coastal Line and the Kastrup Line.

Profit before depreciation, amortisation and write-downs fell by DKK 251 million and totalled DKK 426 million (DKK 677 million).

This development is partly due to the recognition of DKK 151 million in discounts from Ansaldo-Breda in 2010 and partly to the fact that the costs in 2011 are affected by the challenges associated with the IC4 delivery, the double-decker accident at Østerport, the closing of the Storstrøm Bridge, value adjustments of balance sheet items and provisions regarding pension and salary points for public servants.

An operating loss of DKK 539 million was realised for 2011, compared with a profit of 173 million in 2010. In addition to the above-mentioned, this development is due to write-downs regarding the IC4 train sets and deployment of new rolling stock which involves increasing depreciation.

Total production was 38.2 million train kilometres in 2011, up 1 per cent on 2010..

S-tog

Table 3: S-tog

Amounts in DKK million	2011	2010 [1]	Growth	
			Abs.	Pct.
Net turnover	2,453	2,377	76	3%
Revenue from passengers and travel agency	1,205	1,096	109	10%
Revenue from transport contract	1,248	1,281	-33	-3%
Other operating income and work performed by the enterprise and capitalised	103	104	-1	-1%
Total income	2,556	2,481	75	3%
Total expenses	1,513	1,503	-10	-1%
Profit before depreciation and write-downs	1,043	978	65	7%
Depreciation and write-downs on intangible and tangible fixed assets	634	576	-58	-10%
Operating result	409	402	7	2%
Profit margin	42.5	41.1	1.4	3%
Train km (1,000 km)	15,180	14,661	519	4%

[1] The figures for 2010 have been adjusted in connection with the establishment of DSB Vedligehold.

Net turnover in S-tog increased by DKK 76 million, corresponding to 3 per cent compared with 2010.

Passenger revenues were DKK 1,205 million (DKK 1,096 million) in 2011, corresponding to an increase of DKK 109 million or 10 per cent. The increase is due to considerable growth in the number of customers as well as a higher average price.

Revenue transport contract concluded with the Danish state fell by DKK 33 million to DKK 1,248 million (DKK 1,281 million). This development is primarily a consequence of the conditions regarding efficiency enhancements in the corporation stipulated in the transport contract and which involve a reduction of the revenue over the contract period.

Profit before depreciation, amortisation and write-downs was DKK 1,043 million (DKK 978 million). The increase of DKK 65 million is i.a. due to the positive development in the number of customers and the effect of less track improvement work.

The operating profit also improved. However, the positive development is partly offset by write-downs on tangible fixed assets.

Production in number of train kilometres increased by 4 per cent compared with 2010 where the production was reduced as a consequence of extensive track improvement work.

DSB Vedligehold

Table 4: DSB Vedligehold Amounts in DKK million	2011	2010 [1]	Growth Abs.	Growth Pct.
Net turnover: Sale of repair and maintenance of rolling stock, etc.	1,736	1,564	172	11%
Other operating income and work performed by the enterprise and capitalised	16	69	-53	-77%
Total income	1,752	1,633	119	7%
Total expenses	1,705	1,518	-187	-12%
Profit before depreciation and write-downs	47	115	-68	-59%
Depreciation and write-downs on intangible and tangible fixed assets	44	39	-5	-13%
Operating result	3	76	-73	-96%
Profit margin	2.7	7.4	-4.7	-71%

1The figures 2010 have been calculated based on the maintenance activities in Long distance & Regional trains, S-tog and DSBFirst Øresund.

This activity was established as an independent subsidiary from the beginning of 2011. Sales of repairs and maintenance of rolling stock etc. amounted to DKK 1,736 million (DKK 1,564 million) in 2011, corresponding to an increase of DKK 172 million or 11 per cent. The growth is due to increased sales of maintenance tasks, primarily Flytoget in Olso, and to the fact that DSB Vedligehold performs work as a subsupplier to AnsaldoBreda on the delivery of the IC4 train sets.

Profit before depreciation, amortisation and write-downs was DKK 47 million (DKK 115 million). The decline of DKK 68 million is i.a. due to write-downs of stocks and increased costs for guarantee repairs.

The operating profit for 2011 declined by DKK 73 million and stood at a profit of DKK 3 million (DKK 76 million).

Kort & Godt

Sales from shops etc. amounted to DKK 775 million (DKK 721 million), which is an increase of DKK 54 million compared with 2010. This development is primarily due to increased sales as a consequence of the conversion into 7-Eleven shops. Income from commissions increased by DKK 2 million to DKK 169 million (DKK 167 million).

Table 5: Kort & Godt Amounts in DKK million	2011	2010	Growth Abs.	Growth Pct.
Net turnover	944	888	56	6%
Shop sales etc.	775	721	54	7%
Commission income	169	167	2	1%
Other operating income and work performed by the enterprise and capitalised	10	18	-8	-44%
Total income	954	906	48	5%
Total expenses	972	885	-87	-10%
Profit before depreciation and write-downs	-18	21	-39	-186%
Depreciation and write-downs on intangible and tangible fixed assets	10	14	4	29%
Operating result	-28	7	-35	-
Profit margin	-1.9	2.4	-4.3	-

Profit before depreciation, amortisation and write-downs fell by DKK 39 million. This development is primarily due to costs as a consequence of the conversion of Kort & Godt shops into 7-Eleven shops. Approx. 80 Kort & Godt shops have been converted into 7-Eleven shops. The result is furthermore affected by increasing pension costs and value adjustments of the balance sheet items in 2011.

The operating loss was DKK 28 million compared to an operating profit of DKK 7 million in 2010.

Kort & Godt A/S is included under a joint registration with other Group companies in so far as value added tax and payroll tax are concerned. This joint registration has a negative impact on the results of operations in Kort & Godt.

DSBFirst Øresund

In connection with the presentation of the annual accounts for 2010, it was found that the financial situation in DSBFirst Øresund was very serious, as the development of this business area in 2010 did not live up to the expectations, resulting in an operating loss.

In this connection and because DSB expected a substantial operating loss in DSBFirst Øresund for 2011, DSB carried out a reassessment of the valuation of the individual companies in DSBFirst Øresund. This resulted in write-downs of tangible fixed assets and receivables etc. and the recognition of provisions to offset estimated future losses on transport contracts etc. and claims for repayment in connection with possible state aid.

Table 6: DSBFirst Øresund [1]				
Amounts in DKK million	2011	2010 [2]	Growth	
			Abs.	Pct.
Net turnover	982	891	91	10%
Passenger revenues	2	1	1	100%
Revenue from transport contracts	883	757	126	17%
Sale of repair and maintenance of rolling stock, etc.	97	133	-36	-27%
Other operating income and work performed by the enterprise and capitalised	143	184	-41	-22%
Total income	1,125	1,075	50	5%
Total expenses	1,126	1,182	56	5%
Profit before depreciation and write-downs	-1	-107	106	-
Depreciation and write-downs on intangible and tangible fixed assets	0	158	158	-
Operating result	-1	-265	265	-
Profit margin	-0.1	-12.0	12.0	-

[1] The activities in DSBFirst Øresund are jointly owned by DSB and FirstGroup. FirstGroup owns 30 per cent while DSB owns 70 per cent.

[2] The figures for 2010 have been adjusted in connection with the establishment of DSB Vedligehold.

The total effect on the results of operations of the DSB Group relating to DSBFirst Øresund of these issues was a cost of DKK 725 million before tax recognised in the accounts for 2010, of which DKK 194 million had an impact on the results of operations in DSBFirst Øresund.

In order to maintain a stable operation of the Øresund traffic, DSBFirst was restructured at 1 August 2011. The activities in DSBFirst Sverige were wound up with the timetable change on 11 December 2011 when the Swedish part of the Øresund traffic was transferred to Veolia Transport Sverige. After that DSB operates the Danish part of the Øresund traffic on the Coastal and Kastrup Lines under the new name DSB Øresund A/S.

In 2011 net turnover in DSBFirst Øresund was DKK 982 million (DKK 891 million), corresponding to an increase of DKK 91 million.

Revenue from transport contracts was DKK 883 million (DKK 757 million), up DKK 126 million on 2010. This development is due to production expansions, primarily on the Swedish lines, and - as part of the restructuring of DSBFirst Sverige - additional payments from the Swedish tendering authorities (Skånetrafiken).

Loss before depreciation, amortisation and write-downs in DSBFirst Øresund is DKK 1 million. This amount includes utilisation of provisions.

The results for 2011 in DSBFirst Øresund are affected by several non-recurring issues, including the utilisation of provisions, discontinuation of the practice of capitalising maintenance costs as well as costs regarding purchase of energy in the accounting year 2010.

The operating loss is also DKK 1 million for 2011 (operating loss of DKK 265 million). The development compared with 2010 is attributable to the utilisation of provisions in 2011 and to the fact that all fixed assets in connection with the provision etc. at year-end 2010 were written down to zero. Therefore, there is no depreciation in 2011.

DSB Sverige

Table 7: DSB Sweden [1]				
Amounts in DKK million	2011	2010	Growth	
			Abs.	Pct.
Net turnover: Revenue from transport contracts	609	198	411	208%
Other operating income and work performed by the enterprise and capitalised	56	10	46	-
Total income	665	208	457	220%
Total expenses	772	201	-571	-284%
Profit before depreciation and write-downs	-107	7	-114	-
Depreciation and write-downs on intangible and tangible fixed assets	13	1	-12	-
Operating result	-120	6	-126	-
Profit margin	-17.6	3.5	-21.1	-

1) Excl. DSB First Øresund.

DSB Sweden consists of the following operations: Roslagsbanan in the Stockholm area, DSB Väst with regional and commuter traffic in the Gothenburg area and the new activities DSB Småland in the Jönköping area and DSB Uppland outside Stockholm..

In 2011 revenue from transport contracts was DKK 609 million, which is an increase of DKK 411 million compared with 2010. The increase is due to the new operations.

DSB Sweden realised an operating loss of DKK 120 million for 2011, which is primarily due to too high costs in connection with the new operations, i.a. wages and salaries, which are very much higher than first assumed. Add to the above costs for replacement services in connection with the winter weather at the beginning of 2011 and costs in connection with employees made redundant in DSB Sweden. Roslagsbanan is up to expectations in terms of profits, while the results in DSB Väst, DSB Småland and DSB Uppland are negatively affected by higher costs than expected.

DSB's management has reassessed the business plans for the companies and estimate that there is considerable potential for implementing operating improvements. For DSB Väst AB, however, it is assessed that the transport contract under the present circumstances will not yield a profit, and consequently, DSB has introduced further initiatives to prepare plans for a long term solution. As a result of this, there have been made provisions and write-downs in the Group and parent corporation's accounts for 2011 totalling DKK 303 million based on an assessment of risks and DSB's financial involvement.

DSB Tyskland

Table 8: DSB Germany

Amounts in DKK million	2011	2010	Growth	
			Abs.	Pct.
Net turnover: Revenue from transport contracts	211	83	128	154%
Other operating income and work performed by the enterprise and capitalised	16	11	5	45%
Total income	227	94	133	141%
Total expenses	221	91	-130	-143%
Profit before depreciation and write-downs	6	3	3	100%
Depreciation and write-downs on intangible and tangible fixed assets	7	4	-3	-75%
Operating result	-1	-1	-	-
Profit margin	2.8	3.6	-0.8	-22%

DSB acquired 50 per cent of the German operator company VIAS GmbH in 2010. The company is included in the accounts from 1 April 2010. The development compared with 2010 is due to VIAS taking over operations on the Rheingau line from Frankfurt am Main to Koblenz.

Revenue from transport contracts was DKK 211 million in 2011. The profit before depreciation, amortisation and write-downs was DKK 6 million (DKK 3 million), while there was a minor operating loss of DKK 1 million (operating loss of DKK 1 million) as a consequence of the costs in connection with the closing of the bid office in Düsseldorf.

Outlook

For the past year DSB has been affected by the work with creating a more robust economy and generally creating a DSB in better balance. 2011 brought good results in the form of more customers and sale of tickets via the mobile telephone, but the year also presented some difficult challenges, i.a. in terms of the rolling stock situation and the economy.

The restoration of the economy requires that DSB improves its results by a good billion DKK before depreciation, amortisation and write-downs by 2015. This is the clear and unambiguous target for the activities that have been launched to create a DSB in balance.

At this point in time the dialogue with the employee organisations and the works committees has led to a number of agreements that markedly reduce the total costs for wages and salaries over the coming years. In 2011 the management also decided to enhance the efficiency of and professionalise the procurement function, which will have economic effect already in 2012 and to put up the headquarters for sale and gather all administration in Copenhagen in one domicile – to save money as well as to create a framework for an even more modern and efficient business. Add to the above the results of the other target areas, see the section on DSB in balance.

Overall DSB is expected to be well on its way to an improved economic balance in 2012. But the work does not stop here. The management continues to concentrate on creating an even more robust and sustainable economy which is constantly adapted to the requirements made on DSB by the politicians, but also the requirements made on us by our customers every single day. DSB must once again be able to invest in new trains and initiatives for the customers as well as to develop the train traffic in general. This work is done in close cooperation with the employees and the employee organisations – and with constant focus on ensuring that DSB will also in the future be able to fulfil the customers' wishes and needs. A DSB in balance is a precondition for ensuring that DSB is worthy of being the primary player in doubling the use of train services in Denmark by 2030.

Expectations to 2012
The expectations to the results of operations for 2012 are affected by an increasing number of customers in Denmark, both in S-tog and in Long-distance & Regional trains as well as the effect of planned efficiency enhancements and savings. However, these issues are partly offset by derived operating costs, increasing energy costs, increasing pension costs as well as costs as a consequence of the introduction of the Travel Card.

Consequently, DSB is heading towards an improved economic balance in 2012, but will still be affected by the derived consequences of the restoration plan, including costs for restructuring and costs in connection with employees made redundant. Consequently, the results of operations before tax in 2012 are also expected to be a loss.

Events after 31 December 2011

In January and February DSB has had negotiations with the unions to find solutions that can help improve the corporation's economy and futureproof the development in DSB. These negotiations mean that DSB will be reducing its staff by approx. 1,000 employees during 2012.

Based on these negotiations, DSB has decided to offer voluntary redundancy programmes to certain employee groups. These voluntary programmes will make up an important element of the reductions that need to be made in order to restore DSB's economy.

In its endeavours to find possible savings DSB has decided to close DSB's travel agency. Train journeys to Europe will continue to be a part of the core business despite the closing down of the travel agency.

On 1 February 2012 DSB's Board of Directors decided that DSB's IT service and operations will be outsourced to NNIT from 1 April 2012.

Other than the above, no events have occurred after 31 December 2011 which in the opinion of the management have a significant impact on the assessment of the annual report for 2011.

Risk Management

The risk management in DSB is developing as DSB is undergoing extensive developments to become a modern services operator.

Good risk management can support DSB in attaining its goals. Consequently, DSB continuously concentrate on identifying, assessing and measuring the risks derived from our business activities. Risks can mean undesirable incidents with negative consequences, but they can also mean that new business opportunities emerge.

For many years DSB has focused on railway safety and management of the risks associated with train operation. Today this risk management is a well-functioning part of the business. Therefore, it is very safe to take the train. Even though there are no safety problems, DSB continues its constant focus on good safety in cooperation with the authorities.

Macro risks

During the latest recession DSB experienced increasing passenger numbers despite the expectation that less people would need transporting. The increase is believed to be at the cost of car traffic and as a consequence of a steadily enhanced range of services. Constant political focus on eco-friendly transport is expected to benefit public transport relative to the alternative in the future.

With still weaker economic prospects for Denmark, a continued increase in passengers is expected. Therefore, an important task will be to ensure capacity for the growth while at the same time ensuring that we can retain the customers who have already abandoned other means of transport in favour of the train when an improved economy leads to an increasing mobilisation of the population in the future - for private as well as business purposes.

Trends in society can also have extensive influence on the risks faced by DSB. If, for instance, society in general favours more environmentally friendly means of transport, it is important to develop products and services that support this trend.

Market risks

Competition

Apart from other train operators, DSB's primary competitors are other means of transport such as car and airplane. DSB regards the other means of public transport (e.g. metro and bus) as complementary and the minimisation of risks in this regard consists in continuing to expand and ensure optimum cooperation and effective coordination in favour of our customers.

A number of issues particularly related to developments in society may have an impact on the type of transport preferred. DSB wants to be a real alternative to the other means of transport and therefore particularly focuses on punctuality, development of new products, service concepts etc. DSB also try to attract new customers by means of various price strategies. For instance, Orange tickets have become very popular. We have also concluded agreements with various businesses and municipalities so that the Business Card (Erhvervskort) will be offered to the employees. DSB also try to manage the supply of special discount products to achieve balance between lower ticket prices and increasing customer numbers.

Cases before the Court in Luxembourg

In 2010 the European Commission made a decision in the case against the Danish State regarding possible excessive payments to DSB as a consequence of the contracts for the provision of public transport services in Denmark. In its decision the Commission found that DSB had not received illegal state aid from the Danish State, but that the State should ensure that an adjustment mechanism be introduced to eliminate the risk of excessive payments in the future. Such a provision has been incorporated in the transport contracts.

The owner of Gråhundbus instituted proceedings against the Commission at the European Court of Justice claiming that the Commission's decision be set aside. DSB chose to intervene in the proceedings in support of the Commission. The Court's decision is expected to be available in a couple of years as a minimum.

Operational risks

Safety

DSB works subject to railway safety rules and approvals on all markets. In Denmark DSB is certified as a railway operator based on a safety management system. All safety matters are regularly supervised, and there are plans for contingency measures, i.a. within safety, crisis and terror prevention. Thorough follow-up and good risk preventing procedures are necessary conditions for DSB to continue to be regarded as a safe and responsible train operator.

The safety level continues to be high. With 0.1 serious accidents involving persons per million train kilometres DSB is in full compliance with the national safety targets (0.3 serious accidents involving persons per million train kilometres) established by the Public Transport Authority.

Danish legislation requires that all changes that may impact the safety are risk assessed. As a supplement to the regular risk assessment, a systematic review is carried out of the safety-related risks associated with train operation to ensure a continued, satisfactory safety level. Particularly, a safety culture programme focuses on strengthening the attitudes of the staff and enhancing safety.

In case of situations such as an abnormal braking distance for an IC4 train, an investigation and analysis are launched of the situation and causation. DSB has no rolling stock in service that does not comply with all applicable regulations and standards.

Punctuality

Punctuality is an important element of the product sold by DSB. If the customer cannot be sure to arrive on time, the value of DSB's services is reduced. Therefore, it is incredibly important that DSB has identified and acted on the risks that may affect punctuality. Many factors, within as well as beyond DSB's control, play a part. But the fact that the factors are beyond DSB's control does not mean that they are always beyond DSB's sphere of influence. A prominent risk is the availability of the staff necessary to operate the trains. Therefore, we pay attention to all factors that might put a large or small share of the operating staff out of function, e.g. strikes or flu epidemics. But we also know that there is a possibility that a dynamic and service-minded staff can help add "that little extra something" that supports increased punctuality.

The Travel Card (Rejsekortet)

The Travel Card is under development to replace the existing ticket and card systems in Denmark. DSB is part of the cooperation to develop the system through partial ownership of Rejsekort A/S. The project has been delayed for approx. 3 years compared with the original plans. This means that the system will be available to the customers later than expected, and there are additional costs associated with the delay, i.a. for continued maintenance of the existing systems.

Rolling stock

Another risk is if the rolling stock is not ready for operation when it is needed. We endeavour to minimise this risk by having merged all maintenance activities in DSB in one company. This way we are able to make the rolling stock available for operation more quickly through more uniform and effective processes.

Track improvements

Finally the track improvement work to be carried out in the next few years poses a significant risk. DSB S-tog did extensive preliminary work in connection with the track improvements between Svanemøllen and Hillerød during the summer of 2010. Track improvement work cannot but be an inconvenience to customers and employees alike. Good risk management in the form of preparation and action has, however, proven to be effective and measurable in the form of less customers lost during the work and customers coming back to the train quickly if they had chosen another means of transport during the track improvement work. Close coordination between DSB and its partners is still important in connection with the coming track improvement work.

Efficiency enhancement

Enhancing the efficiency of the business is necessary to strengthen DSB's competitive power and for DSB to be able to secure the resources required to maintain focus on strengthening the positive experience of the customer in the future as well. The restructuring of DSBFirst Øresund during 2011 has made the need for transforming the corporation into a more efficient corporation more imminent. The efficiency enhancements will lead to restructuring and fewer employees and require more effective processes. It is important that DSB constantly focuses on the risks associated with changing the corporation, including implementing new processes. These processes must also ensure that good and competent employees are retained and that new competencies are added as demands increase. But implementing the necessary measures also makes additional demands on the organisation. DSB has experience with implementing major adaptations in collaboration with the relevant groups of employees. Therefore, efficiency enhancement initiatives will be launched in pursuance of carefully planned processes.

Financial risks

In connection with the ongoing operation and financing, the corporation is affected by the development and pricing on the financial markets. Reference is made to Note 25, which describes the financial risks and accounting for such in detail.

In overall terms we work based on an approved financial strategy which sets out the framework for the financial management. Generally, the financial markets have been very unpredictable and DSB makes current adjustments to the changed market conditions. Specifically, DSB aims to ensure liquidity for refinancing, cash flow from operating activities and investments by maintaining a high degree of financial latitude. Historically DSB has not been dependent on individual banks and has i.a. spread its loans on various financial markets.

Political risks

The basis of DSB's business is primarily the applicable law and other conditions stipulated by the Ministry of Transport. Therefore, the future development will very much be decided by the owner through the specified priorities and choices, including a desire to develop the public transport. DSB has concluded a contract for a ten-year period with the Ministry of Transport. The contract expires in 2014 and the framework for providing the transport services is consequently relatively fixed. Compared with previous years, DSB gives lower priority to international growth and the already concluded contracts for the international transport activities are with awarding authorities for a fixed number of years. Therefore, DSB will not be particularly sensitive to changed conditions on the bidding market.

However, opportunities may arise nationally for submitting bids for transport and/or introducing various incentives for increased use of public transport in which DSB may find it relevant to participate.

Risk management and Internal controls

DSB's risk management and internal controls with regard to financial reporting are designed to achieve:

- Presentation of internal accounts that allow for benchmarking and follow-up on the Group's performance and
- Presentation of external accounts that comply with the Financial Statements Act's provisions for Class D companies and the Act on the Independent Public Corporation DSB and on DSB S-tog A/S.

DSB's internal controls and risk management systems are continuously updated and have been designed to ensure reliable financial reporting and financial efficiency in its operations as well as compliance with relevant legislation and other regulations.

Tasks and responsibilities for DSB's Board of Directors and Executive Board, i.a. in connection with financial reporting, control and risk assessment, appear from the corporate governance section on page 35.

Internal controls and risk management systems are divided into the main areas below, which each describes the sub-elements that support the overall control and risk environments.

Control environment

DSB's Board of Directors and Executive Board have established and approved a number of policies and guidelines in important areas in relation to the internal risk management and financial reporting.

The functions responsible for the individual areas issue guidelines and supervise the application of policies and procedures. The organisational structure and the internal guidelines make up the control environment.

Risk assessment

DSB's Board of Directors and Executive Board make regular assessments of the risks to which the Corporation is subject, including risks affecting the financial reporting process.

As a supplement to the risk assessments made by the Board of Directors and the Executive Board the Corporation's internal audit function makes independent reviews of the efficiency of the internal control environment as part of its audit.

The control system

The aim of the control activities is to ensure that the objectives, policies, manuals, procedures etc, established by the management are met and to prevent, reveal and correct any errors or irregularities. These activities are integrated into DSB's accounting and reporting procedures and comprise e.g. procedures for attestation, authorisation, approval, reconciliation, results analyses, the separation of incompatible functions, controls relating to IT applications and IT controls in general.

Procedures have been set up to ensure that DSB complies with relevant legislation and other regulations regarding financial reporting at any given time.

DSB has information and communication policies and systems with a view to establishing the requirements on the financial reporting and to ensure that the financial reporting is correct and complete. Applicable policies and reporting instructions are regularly reviewed and updated as required.

In the years to come DSB will focus on increased formalisation and updating of policies and procedures with a view to further enhancing the quality and consistency of the internal and external reporting.

Monitoring

DSB employs a comprehensive finance and reporting system to supervise the corporation's results of operations. The management has established formal procedures for financial reporting. Reporting concerning DSB's financial circumstances is a regular item on the agenda for all board meetings.

DSB employs a finance and reporting system to supervise the Company's results of operations. The management has established formal procedures for financial reporting. Internal monthly and quarterly reports are prepared and the external reporting comprises quarterly, interim and annual reports. The Executive Board regularly forwards financial reporting to the Board of Directors in the form of internal financial statements supplemented with written reports explaining the financial development. The Board of Directors also receives written and oral reports regarding the development in DSB's most important risks. Reporting concerning DSB's financial circumstances is a regular item on the agenda for the ordinary board meetings.

As a consequence of the current, special financial circumstances of DSB, 2011 saw increased supervision in the form of financial reporting that was more extensive and frequent than usual. This reporting will continue in 2012.

In 2011 the management also established a number of procedures and controls with a view to ensuring correct handling of trading within the Group.

Compliance with the defined guidelines for financial reporting is supervised regularly and procedures have been established to ensure that any errors or deficiencies in the reported data are communicated to and corrected by the relevant units.

The internal audit function, the National Audit Office of Denmark and the state authorised public accountants appointed at the Annual Meeting report any material weaknesses in the internal control systems in connection with the financial reporting in long-form audit reports to the Board of Directors. Less important issues are reported in management letters to the corporate management. DSB regularly ensures that any reported weaknesses in the internal controls are remedied.

Corporate governance

Ownership and legislation
DSB is an independent public corporation and consequently wholly owned by the Danish state, with the primary tasks based on the contracts with the Danish state regarding operation of Long distance and Regional services and S-train services, respectively. The Danish Minister of Transport undertakes the role of owner and exercises its ownership based on the principles of "The State as Shareholder (2004)".

DSB's Board of Directors supervises the corporation's results, management and organisation on behalf of the Minister of Transport, while the Executive Board is responsible for day-to-day operations. Like other businesses that are wholly or partly owned by the state, DSB is subject to the Companies Act and the Financial Statements Act.

In addition, the Act on Ministerial Responsibility, the Act on the Independent Public Corporation DSB and on DSB S-tog A/S ("the DSB Act"), Act on Railways and other relevant legislation form the legal framework for the supervision and management of DSB. DSB's objectives, management and tasks are regulated by the DSB Act. DSB prepares an annual report in pursuance of the Financial Statements Act and the DSB Act. In addition, DSB is required to prepare segmental accounts which are subject to the accounting regulations applicable to DSB and, in this connection, conditions in terms of competition law for DSB. The legislation, the Articles of Association, the Board of Directors' rules of procedure and the Executive Board's brief reflect DSB's responsibility as a state-owned corporation to exercise corporate governance in all respects.

DSB strives to ensure that the corporation's objectives as well as its general principles and structures regulating the interaction between the owner, management bodies and the corporation's other stakeholders comply with the recommendations for Corporate Governance at any given time. DSB provides information about attitudes and activities relating to Corporate Governance in its Annual Report and on its website.

DSB follows the recommendations of the Committee for Corporate Governance which aim to create transparency in corporate management and are structured around the "follow-or-explain" principle. As a consequence of the fact that DSB is an independent public corporation and not a limited liability company there are certain parts of the recommendations whose purposes and aims are not found to be relevant to DSB. This is e.g. the case for a number of recommendations concerning the relationship with a large group of owners in listed companies. This concerns the recommendations about the exercising of ownership and communication with the owners as well as recommendations regarding the preparation of the annual general meeting, including its convening and instruments of proxy. Furthermore, the recommendations regarding information about shares, options and warrants owned by directors are not relevant. Every year DSB's management reviews the corporate governance recommendations. In this connection it makes a decision on whether any adaptations of DSB's control and management principles are required.

Openness and communication
DSB's aim is to make communication between the corporation and its stakeholders (owner, customers and partners) as open and broad as possible, and to ensure that communication is as easy and effective as possible. DSB's corporate communication policy is being revised. The revised communications policy will be published as soon as it has been adopted. The communications policy also outlines DSB's values and thereby sets out the framework for the corporation's communication with internal and external stakeholders. With a view to improving the customer service and strengthening the dialogue with the customers, it has been decided to establish a "customer ambassador" function which will be an independent complaints board. In addition to considering complaints, the customer ambassador will also be able to take up cases of her own accord. The customer ambassador will submit half-yearly situation reports to DSB's management. In the report "Corporate Social Responsibility in DSB - 2011" DSB gives an account of its activities in relation to sustainable development, including the environment and social responsibility. Every year also a separate environmental report is prepared, and DSB's environmental strategy is published on the corporation's website.

Ethics
In the autumn of 2011, DSB's corporate management, in cooperation with the unions and a number of business areas, developed a set of ethical rules, which will apply for all DSB's employees. The rules describe how DSB cooperates with external partners, how DSB deals with attempts of bribery, how DSB views presents and arrangements, rules regarding charity and DSB's expectations to the integrity and business-like manner of all employees. In 2012 the ethical rules will be distributed to all employees.

The Annual Meeting
The corporation's supreme body, the Annual Meeting, is comparable to the general meeting of a limited liability company. The Minister of Transport can be compared to a sole shareholder and exercises the same authority at the Annual Meeting as the Companies Act and the Financial Statements Act assign to shareholders.
The Minister of Transport, the Board of Directors, the Executive Board and DSB's auditors attend the Annual Meeting. The Annual Meeting is presided over by a chairman appointed by the Minister of Transport. The Annual Meeting is open to the press. The corporation's Articles of Association can only be amended by the Minister of Transport following discussions with the Board of Directors. Amendments of the Articles of Association are formally adopted at the Annual Meeting. The Annual Report, which is approved at the Annual Meeting before the end of April, is supplemented with segmental accounts for the corporation's primary business areas in accordance with the accounting regulations. The segmental accounts are presented in accordance with the competition law guidelines.

Composition of the Board of Directors
DSB is governed by a Board of Directors consisting of nine members, currently three women and six men. The Minister of Transport appoints six of the members with the remaining three being elected by the employees as described below. The Chairman cannot perform tasks for DSB that are not a natural part of the Chairman's responsibilities. An exception can be made in case of individual tasks which the Chairman is asked to perform by and on behalf of the Board of Directors. Directors are normally elected for a period of two years and may be re-elected. The Minister of Transport may remove directors appointed by him at any time at an Annual Meeting.

Directors appointed 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. Public servants, who are subject to ministerial authority, cannot be directors. In this connection DSB's status equals that of a state-owned corporation. In keeping with the provisions of the Companies Act concerning election of employee representatives, the employees elect three directors. At the Annual Meeting the Minister of Transport appoints the Chairman and Vice Chairman. The Chairman and the Vice Chairman constitute the corporation's chairmanship. As is also the case for the other directors elected at the Annual Meeting, the Chairman and the Vice Chairman cannot be employees of the corporation. The Chairmanship's duties are governed by the Board of Directors' rules of procedure. DSB's Articles of Association do not stipulate any restrictions in terms of age for directors. The Board of Directors is broadly representative of knowledge about the transport sector and financial international development and management competencies.

In 2012 the directors on DSB's Board of Directors have the following lengths of service:

3 directors have served one year

2 directors have served two years

2 members have served three years

2 members have served 13 years

Tasks and responsibility of the Board of Directors
The Board of Directors employs and dismisses the corporation's Executive Board and specifies its terms of employment, including the remuneration of the Executive Board. The Board of Directors regularly receives financial information, budgets and other important information relevant to the development of the corporation and its subsidiaries from the Executive Board. The Board reviews the quarterly accounts and budgets and any deviations. During the year, the Board of Directors addresses the following issues:

- An examination of the Annual Report and the announcement of the annual accounts.
- At least once annually, the Board of Directors considers whether DSB's organisation, including in particular DSB's bookkeeping and accounting functions, its internal controls and IT system, is reliable. It also considers the control procedures in place to protect against misuse.
- Once a year the Board of Directors submits a proposal to the Minister of Transport concerning the appointment of the state authorised public accountant at the Annual Meeting.
- Once a year the Board of Directors reviews the DSB Group's insurance cover, including the extent to which the insurance cover is provided in accordance with the insurance policy approved by the Board of Directors.
- Once a year the budget for the coming year and a budget forecast for the subsequent two financial years are approved.
- Each quarter the quarterly report is reviewed, which as a minimum includes information about DSB's liquidity, financing issues, passenger development, punctuality and other relevant quality targets, important transactions, cash flows and special risks.

In 2012 DSB plan to establish an audit committee and a remuneration committee to ensure that the necessary focus is given to the respective areas.

Announcements sent to the Danish Commerce and Companies Agency

18 March 2011
Announcement regarding change in Executive Board

18 March 2011
Announcement of the Financial Results 2010

13 April 2011
Filing of notice convening the Annual Meeting

13 April 2011
Announcement of the Financial Results 2010 (updated)

27 April 2011
CEO of DSB Vedligehold A/S and former DSB CFO dismissed

5 May 2011
CEO of DSBFirst-Group and DSB Sverige AB dismissed

16 May 2011
Filing of notice convening extraordinary Annual Meeting

25 May 2011
Filing of announcement of accounts for the first quarter 2011

8 June 2011
Filing of minutes of ordinary Annual Meeting

21 June 2011
Filing of minutes of extraordinary Annual Meeting

22 August 2011
Filing of announcement of interim accounts 2011

28 September 2011
Announcement of sale of subsidiary

24 October 2011
Announcement of change in Executive Board

17 November 2011
Filing of announcement of accounts for the first three quarters 2011

29 November 2011
Filing of notice convening extraordinary Annual Meeting

12 December 2011
Announcement of change in Executive Board

21 December 2011
Filing of minutes of extraordinary Annual Meeting

Management statement and Auditors' Reports

Management statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report for 2011 of DSB.

The Annual Report is presented in accordance with the Danish Financial Statements Act and the Act on the Independent Public Company DSB and on DSB S-tog A/S. We consider the accounting policies applied to be appropriate. Accordingly, the Annual Report gives a true and fair view of the Group and parent corporation's assets, liabilities and financial position at 31 December 2011 and the results of the Group and parent corporation's activities and the cash flows of the Group for the financial year 1 January to 31 December 2011.

It is also our view that the Management Report contains a well-founded assessment of the developments in the Group and parent corporation's activities and financial conditions, the profit for the year and the Group and 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 presented for approval at the Annual Meeting.

Copenhagen, 22 March 2012

Executive Board

Jacob Kjær

Acting CEO and CFO

Board of Directors

Peter Schütze	Annette Sadolin	Lars Andersen
Chairman	Vice Chairman	
Lotte Littau Kjærgaard	Lilian Merete Mogensen	Jens Iwer Petersen
Andreas Hasle	Hans Christian Kirketerp-Møller	Preben Steenholdt Petersen

To the Board of Directors

Internal auditor's report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of the independent public corporation DSB for the period 1 January – 31 December 2011, pages 44-78 comprising accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group and the parent company as well as the consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Act on the Independent Public Corporation DSB and on DSB S-tog A/S.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements 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 Act on the Independent Public Corporation DSB and on DSB S-tog A/S. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements 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 financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the independent public corporation DSB's preparation of consolidated financial statements and parent company financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have 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 financial statements and the parent company financial statements give a true and fair view of the Group's and the independent public corporation DSB's financial position at 31 December 2011 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 1 January – 31 December 2011 in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Act on the Independent Public Corporation DSB and on DSB S-tog A/S.

Statement on the Management's review

Pursuant to 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 financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 22. March 2012

Internal audit

Michael Ravbjerg Lundgaard

Group Internal Auditor

Independent auditors' report

To the Minister of Transport

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of the independent public corporation DSB for the period 1 January – 31 December 2011, pages 44-78 comprising accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group and the parent company as well as the consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Act on the Independent Public Corporation DSB and on DSB S-tog A/S.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements 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 Act on the Independent Public Corporation DSB and on DSB S-tog A/S. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements 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 financial statements and the parent company financial statements 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 financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation as well as generally accepted public auditing standards, cf. the Danish Auditor General's Act. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the independent public corporation DSB's preparation of consolidated financial statements and parent company financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

Further, the audit comprises an assessment as to whether business procedures and internal control have been established to ensure that the transactions comprised by the consolidated financial statements and the parent company financial statements are consistent with the Transport Contract, legislation and other regulations.

We believe that the audit evidence we have 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 financial statements and the parent company financial statements give a true and fair view of the Group's and the independent public corporation DSB's financial position at 31 December 2011 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 1 January – 31 December 2011 in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Act on the Independent Public Corporation DSB and on DSB S-tog A/S. Further, in our opinion, business procedures and internal control have been established to ensure that the transactions comprised by the consolidated financial statements and the parent company financial statements are consistent with the Transport Contract, legislation and other regulations.

Statement on the Management's review

Pursuant to 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 financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 22 March 2012

KPMG

Statsautoriseret Revisionspartnerselskab

Flemming Brokhattingen — State Authorised Public Accountant

Torben Bender — State Authorised Public Accountant

The National Audit Office of Denmark

Annie Nørskov — Auditor General

Katja Cecilia Mattfolk — Head of Office

Deloitte

Statsautoriseret Revisionspartnerselskab

Erik Holst Jørgensen — State Authorised Public Accountant

Jørgen Holm Andersen — State Authorised Public Accountant

Accounting policies

The Annual Report for the Independent Public Corporation DSB was prepared in accordance with the provisions of the Financial Statements Act for Class D companies and the Act on the independent Public Corporation DSB and on DSB S-tog A/S.

From 2011 DSB has ceased to present the annual report in accordance with the provisions of the Danish Accounting Standards, since they are no longer updated regularly. This has not led to any changes in accounting policies.

Apart from the below-mentioned the Annual Report has been prepared in accordance with the same accounting policies as the Annual Report for 2010.

Presentation
The presentation of the turnover from the pools (Tips), lottery (Lotto) and pre-paid mobile telephone cards has been changed. Previously this turnover was recognised gross in the profit and loss account under Net turnover and Costs for raw materials and consumables, respectively. As of 2011 the turnover is recognised net in the profit and loss account as commission under Net turnover.

Reclassification
Compensation received from AnsaldoBreda in connection with the leasing of replacement rolling stock has been reclassified and is recognised under Other operating income. Previously the compensation was set off against Other external expenses under Leasing of rolling stock etc.

The above change in the presentation and the reclassification have no impact on Total assets, Total liabilities, Equity, Profit/loss for the year or the cash flow statement. The comparative figures and the 5-year financial highlights have been restated.

General comments on recognition and measurement
The accounts are prepared on a historical cost basis.

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

Consolidated annual accounts
The consolidated annual accounts comprise the parent corporation DSB and the Group companies in which the DSB Group controls more than 50 per cent of the voting rights. Companies that are not Group companies, but in which the DSB Group holds 20 per cent or more of the voting rights and exercises significant influence on the operational and financial management of these companies are associated companies.

Businesses 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. Provision is made for costs related to adopted and announced plans to restructure the acquired companies. The tax effect of the revaluation of assets and liabilities is taken into account.

Any excess of the cost of the acquisition over the fair value of the identifiable assets and liabilities 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 provisions 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 Group companies' 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 are 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 share of the equity of the company. Intragroup profits and losses are eliminated proportionally. 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 report 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.

Derivatives
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 derivatives are included as receivables or liabilities.

Changes in the fair value of derivatives 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 derivatives 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 derivatives which do not meet the conditions for treatment as hedging instruments, the 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/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 is when delivery has taken place and the risk has passed.

Other operating income
Other operating income includes income of a secondary nature in relation to the railway business, including compensation sums when they can be reliably measured and are expected to be received.

Value added tax (VAT)
DSB has a right to deduct part of the purchase VAT because the corporation carries out activities which are both subject to and not subject to VAT. The non-deductible part of the purchase VAT is included in the profit and loss account and in balance sheet items.

Costs for raw materials and consumables
Costs for raw materials and consumables include the year's purchases and the year's change in the inventory of raw materials and consumables as well as cost of goods sold in shops and trains etc.

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

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 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 both 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 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 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 tax, the year's joint taxation contribution and changes in deferred tax, including differences as a consequence of changed tax legislation or rates is included in the profit and loss account with the share related to the profit for the year and taken directly to equity in so far as the share related to items entered directly in equity are 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 costs 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 providing 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 are:

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

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

Acquisitions during the financial year are amortised 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. Profits and 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 are:

Land	not depreciated
Buildings	30 - 60 years
Installations	15 years
Rolling stock	2-25 years
Operating equipment, fixtures and fittings	3- 40 years

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

Acquisitions during the financial 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.

Financial fixed assets
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.

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.

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.

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 annually 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.

For development projects in progress the recoverable value is calculated annually, regardless of whether or not there are any indications of impairment.

In case of subsequent 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 of impairment of an individual receivable, it is written off at an individual level.

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 determined based on historical loss experience.

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

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

Equity
Reserve for net revaluation in line with the equity value 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 financial year is shown 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 DSB 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 for anticipated maturity beyond one year from the balance sheet date are measured at discounted value.

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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

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.

An adjustment is made of the deferred tax concerning elimination of unrealised intragroup profits and losses.

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.

As the administration company and in accordance with the joint taxation rules, DSB assumes liability to the tax authorities for the Group companies' taxation in line with the Group companies' payment of the joint taxation contribution.

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 the 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 amortised cost, which usually corresponds to the nominal value.

Non-financial liabilities are measured at the net realisable value.

Deferred income
Deferred income recognised under liabilities comprises payments received regarding income relating to subsequent financial 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.

DSB's obligation to adjust pension contributions for public servants and employees employed on terms similar to public servants paid to the state is a defined benefit scheme. The liability is calculated at the capital value through an actuarial calculation based on relevant assumptions regarding interest rates, inflation, expected retirement age, wage and salary developments and mortality (projected unit credit method). In connection with the actuarial calculation of the capital value, the accrual of already granted pay increases over the expected remaining period of employment (vesting period) takes place.

Recognition as a liability occurs if the calculation shows that it is likely that DSB is liable for an acquired obligation and this can be reliably measured. The profit and loss account includes the year's change in the actuarially compiled obligation to adjust the pension contribution and the on account pension contribution paid to the state during the year.

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 less current liabilities to banks etc.

Segmental disclosures

DSB provides segmental disclosures for business segments corresponding to the breakdown into major geographic and business entities. The segmental disclosures are in accordance with the Group's accounting policies, risks and internal management reporting.

Profit and loss account

Parent corporation 2010	Parent corporation 2011	Note	Amounts in DKK million	Group 2011	Group 2010
			Revenues		
5,982	6,057	**1**	Net turnover	11,066	9,972
487	126		Work performed by the enterprise and capitalised	534	638
976	805	**2**	Other operating income	485	849
7,445	**6,988**		**Total revenues**	**12,085**	**11,459**
			Expenses		
801	526	**3**	Costs for raw materials and consumables	1,738	1,631
2,991	3,231	**4,5**	Other external expenses	3,684	3,642
3,029	2,569	**6**	Staff expenses	4,970	4,648
6,821	**6,326**		**Total expenses**	**10,392**	**9,921**
624	**662**		**Profit before depreciation, amortisation and write-downs**	**1,693**	**1,538**
858	1,302	**7**	Depreciation, amortisation and write-downs	2,010	1,639
-234	**-640**		**Operating profit/loss**	**-317**	**-101**
			Net financials		
-144	31	**8**	-	-	-
0	0	**9**	Profit/loss after tax in associated companies	-36	-4
96	67	**10**	Financial income	63	93
317	367	**11**	Financial expenses	568	539
-365	**-269**		**Total net financials**	**-541**	**-450**
-599	**-909**		**Profit/loss before tax**	**-858**	**-551**
		12	**Tax**		
29	206		Tax on the profit/loss for the year *)	150	-21
-3	0		Adjustment of tax relating to previous years *)	14	-2
26	**206**		**Total tax**	**164**	**-23**
-573	**-703**		**Profit/loss for the year**	**-694**	**-574**
			The profit/loss for the year is allocated as follows:		
			DSB	-703	-573
			Minority interests	9	-1
			Profit/loss for the year	**-694**	**-574**

The parent corporation's profit/loss is proposed for allocation as follows:	
Dividend to the Ministry of Transport	0
Transfer to equity	
- Net revaluation according to the equity method	-122
Transfer from distributable reserves from equity:	
- Retained earnings	-581
Total	**-703**

*) Tax income in 2011

Balance sheet - Assets

Parent corporation				Group	
2010	2011	Note	Amounts in DKK million	2011	2010
		13	**Intangible assets**		
-	-		Rights acquired	47	54
-	123		Strategic development projects	191	-
178	193		Other development projects	226	231
100	182		Intangible assets in progress	184	100
278	**498**		**Total intangible assets**	**648**	**385**
		14	**Tangible assets**		
3,649	3,660		Land and buildings	5,517	5,577
4,438	5,187		Rolling stock	11,425	11,018
1,028	1,074		Operating equipment, fixtures and fittings	1,439	1,389
3,595	2,704		Tangible fixed assets in progress and prepayments	2,767	3,802
12,710	**12,625**		**Total tangible assets**	**21,148**	**21,786**
		15	**Investments**		
3,178	3,562		Investments in Group companies	-	-
0	0		Investments in associated companies	115	80
15	85		Subordinate loan capital in Group companies	-	-
-	-		Subordinate loan capital in associated companies	237	231
171	1		-	1	171
363	383		Other receivables	552	499
3,727	**4,031**		**Total investments**	**905**	**981**
16,715	**17,154**		**Total non-current assets**	**22,701**	**23,152**
172	**20**	16	**Inventories**	**340**	**404**
			Receivables		
262	222		Trade receivables	574	460
961	185		Receivables from Group companies	-	-
-	-		Receivables from associated companies	-	39
548	411	17	Other receivables	847	1,192
222	203	18	Prepayments	224	238
1,993	**1,021**		**Total receivables**	**1,645**	**1,929**
6	**5**		**Cash at bank and in hand**	**24**	**291**
2,171	**1,046**		**Total current assets**	**2,009**	**2,624**
18,886	**18,200**		**Total assets**	**24,710**	**25,776**

Balance sheet - Equity and liabilities

Parent corporation				Group	
2010	2011	Note	Amounts in DKK million	2011	2010
			Equity		
4,761	4,760		Contributed capital	4,760	4,761
789	606		Net revaluation reserve according to the equity method	0	0
763	-247		Retained earnings	359	1,552
300	0		Proposed dividend	0	300
6,613	**5,119**		**Total equity**	**5,119**	**6,613**
-	**-**	**19**	**Minority interests**	**-6**	**1**
6,613	**5,119**		**Total equity and minority interests**	**5,113**	**6,614**
			Provisions		
858	916	**20**	Other provisions	877	1,076
370	26	**21**	Deferred tax liability	1,167	1,423
1,228	**942**		**Total provisions**	**2,044**	**2,499**
		22	**Non-current liabilities**		
6,868	6,585		Long-term loans	9,407	10,057
-	-		Subordinate loan capital	6	6
100	157		Other non-current liabilities	305	279
6,968	**6,742**		**Total non-current liabilities**	**9,718**	**10,342**
			Current liabilities		
29	709	**22**	Current portion of non-current liabilities	1,641	1,163
650	550		Short-term loans	1,050	650
607	434		Credit institutions	481	607
609	685		Trade accounts payable	1,061	865
39	527		Debt to Group companies	-	-
1,649	2,075	**23**	Other liabilities	3,008	2,371
494	417	**24**	Deferred income	594	665
4,077	**5,397**		**Total current liabilities**	**7,835**	**6,321**
11,045	**12,139**		**Total liabilities**	**17,553**	**16,663**
18,886	**18,200**		**Total equity and liabilities**	**24,710**	**25,776**

14 Collaterals, mortgaging and public grants
25 Financial risks and financial instruments for the Group
26 Contingent assets, contingent liabilities and other financial commitments
27 Related parties
28 Accounting for compensation from AnsaldoBreda S.p.A.
29 Accounting uncertainties regarding write-downs and provisions relating to DSBFirst Øresund and other Swedish activities
30 Segmental reporting - primary segment
31 Financial highlights for the profit and loss account

Equity statement

Amounts in DKK million

Parent corporation

	Contributed capital	Net revaluation according to the equity method	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2010	**4,761**	**1,017**	**1,412**	**158**	**7,348**
Dividend paid	-	-	-	-158	-158
Profit/loss for the year	-	-221	-652	300	-573
Foreign currency translation adjustments re. Group com	-	10	-	-	10
Value adjustment of hedging instruments, 1 January	-	-	262	-	262
Value adjustment of hedging instruments, 31 December	-	-	-259	-	-259
Change in equity in Group companies *	-	-17	-	-	-17
Equity at 31 December 2010	**4,761**	**789**	**763**	**300**	**6,613**
Dividend paid	-	-	-	-300	-300
Capital reduction	-1	-	-166	-	-167
Profit/loss for the year	-	-122	-581	0	-703
Foreign currency translation adjustments re. Group com	-	1	-	-	1
Value adjustment of hedging instruments, 1 January	-	-	259	-	259
Value adjustment of hedging instruments, 31 December	-	-	-522	-	-522
Change in equity in Group companies *	-	-62	-	-	-62
Equity at 31 December 2011	**4,760**	**606**	**-247**	**0**	**5,119**

* Change in equity in affiliated companies largely relates to a value adjustment of hedging instruments in DSB S-tog a/s.

-

Group

	Contributed capital	Net revaluation according to the equity method	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2010	**4,761**	**0**	**2,429**	**158**	**7,348**
Dividend paid	-	-	-	-158	-158
Profit/loss for the year	-	0	-874	300	-574
Foreign currency translation adjustments re. Group com	-	-	21	-	21
Value adjustment of hedging instruments, 1 January	-	-	363	-	363
Value adjustment of hedging instruments, 31 December	-	-	-387	-	-387
Equity at 31 December 2010	**4,761**	**0**	**1,552**	**300**	**6,613**
Dividend paid	-	-	-	-300	-300
Capital reduction	-1	-	-166	-	-167
Profit/loss for the year	-	0	-694	0	-694
Foreign currency translation adjustments re. Group com	-	-	11	-	11
Value adjustment of hedging instruments, 1 January	-	-	387	-	387
Value adjustment of hedging instruments, 31 December	-	-	-731	-	-731
Equity at 31 December 2011	**4,760**	**0**	**359**	**0**	**5,119**

Cash flow statement

Amounts in DKK million	Group 2011	Group 2010
Operating profit/loss	**-317**	**-101**
Adjustment for non-cash operating items etc.		
Depreciation, amortisation and write-downs	2,010	1,639
Change in other provisions, net	-199	422
Other adjustments		
Loss and gain on sale and scrapping of intangible and tangible assets	42	-146
Net financials, paid	-489	-470
Corporation tax, paid	-10	-9
Cash flow from operating activities before change in working capital	**1,037**	**1,335**
Change in working capital:		
Change in receivables	327	922
Change in inventories	64	35
Change in trade accounts payable and other liabilities etc.	472	-68
Total change in working capital	**863**	**889**
Total cash flow from operating activities	**1,900**	**2,224**
Acquisition of intangible and tangible assets, excl. capitalised interest	-2,362	-2,457
Sale of intangible and tangible fixed assets etc.	478	220
Acquisition of investments	-69	0
Sale of investments	169	0
Investment of subordinate loan capital in associated company	-6	-7
Invested hybrid capital	35	-
Total cash flow to investing activities	**-1,755**	**-2,244**
Proceeds from the raising of long-term loans	790	3,085
Proceeds from the raising of short-term loans	900	250
Repayment of and instalments on long-term loans	-1,176	-2,476
Repayment of and instalments on short-term loans	-500	-536
Dividend received	5	5
Dividend paid	-305	-161
Total cash flow from financing activities	**-286**	**167**
Total change in cash at bank and in hand	**-141**	**147**
Cash at bank and in hand, 1 January	-316	-463
Cash at bank and in hand, 31 December	**-457**	**-316**

Cash can be specified as follows:		
Liquid funds	24	291
Credit institutions	-481	-607

The cash flow statement cannot be derived directly from the profit and loss account and the balance sheet.

Notes to the annual accounts

Parent corporation				Group	
2010	2011	Note	Amounts in DKK million	2011	2010
		1	**Net turnover**		
			Specification by business areas:		
2,957	3,010		Long-distance and regional train services	3,010	2,957
-	-		S-trains	1,141	1,016
282	275		Other	336	356
3,239	**3,285**		**Total passenger revenues**	**4,487**	**4,329**
2,231	2,413		Revenue from transport contracts	5,363	4,550
5,470	**5,698**		**Total train operations**	**9,850**	**8,879**
47	43		Sales from shops etc.	816	769
278	85		Sales of repair and maintenance of rolling stock etc.	169	137
187	231		Leasing of rolling stock	231	187
5,982	**6,057**		**Total**	**11,066**	**9,972**

Passenger revenues in the parent corporation include fines to passengers travelling without a valid ticket of DKK 8 million (2010: DKK 10 million). On Group level this amount is DKK 44 million (2010: DKK 50 million).

DSB has made an undertaking to the Minister of Transport to spend a total of 500 million on various activities that can ensure increased punctuality for the customers - under the headline KTT (Kunder Til Tiden) (customers on time). The financing is provided through discounts in connection with the acquisition of rolling stock from AnsaldoBreda. DSB has recognised a total discount from AnsaldoBreda of DKK 132 million as revenue and paid costs for KTT activities of DKK 109 million. The difference of DKK 23 million has reduced revenue from transport contracts and increased Deferred Income. The amount will be recognised as revenue as costs for KTT activities are paid in future years.

Parent 2010	Parent 2011	Note	Amounts in DKK million	Group 2011	Group 2010
		2	**Other operating income**		
167	194		Rental and leasing	130	156
59	2		Profit on the sale of intangible and tangible assets	81	153
312	338		Intragroup income	-	-
167	89		Compensation regarding leasing of replacement rolling stock	89	167
271	182		Other	185	373
976	**805**		**Total**	**485**	**849**
		3	**Cost of raw materials and consumables**		
497	468		Energy costs	672	664
278	33		Spare parts etc.	519	457
26	25		Cost of goods sold in shops etc.	547	510
801	**526**		**Total**	**1,738**	**1,631**
		4	**Other external expenses**		
424	425		Infrastructure charges	673	604
499	370		Non-deductible VAT	551	560
347	899		Repairs, maintenance and cleaning etc.	480	424
327	305		Administrative expenses	610	446
242	199		Consultancy fees etc.	185	272
324	319		Renting of rolling stock etc.	357	324
73	48		Purchase of transport	96	134
268	303		Provision for onerous contracts	303	429
114	120		Commissions, transport services providers	54	30
2	109		Loss on the sale and scrapping of intangible and tangible assets	123	7
371	291		Other external expenses	414	413
-	-157		Reversal of Other provisions	-162	-1
2,991	**3,231**		**Total**	**3,684**	**3,642**

Notes to the annual accounts

Parent corporation				Group	
2010	2011	Note	Amounts in DKK million	2011	2010
		5	**Audit fee**		
			Statutory audit:		
1	2		Deloitte	3	2
1	2		KPMG	4	1
0	1		The National Audit Office of Copenhagen	1	0
			Other assurance statements:		
0	0		Deloitte	0	0
1	1		KPMG	1	1
			Tax and VAT consultancy:		
1	1		Deloitte	2	1
2	1		KPMG	2	3
			Other services		
9	23		Deloitte	23	9
2	11		KPMG	14	8
17	**42**		**-**	**50**	**25**

Fees for external auditors appointed at the Annual Meeting and the National Audit Office of Copenhagen. The amount is inclusive of the non-deductible VAT.

		6	**Staff expenses**		
2,613	2,074		Wages and salaries	4,104	4,024
404	479		Pensions	776	547
12	16		Other social security costs	90	77
3,029	**2,569**		**Total**	**4,970**	**4,648**

Fees for the Board of Directors total DKK 1.9 million (2010: DKK 1.8 million), of which the Chairman received DKK 0.5 million (2010: DKK 0.5 million), the Deputy Chairman DKK 0.3 million (2010: DKK 0.3 million) and the other directors DKK 0.15 million each (2010: DKK 0.15 million).

In 2011 the Executive Board was expanded and now comprises a CEO and a CFO. The remuneration for the Executive Board totalled DKK 17.4 million (2010: DKK 5.7 million). Performance-related salaries cannot exceed 25 per cent of the fixed remuneration. In 2011 the remuneration for the Executive Board also includes severance pay.

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.

In so far as public servants are concerned, pension contributions paid to the state are expensed. The pension contribution is 26 per cent of the pensionable salary. For other employees, pension contributions are expensed in accordance with collective and individual agreements. Reference is also made to note 26.

5,881	**4,750**		**Average number of full-time employees**	**10,040**	**9,449**
		7	**Depreciation, amortisation and write-downs**		
-	-		Rights acquired	7	3
-	8		Strategic development projects	14	-
38	51		Other development projects	61	43
43	-		Intangible assets in progress	7	43
162	157		Land and buildings	243	231
443	682		Rolling stock	1,171	1,050
172	180		Operating equipment, fixtures and fittings	283	269
-	224		Tangible fixed assets in progress and prepayments	224	-
858	**1,302**		**Total**	**2,010**	**1,639**

Notes to the annual accounts

Parent corporation				Group	
2010	2011	Note	Amounts in DKK million	2011	2010
		8	**Profit/loss after tax in Group companies**		
-84	74		Profit/loss before tax in Group companies	-	-
-60	-43		Tax in Group companies	-	-
-144	**31**		**Profit/loss after tax in Group companies**	**-**	**-**
		9	**Profit/loss after tax in associated companies**		
0	0		Profit/loss before tax in associated companies	-36	-6
0	0		Tax in associated companies	-	2
0	**0**		**Profit/loss after tax in associated companies**	**-36**	**-4**
		10	**Financial income**		
20	17		Interest on outstanding with Group companies	-	-
-	-		Interest on outstanding with associated companies	7	6
63	45		Interest on bank deposits, bonds etc.	49	64
7	5		Dividend	5	7
6	0		Currency exchange gains etc.	2	16
96	**67**		**Total**	**63**	**93**

In 2011 DKK 36 million (2010: 62 million) in interest payment from AnsaldoBreda S.p.A has been recognised.

		11	**Financial expenses**		
317	361		Interest on loan, debt to credit institutions etc.	542	497
0	6		Currency exchange losses etc.	26	42
317	**367**		**Total**	**568**	**539**
		12	**Tax**		
29	206		Change in deferred tax regarding the profit/loss for the year *)	150	-21
29	**206**		**Tax on the profit/loss for the year**	**150**	**-21**
-3	0		Adjustment of tax relating to previous years etc. *)	14	-2
26	**206**		**Total tax**	**164**	**-23**
			Reconciliation of tax rate		
6%	23%		Tax on the profit/loss for the year	16%	-3%
-0%	0%		Adjustment of tax relating to previous years etc.	2%	-0%
6%	**23%**		**Effective tax rate for the year**	**18%**	**-3%**
0	**1**		**Tax paid during the year**	**10**	**9**

*) Tax income in 2011

Notes to the annual accounts

Note Amounts in DKK million

13 Intangible assets

Parent corporation

	Strategic development projects	Other development projects	Intangible assets in progress	Total intangible assets
Cost at 1 January 2011	**-**	**314**	**143**	**457**
Additions			164	164
Transferred	131	66	-51	146
Disposals		0	-74	-74
Cost at 31 December 2011	**131**	**380**	**182**	**693**
Amortisation and write-downs at 1 January 2011	**-**	**-136**	**-43**	**-179**
Amortisation for the year	-3	-51		-54
Write-downs for the year	-5	0		-5
Disposals		0	43	43
Amortisation and write-downs at 31 December 2011	**-8**	**-187**	**0**	**-195**
Carrying amount at 31 December 2011	**123**	**193**	**182**	**498**
Carrying amount at 31 December 2010	-	178	100	278

Group

	Rights acquired	Strategic development projects	Other development projects	Intangible assets in progress	Total intangible assets
Cost at 1 January 2011	**57**	**-**	**375**	**143**	**575**
Additions			7	166	173
Transferred		205	88	-53	240
Disposals			-36	-73	-109
Cost at 31 December 2011	**57**	**205**	**434**	**183**	**879**
Amortisation and write-downs at 1 January 2011	**-3**	**-**	**-144**	**-43**	**-190**
Amortisation for the year	-7	-4	-69	1	-79
Write-downs for the year		-10	0		-10
Disposals			5	43	48
Amortisation and write-downs at 31 December 201	**-10**	**-14**	**-208**	**1**	**-231**
Carrying amount at 31 December 2011	**47**	**191**	**226**	**184**	**648**
Carrying amount at 31 December 2010	54	-	231	100	385

Notes to the annual accounts

Note Amounts in DKK million

14 Tangible assets

Parent corporation	Land and buildings	Rolling stock	Operating equipment, fixtures and fittings	Tangible assets in progress and prepayments	Total tangible assets
Cost at 1 January 2011	**5,493**	**9,226**	**2,559**	**3,595**	**20,873**
Additions	178	281	0	1,392	1,851
Transferred	266	1,325	305	-2,042	-146
Disposals	-423	-413	-628	-17	-1,481
Cost at 31 December 2011	**5,514**	**10,419**	**2,236**	**2,928**	**21,097**
Depreciation and write-downs at 1 January 2011	**-1,844**	**-4,788**	**-1,531**	**-**	**-8,163**
Depreciation for the year	-157	-561	-165		-883
Write-downs for the year		-121	-15	-224	-360
Disposals	147	238	549		934
Depreciation and write-downs at 31 December	**-1,854**	**-5,232**	**-1,162**	**-224**	**-8,472**
Carrying amount at 31 December 2011	**3,660**	**5,187**	**1,074**	**2,704**	**12,625**
Carrying amount at 31 December 2010	3,649	4,438	1,028	3,595	12,710
Cost includes capitalised interest in the amount of	0	47	1	27	75

No public grants for capital investments were received.

-

In pursuance of an agreement concluded between the Ministry of Transport and the Public Transport Authority DSB has, at the request of the Public Transport Authority, procured 10 train sets for leasing to the Public Transport Authority for the operation of the Coast Line/the Øresund traffic. In connection with the financing of the train sets of EUR 76 million DSB has provided the 10 train sets with a carrying amount of DKK 565 million as security.

Prepayments of DKK 1,311 million (2010: DKK 2,246) on non-delivered rolling stock are included in the carrying amount:

Supplier	Rolling stock	DKK million
AnsaldoBreda S.p.A.	IC4 train sets	878
AnsaldoBreda S.p.A.	IC2 train sets	433
Total		**1,311**

Group	Land and buildings	Rolling stock	Operating equipment, fixtures and fittings	Tangible assets in progress and prepayments	Total tangible assets
Cost at 1 January 2011	**8,044**	**19,976**	**3,457**	**3,802**	**35,279**
Foreign currency translation adjustments		4	2		6
Additions	180	415	2	1,546	2,143
Transferred	367	1,343	407	-2,357	-240
Disposals	-405	-500	-452	0	-1,357
Cost at 31 December 2011	**8,186**	**21,238**	**3,416**	**2,991**	**35,831**
Depreciation and write-downs at 1 January 2011	**-2,467**	**-8,958**	**-2,068**		**-13,493**
Depreciation for the year	-232	-1,050	-229		-1,511
Write-downs for the year	-11	-121	-54	-224	-410
Disposals	41	316	374		731
Depreciation and write-downs at 31 December	**-2,669**	**-9,813**	**-1,977**	**-224**	**-14,683**
Carrying amount at 31 December 2011	**5,517**	**11,425**	**1,439**	**2,767**	**21,148**
Carrying amount at 31 December 2010	5,577	11,018	1,389	3,802	21,786
Cost includes capitalised interest in the amount of	0	245	2	31	278

No public grants for capital investments were received.

In pursuance of an agreement concluded between the Ministry of Transport and the Public Transport Authority DSB has, at the request of the Public Transport Authority, procured 10 train sets for leasing to the Public Transport Authority for the operation of the Coast Line/the Øresund traffic. In connection with the financing of the train sets of EUR 76 million DSB has provided the 10 train sets with a carrying amount of DKK 565 million as security.

Prepayments of DKK 1,311 million (2010: DKK 2,246) on non-delivered rolling stock are included in the carrying amount:

Supplier	Rolling stock	DKK million
AnsaldoBreda S.p.A.	IC4 train sets	878
AnsaldoBreda S.p.A.	IC2 train sets	433
Total		**1,311**

Notes to the annual accounts

Note Amounts in DKK million

15 Investments

Parent corporation

	Investments in Group companies	Investments in associated companies	Subordinate loan capital in Group companies	Other investments	Other receivables	Total investments
Cost at 1 January 2011	**2,070**	**0**	**15**	**172**	**363**	**2,620**
Foreign currency translation adjustments	3					3
Additions	785		70		81	936
Disposals	-8			-170	-61	-239
Cost at 31 December 2011	**2,850**	**0**	**85**	**2**	**383**	**3,320**
Value adjustments at 1 January 2011	**1,108**	**0**		**-1**		**1,107**
Foreign currency translation adjustments	-2			0		-2
Profit/loss for the year	31	0				31
Changes in equity	-81					-81
Dividend received	-73					-73
Reversal in connection with sale	-1					-1
Unpaid capital to cover negative balance	111					111
Other adjustments	-381					-381
Value adjustments at 31 December 2011	**712**	**0**		**-1**		**711**
Carrying amount at 31 December 2011	**3,562**	**0**	**85**	**1**	**383**	**4,031**
Carrying amount at 31 December 2010	3,178	0	15	171	363	3,727

Investments in Group companies:

Name	Domicile	Ownership	Share capital	Share of equity Parent corporation
DSB S-tog a/s	Denmark	100%	DKK 500 million	1,907
DSB Ejendomsudvikling A/S	Denmark	100%	DKK 100 million	1,037
Kort & Godt A/S	Denmark	100%	DKK 5 million	1
DSB Vedligehold A/S	Denmark	100%	DKK 28.5 million	435
DSB Rejsekort A/S *)	Denmark	50%	DKK 34 million	62
DSB Øresund A/S **)	Denmark	75%	DKK 668,103	0
DSB Øresund Holding ApS	Denmark	70%	DKK 10 million	0
- DSB Øresund A/S **)	Denmark	25%	DKK 668,103	-
- DSBFirst Sverige AB	Sweden	100%	SEK 10 million	-
CENTOUR A/S	Denmark	51%	DKK 500.000	0
Aktieselskabet af 26. oktober 2010	Denmark	100%	DKK 500,000	0
DSB Århus Nærbane A/S	Denmark	100%	DKK 500,000	0
DSB Sverige AB	Sweden	100%	SEK 5 million	45
- DSB Mälerdalen AB	Sweden	100%	SEK 1 million	-
- Roslagståg AB	Sweden	60%	SEK 12.5 million	-
- T-banebolaget Stockholm AB	Sweden	50%	SEK 100,000	-
- DSB Train Maintenance AB	Sweden	100%	SEK 100,000	-
- DSB Uppland AB	Sweden	100%	SEK 100,000	-
- DSB Småland AB	Sweden	100%	SEK 1.1 million	-
- DSB Väst AB	Sweden	100%	SEK 100,000	-
DSB Norge AS	Norway	100%	NOK 100,000	0
DSB UK Ltd.	England	100%	GBP 40,000	1
DSB Deutschland GmbH	Germany	100%	EUR 25,000	74
- VIAS GmbH ***)	Germany	50%	EUR 25,000	-
- VIAS Logistik GmbH	Germany	100%	EUR 25,000	-
- VIAS DN2011 GmbH ***)	Germany	50%	EUR 25,000	-
- VIAS RB47 GmbH	Germany	100%	EUR 25,000	-
BSD ApS	Denmark	100%	DKK 125,000	0
Total				**3,562**

*) The Group company DSB S-tog a/s owns the remaining 50 per cent of the share capital of DSB Rejsekort A/S.

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

***) Recognised according to the principles of proportionate consolidation.

Notes to the annual accounts

Note **Amounts in DKK million**

15 (cont.) **Investments**

Investments in associated companies

Name	Domicile	Ownership	Share capital	Parent corporation	Group 2011
Rejsekort A/S	Denmark	50.8% *)	TDKK 45,825,4	-	115
Rejseplanen A/S	Denmark	48.4%	TDKK 1,032,8	0	0
Total				**0**	**115**

*) DSB Rejsekort A/S does not have a controlling interest.

Group

	Investments in associated companies	Subordinate loan capital in Group companies	Other investments	Other receivables	Total investments
Cost at 1 January 2011	**98**	**231**	**172**	**499**	**1,000**
Additions	69	6		144	219
Disposals			-170	-91	-261
Cost at 31 December 2011	**167**	**237**	**2**	**552**	**958**
Value adjustments at 1 January 2011	**-18**		**-1**		**-19**
Foreign currency translation adjustments			0		0
Profit/loss for the year	-36				-36
Other adjustments	2				2
Value adjustments at 31 December 2011	**-52**		**-1**		**-53**
Carrying amount at 31 December 2011	**115**	**237**	**1**	**552**	**905**
Carrying amount at 31 December 2010	80	231	171	499	981

Notes to the annual accounts

Parent corporation				Group	
2010	2011	Note	Amounts in DKK million	2011	2010
		16	**Inventories**		
22	16		Fuel for trains	16	22
147	1		Spare parts	253	321
3	3		Sales from shops etc.	71	61
172	**20**		**Total**	**340**	**404**
		17	**Other receivables**		
212	62		Receivables relating to sale of properties	167	366
12	9		Receivables relating to passenger revenues and contract payment	104	72
148	222		Fair value of hedging instruments	217	174
176	118		Other receivables	359	580
548	**411**		**Total**	**847**	**1,192**

A portion of Receivables relating to sale of properties is secured in escrow accounts.

		18	**Prepayments**		
98	84		Prepaid expenses etc.	105	114
124	119		Prepaid salaries and pension contributions (public servants)	119	124
222	**203**		**Total**	**224**	**238**
			-		
		19	**Minority interests**		
			Minority interests at 1 January	**1**	**15**
			Foreign currency translation adjustments	1	-10
			Contributed hybrid capital	35	-
			Share of profit/loss for the year	9	-1
			Change in minority interests' ownership interest	-47	-
			Dividend to minority interests	-5	-3
			Minority interests at 31 December	**-6**	**1**

Minority interests include contributed hybrid capital in the amount of DKK 35 million (2010: DKK 0 million) in the form of a subordinate loan to DSB Øresund Holding ApS. The subordinate loan does not carry interest and ranks after unsecured creditors. There is no obligation to repay the subordinate loan 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.

Notes to the annual accounts

Note Amounts in DKK million

20 Other provisions

	Capital loss in Group companies	Restructuring	Corporation/ company formation	Onerous contracts	Other obligations	Total other provisions
Parent corporation						
Other provisions at 1 January 2011	-	**497**	**5**	**268**	**88**	**858**
Provisions made during the year	111	36		303	24	474
Provisions utilised during the year		-118	-2	-111	-9	-240
Reversed		-9		-157	-10	-176
Other provisions at 31 December 2011	**111**	**406**	**3**	**303**	**93**	**916**
Group						
Other provisions at 1 January 2011		**541**	**5**	**422**	**108**	**1,076**
Provisions made during the year		38		303	57	398
Provisions utilised during the year		-130	-2	-260	-11	-403
Reversed		-9		-162	-23	-194
Other provisions at 31 December 2011		**440**	**3**	**303**	**131**	**877**

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 five years.

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

Corporation/company formation covers costs related to the establishment of the independent public corporation DSB and the foundation of DSB S-tog a/s. The costs include entry of properties into the land register etc. The provisions are expected to be utilised within the coming years.

Onerous contracts concern provisions for loss on transport contracts in Group companies.

Other obligations cover provision for compensation etc. and are expected to be realised within the next 15 years.

Notes to the annual accounts

Parent corporation				Group	
2010	2011	Note	Amounts in DKK million	2011	2010
		21	**Deferred tax liability**		
398	**370**		**Deferred tax liability at 1 January**	**1,423**	**1,417**
2	-50		Adjustment regarding previous years	18	-7
-29	-206		Change in deferred tax relating to the profit/loss for the year	-150	21
-1	-88		Change relating to hedging instruments	-124	-8
370	**26**		**Deferred tax liability at 31 December**	**1,167**	**1,423**
			Deferred tax relates to:		
42	73		Intangible assets	60	23
734	804		Tangible assets	2,041	1,986
31	-5		Current assets	-5	70
-148	-207		Other provisions	-230	-166
-90	-19		Current liabilities	39	-91
-75	-287		Tax loss	-259	-250
-124	-333		Net financing expenses to be carried forward	-479	-149
370	**26**		**Deferred tax liability at 31 December**	**1,167**	**1,423**

22 Non-current liabilities

All foreign currency loans (exclusive of two EUR loans) have been converted into DKK via currency swaps.

In the Group DKK 3,600 million of the debt portfolio was raised without state guarantee (2010: DKK 3,131 million). In the parent corporation DKK 3,100 of the debt portfolio was raised without state guarantee (2010: DKK 3.131 million). The remaining loans are all guaranteed by the Danish state, to which a guarantee commission is payable.

After conversion into Danish kroner the total principal falls due in the following periods:

2010	2011	Note	Amounts in DKK million	2011	2010
29	709		Under 1 year	1,661	1,166
3,930	4,478		Year(s) 1-5	6,662	6,364
2,672	1,703		After 5 years	2,342	3,515
6,631	**6,890**		**Principal after conversion into DKK**	**10,665**	**11,045**
6,897	7,291		Carrying amount at 31 December	11,051	11,058
		23	**Other liabilities**		
577	588		Staff related liabilities etc.	942	818
493	740		Fair value of hedging instruments	1,053	756
579	747		Other liabilities	1,013	797
1,649	**2,075**		**Total**	**3,008**	**2,371**

Staff related liabilities etc. include pension contributions for public servants to the Agency for the Modernisation of Public Administration.

2010	2011	Note	Amounts in DKK million	2011	2010
		24	**Deferred income**		
125	132		Sold, but unused tickets	236	226
77	74		Financial instruments	135	146
292	211		Other	223	293
494	**417**		**Total**	**594**	**665**

Notes to the annual accounts

Note **Amounts in DKK million**

25 **Financial risks and financial instruments in the Group**

As a consequence of its operations, investments and financial exposure, the DSB Group is exposed to changes in interest rates, raw materials and foreign exchange risks. The financial management of the Group aims to control the financial risks in this

The general framework for the financial risk management is laid down in the Group's financial policy which is approved by the Board of Directors. The DSB Group has centralised the management of financial risks. The financial strategy comprises the Group's liquidity, financing, interest rate, raw materials price, foreign exchange and credit risks in relation to financial counterparties. The strategy also includes a description of approved financial instruments and exposure limits.

The purpose of financial hedging is to limit and control the impact of financial fluctuations on the profit.

The DSB Group employs a capital management system to control financial positions relating to financial instruments etc. The management regularly supervises the Group's risk exposure.

There are no material changes in the Group's risk exposure or risk management compared with 2010.

Liquidity risks
It is the Group's strategy to always have sufficient capital reserves available. The Group aims to always have a liquidity reserve corresponding 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 Group's liquidity reserve consists of liquid funds and the possibility of utilising bank facilities. When raising loans, the Group aims to ensure as much flexibility as possible through diversifying the loans in terms of maturity dates and counterparties.

At 31 December 2011 the Group has concluded agreements regarding confirmed bank facilities of DKK 5,372 million to expire during the period 2012-2016 (2010: DKK 2,872 million to expire in the period 2011-2014). The undrawn value hereof is DKK 3,822 million (2010: DKK 2,222 million).

The Group's financial liabilities fall due as follows:

	Carrying amount	Total contractual cash flows	Under 1 year	Year(s) 1-5	After 5 years
At 31 December 2011					
Non-derivatives	-				
Long-term loans - excl. short-term	9,407	11,258	0	7,721	3,537
Short-term portion of long-term loans	1,638	1,945	1,945	0	0
Short-term loans	1,050	1,052	1,052	0	0
Credit institutions	481	481	481	0	0
Trade accounts payable	1,061	1,061	1,061	0	0
Total non-derivatives	**13,637**	**15,797**	**4,539**	**7,721**	**3,537**
Derivatives					
Interest rate and currency swaps	587	581	181	91	309
Other financial instruments	5	9	-2	11	0
Total derivatives	**592**	**590**	**179**	**102**	**309**
Total financial instruments	**14,229**	**16,387**	**4,718**	**7,823**	**3,846**
At 31 December 2010					
Non-derivatives					
Long-term loans - excl. short-term	10,057	12,328	0	7,484	4,844
Short-term portion of long-term loans	995	1,329	1,329	0	0
Short-term loans	650	651	651	0	0
Credit institutions	607	607	607	0	0
Trade accounts payable	865	865	865	0	0
Total non-derivatives	**13,174**	**15,780**	**3,452**	**7,484**	**4,844**
Derivatives					
Interest rate and currency swaps	546	974	330	225	419
Other financial instruments	-18	-16	-22	6	0
Total derivatives	**528**	**958**	**308**	**231**	**419**
Total financial instruments	**13,702**	**16,738**	**3,760**	**7,715**	**5,263**

Conditions for maturity analysis:
· All agreements regarding financial instruments entered into at 31 December 2011 (2010) are included in the analysis.
· All cash flows are undiscounted and include estimated interest payments based on the current market conditions.
· Cash flows from derivatives are presented gross, unless the counterparty has a right or an obligation to settle them net.
· Foreign currencies are converted into Danish kroner using the exchange rates of Danmarks Nationalbank at 31 December 2011 (2010).

Notes to the annual accounts

Note Amounts in DKK million

25 (cont.) Financial risks and financial instruments in the Group

Market risks

Interest rate risks

As a consequence of financing activities the Group 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. It is the Group's strategy to convert all loans so that the Group 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.

The Group's liquid funds are not tied-up.

In pursuance of the financial strategy, the DSB Group is required to have a 12-month interest rate sensitivity of maximum DKK 50 million (at an interest rate change of one percentage point), a duration of the debt portfolio of between two and seven years and minimum 50 per cent of its debt portfolio is required to have a fixed interest.

In pursuance of the Group's risk policy the weighed average duration of the Group's net debt was 4.3 years at 31 December 2011 (2010: 4.7 years). The Group has converted 73 per cent of its net financial liabilities into fixed-interest liabilities at 31 December 2011 (2010: 72 per cent). The Group's floating-rate debt is adjusted regularly over the year.

Change in fair values

An increase in the level of interest rates of 1 per cent p.a. compared with the interest rate level of the balance sheet date would have had a total, positive hypothetical impact on the profit before tax of DKK 0 million (2010: DKK 5 million) and on the equity before tax of DKK 212 million (2010: 178 million). A fall in the level of interest rates would have had a corresponding negative impact.

Floating-rate assets and liabilities

For the Group's floating-rate liquid funds, debt and derivatives an increase in the level of interest rates of 1 per cent p.a. compared with the interest rate level of the balance sheet date would have had a hypothetical negative impact on the profit for the year before tax and equity before tax of DKK 33 million (2010: DKK 35 million). A decline in the level of interest rates would have had a corresponding positive

Conditions for sensitivity analysis:
· Based on recognised financial assets and liabilities at 31 December 2011 (2010).
· The expected sensitivity is calculated according to a parallel shift of the level of interest rates at the balance sheet date by 1 percentage point.

Raw materials price risks

The DSB Group uses fuel and electricity for its operations, which expose the Group to price risks. Minimum 50 per cent of the exposure must be hedged for the budget year. 100 per cent of the energy price risk may also be hedged for 24 months ahead and 50 per cent for up to five years ahead. The hedging is carried out through conclusion of raw materials price swap agreements. At 31 December 2011 the following hedging of the electricity consumption had been carried out: 50 per cent for 2012, 35 per cent for 2013, 11 per cent for 2014 and 2 per cent for 2015 (2010: 59 per cent for 2011, 25 per cent for 2012, 18 per cent for 2013 and 12 per cent for 2014). Correspondingly, 72 per cent of the fuel consumption for 2012 and 31 per cent for 2013 have been hedged (2010: 90 per cent for 2011).

DSB's affiliated companies can hedge their energy price risks through intragroup transactions with DSB's Group Finance. Group Finance can then hedge the Group's open energy price risks through opposing transactions on the financial markets.

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

	Nominal		Sensitivity		
	Next year's expected consumption of raw materials	Raw materials contracts	Likely change in energy price	Hypothetical impact on profit before tax	Hypothetical impact on equity before tax
At 31 December 2011					
Raw material - fuel	58.088 tons	60.000 tons	10%	0	26
Raw material - electricity	339.252 mWh	260.880 mWh	10%	0	10
At 31 December 2010					
Raw material - fuel	56.652 tons	49.200 tons	10%	0	23
Raw material - electricity	464.927 mWh	235.392 mWh	10%	0	11

Conditions for sensitivity analysis:
· Financial instruments which are recognised at 31 December 2011 (2010).
· Based on all transport contracts concluded at 31 December 2011 (2010).

Notes to the annual accounts

Note Amounts in DKK million

25 (cont.) Financial risks and financial instruments in the Group

Foreign exchange risks
In pursuance of the Group's strategy, foreign exchange risks on recognised financial assets and liabilities are hedged in such a way that minimum 75 per cent of the risk is in Danish kroner. 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 Group's most important foreign exchange exposures concern loans raised in GBP, EUR, USD, NOK, JPY and SEK. Foreign exchange risks are hedged by means of derivatives, currency swaps. Based on this hedging of foreign exchange risks, the DSB Group is not exposed to any significant foreign exchange risks from financing activities.

Other booked positions represent an immaterial part of the Group's currency exposure and future cash flow in foreign currencies is calculated for the coming 12 months, of which an average of 4-8 months is hedged.

The DSB Group has train operations abroad through local Group companies. By concluding internal currency transactions with DSB's Group Finance, the Group companies' most important foreign exchange risks are hedged. DSB's Group Finance can then hedge the Group's open foreign exchange exposure through opposing transactions on the financial markets.

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

DSB has foreign exchange risks in connection with SEK as a consequence of its Swedish Group companies which operate under transport contracts in Sweden and a contract concluded regarding maintenance of the Swedish Øresund train sets. DSB calculates the Group's net exposure and hedging of the future cash flow is effected according to the above principle.

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, the Group has no material foreign exchange risks.

Notes to the annual accounts

Note **Amounts in DKK million**

Financial risks and financial instruments in the Group

25 (cont.)

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

	Nominal position in local currency				Sensitivity in DKK		
	Total liquid funds and receivables	Financial liabilities (not derivatives)	Derivatives to hedge future cash flows	Total	Change in exchange rate	Hypothetical impact on profit before tax	Hypothetical impact on equity before tax
At 31 December 2011							
NOK	2	-3,051	3,050	1	10.0%	0	32
USD	0	-367	367	0	10.0%	0	196
SEK	-26	-3,248	3,200	-74	10.0%	-6	13
GBP	0	-32	32	0	10.0%	0	0
JPY	0	-23,000	23,000	0	10.0%	0	0
CHF	0	-50	50	0	10.0%	0	4
EUR	3	-130	0	-127	0.5%	-5	0
At 31 December 2010							
NOK	9	-2,951	2,950	8	10.0%	1	41
USD	-1	-310	304	-7	10.0%	-4	161
SEK	131	-3,565	3,530	96	10.0%	8	18
GBP	0	-90	90	0	10.0%	0	0
JPY	0	-	23,000	23,000	10.0%	0	0
CHF	-1	-50	50	-1	10.0%	0	5
EUR	1	-141	0	-140	0.5%	-5	0

Conditions for sensitivity analysis:
· Unchanged levels of prices and interest rates.
· Financial instruments recognised at 31 December 2011 (2010).

Credit risks
The Group's credit risks partly relate to receivables and liquid funds and partly to derivatives with a positive fair value recognised under Receivables.

It is the Group's policy that all major customers and other partners undergo regular credit rating. The credit line is fixed based on the credit worthiness of the customers and the counterparties.

In pursuance of the Group's financial strategy, new derivatives may only be concluded with counterparties with a long-term rating of minimum A-/A3 from S&P/Moody's.

The Group does not have any material risks relating to individual private customers or partners. Historically the Group has had relatively small losses as a consequence of non-payment by customers or counterparties.

Notes to the annual accounts

Note **Amounts in DKK million**

25 (cont.) **Financial risks and financial instruments in the Group**

Ageing of receivables:

	Value at 31.12.2011	Security received	Write-down	Maturity date: Under 1 year	Maturity date: Year(s) 1 - 5	Maturity date: After 5 years
Trade receivables, excluding fines to passengers travelling without a valid ticket	360	0	34	34	0	0
Receivables regarding derivative financial contracts	769	179	0	17	753	0
Cash surplus	24	0	0	24	0	0
Subordinate loan capital in associated company	237	0	0	0	269	0
Receivables from associated companies	-	0	0	0	0	0
Other receivables	463	0	0	463	0	0
Receivables from sale of properties	167	90	0	167	0	0

Conditions for sensitivity analysis:
· All cash flows are based on the present market conditions.

There are no overdue receivables regarding derivative financial contracts at 31 December 2011.

Receivables from derivatives are distributed on six counterparties, the largest receivable being DKK 370 million. All the Group's counterparties have a credit rating of "Investment Grade".

-

In pursuance of contracts with financial counterparties, the DSB Group has access to offset exposure in financial contracts with the same counterparty. The table shows the Group's gross receivables. Receivables from derivatives, cash surplus and deposits are DKK 883 million at 31 December 2011 (2010: DKK 1,046 million). If the Group's access to offsetting exposure in financial contracts with financial counterparties are recognised, the receivables from these three items are DKK 159 million at 31 December 2011 instead (2010: DKK 248 million).

The Group has not received any security regarding Trade receivables.

Methods and conditions for calculating fair values

Derivatives
Raw materials, interest rate and currency swaps are measured according to the new present value method by discounted cash flow based on relevant observable market rates, prices and foreign exchange rates.

All financial instruments measured at fair value in the balance sheet are classified according to a fair value hierarchy with three levels. In this, financial instruments are classified according to the method used to calculate the fair value. This means that the fair value must be calculated based on quoted prices on active markets (level 1), observable input (level 2) and non-observable input (level 3). All the DSB Group's financial instruments measured at fair value in the balance sheet are calculated according to observable input, corresponding to level 2 in the fair value hierarchy.

Other financial instruments
Financial instruments regarding sale and purchase of goods etc. with short credits are assessed to have a fair value corresponding to the carrying amount.

Notes to the annual accounts

Note Amounts in DKK million

25 (cont.) Financial risks and financial instruments in the Group

Hedge accounting

The Group uses derivatives with the sole purpose of hedging financial risks from financial instruments and operating activities. The Group's financial management is consequently only aimed at controlling and reducing the financial risks which are a direct consequence of the Group's operations, investment and financing.

Hedging of cash flows

The Group uses interest rate and currency swaps to hedge risks relating to the variability of cash flows as a consequence of fluctuations in the level of interest rates and foreign exchange rates.

To hedge the variability of cash flows caused by fluctuations in raw materials prices, the Group uses raw materials price swap agreements.

The effective part of the fair values of the raw materials price, currency and interest rate swap agreements at 31 December 2011 used for and complying with the conditions for hedge accounting for future transactions is recognised directly in equity until the hedged transactions are realised and consequently recognised in the profit and loss account.

Hedge accounting:

	Notional principal amount	Value adjustment recognised in equity	Fair value	Term to maturity
At 31 December 2011				
Foreign exchange and interest rate risks				
USD	1,747	-204	-306	0-7 year(s)
GBP	283	-18	-57	0-4 year(s)
NOK	575	-7	0	0-1 year
EUR	849	-83	-83	0-29 year(s)
Total foreign exchange and interest rate risks	**3,454**	**-312**	**-446**	
Foreign exchange risks				
SEK	2,669	-173	-4	0-3 year(s)
JPY	1,706	-289	-114	0-29 year(s)
CHF	306	-8	45	0-4 year(s)
NOK	2,349	-161	-36	0-5 year(s)
Total foreign exchange risks	**7,030**	**-631**	**-109**	
Interest rate risks				
Floating rate	500	-31	-31	0-5 year(s)
Total interest rate risks	**500**	**-31**	**-31**	
Raw materials price risks				
Price of electricity	102	-16	-16	0-4 year(s)
Price of fuel	57	16	16	0-1 year
Total raw materials price risks	**159**	**0**	**0**	
At 31 December 2010				
Foreign exchange and interest rate risks				
USD	1,705	-110	-251	0-8 year(s)
GBP	849	-32	-258	0-5 year(s)
NOK	572	-14	-11	0-2 year(s)
EUR	895	-60	-60	0-3 year(s)
Total foreign exchange and interest rate risks	**4,021**	**-216**	**-580**	
Foreign exchange risks				
SEK	2,919	-61	92	0-4 year(s)
JPY	1,584	-159	-93	0-30 year(s)
CHF	299	1	47	0-5 year(s)
NOK	2,240	-119	-4	0-6 year(s)
Total foreign exchange risks	**7,042**	**-338**	**42**	
Raw materials price risks				
Price of electricity	98	12	12	0-4 year(s)
Price of fuel	36	25	25	0-1 year
Total raw materials price risks	**134**	**37**	**37**	

All financial instruments included in cash flow hedging are tested for effectiveness.

Ineffectiveness of cash flow hedging of interest rate and currency swaps recognised in the profit and loss account for 2011 amounts to DKK 0 million (2010: DKK 0 million).

The ineffectiveness of cash flow hedging of raw materials price swap agreements recognised in the profit and loss account for 2011 amounts to DKK 0 million (2010: DKK 0 million).

Notes to the annual accounts

Parent corporation				Group	
2010	2011	Note	Amounts in DKK million	2011	2010
		26	**Contingent assets, contingent liabilities and other financial commitments**		
375	368		Contingent assets	374	375
9,264	9,199		Contingent liabilities	9,318	9,302
1,565	1,106		Other financial commitments	1,111	1,623

Contingent assets primarily concern the discount received by DSB until year-end 2012 in connection with purchase of spare parts and services from AnsaldoBreda of up to DKK 500 million. At year-end 2011 DKK 371 million (2010: DKK 375 million) was outstanding. The discounts received are used for KTT activities. Please also see note 1.

Contingent liabilities mainly include costs in connection with DSB's obligations under section 32 of the Danish Public Servants Act concerning availability pay for which DSB is liable under the Act on the Independent Public Corporation DSB and on DSB S-tog A/S. The maximum liability amounts to DKK 7.506 million (2010: DKK 8.043 million) for public servants employed by DSB.

DSB pays an ongoing pension contribution 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 an adjustment of the contributions in the form of an additional payment to or from the state at the time of retirement.

The Agency for the Modernisation of Public Administration (formerly the State Employer's Authority) which manages the public servant schemes on behalf of the state did in 2011 notify DSB that the contribution rate will be increased to 26 per cent of the public servants' pensionable salary with effect from 2010 and onwards. The adjusted contributions appear from the Finance Act for 2012. The consequence of this adjustment is recognised as a liability under Other debt totalling DKK 143 million. It is DSB's opinion that DSB does subsequently not have any retrospective adjustment obligations to neither public servants who have already retired nor public servants who are still active.

Contingent liabilities include guarantees of a total of DKK 434 million (2010: DKK 299 million) for DSB's Group companies. They are operating guarantees to the awarding authorities and guarantees to the lessor in connection with a train lease.

Commitments relating to the leasing of rolling stock total DKK 857 million (2010: DKK 526 million) of which DKK 265 million falls due in 2012 and DKK 592 million in the years 2013-2017.

Other financial liabilities primarily consist in contracts regarding investments in tangible assets. The purchase obligation relating to IC2 and IC4 train sets was calculated to total DKK 701 million (2010: DKK 1,059 million) at 31 December 2011.

The Group's Danish companies are jointly and severally liable for tax on the consolidated taxable income up to and including 2004. When, as the administration company, DSB receives payment from the jointly taxed companies in the Group, DSB assumes liability for the payment.

DSB, DSB S-tog a/s, Kort & Godt A/S, DSB Ejendomsudvikling A/S, DSB Vedligehold A/S and Aktieselskabet af 26. oktober 2010 are jointly registered for VAT and payroll cost purposes and are jointly and severally liable for payment of the Danish corporation's and companies' aggregate VAT and payroll tax liabilities.

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 in the period until 2013. 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 a significant effect on the corporation's financial position.

In 2009 DSB undertook to invest up to DKK 1,000 million in parking facilities etc. 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 itself to financing DKK 720 million. At 31 December 2011 DSB had sold vacant sites for DKK 189 million and had invested and paid costs for operations totalling DKK 73 million.

Notes to the annual accounts

Note	Amounts in DKK million		Group 2011	Group 2010
27	**Related parties**	**Basis**		
	The Ministry of Transport	100 per cent owner		
	Board of Directors and Executive Board	Management control		

The DSB Group's transactions with the Ministry of Transport and related agencies and institutions (primarily the Public Transport Authority and Rail Net Denmark) comprise:

	2011	2010
Revenues		
Revenue from transport contracts	4,114	3,893
Bonus relating to transport contracts	14	10
Traffic revenues	7	7
Rental income and sale of repair work, goods and other services	236	192
Expenses etc.		
Infrastructure charges	645	664
Punctuality bonus to Rail Net Denmark	0	1
Guarantee commission to the Danish state	11	12

The above purchases of services are stated inclusive of the non-deductible share of input VAT.

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.

Notes to the annual accounts

Note

28 Accounting for compensation from AnsaldoBreda S.p.A.

In 2009 DSB concluded an agreement with AnsaldoBreda S.p.A. regarding compensation in connection with the contract to supply IC4 and IC2 train sets. The total compensation is DKK 2,250 million, of this DKK 1,750 million was received in cash during the period 2005-2010. The remaining DKK 500 million will be received in the form of discounts on future purchases of spare parts and services from AnsaldoBreda.

The compensation is divided into interest on pre-payments, a reduction of the agreed purchase price and other compensation based on the allocation model for accounting purposes determined by the management.

At year-end 2011 accrued interest was recognised in the balance sheet at DKK 12 million (2010: 48 million) and accruals relating to additional costs in the period up to final delivery at a total of DKK 147 million (2010: DKK 237 million). Also included is compensation for completion costs offset in the cost of the assets. The overall positive impact on operations in 2011 totals DKK 125 million in the form of interest and other compensation (2010: DKK 229 million).

Notes to the annual accounts

Note

29 Significant accounting uncertainty regarding write-downs and provisions relating to DSBFirst Øresund and other Swedish companies

2010:
At year-end 2010 DSBFirst Øresund comprising DSB Øresund Holding ApS (formerly DSBFirst ApS), DSB Øresund A/S (formerly DSBFirst Danmark A/S) and DSBFirst Sverige AB was in a serious financial situation. DSB's management launched an in-dept analysis of DSBFirst Øresund's finances and an audit of the business plan, including an assessment of any state aid issues. Against this background write-downs and provisions were made of a total of DKK 725 million before tax.

2011:
In 2011 it was agreed with the transport purchaser in Sweden that the transport contract should terminate in December 2011 and the operator role be transferred to Veolia Transport Sverige. The plan is for DSBFirst Sverige AB to be wound up in 2012.

In mid-2011 new capital was contributed to DSBFirst Øresund.

In 2011 DSB's management carried out detailed analyses of any state aid issues in relation to transactions carried out in 2010. The sales price of the intragroup transfer of the maintenance activities at Helgoland was reassessed in 2011 and the price of goodwill was reduced from DKK 80 million to a reassessed market price of DKK 38 million. In relation to the risk of potential state aid regarding intragroup balances and interest thereon, the management is of the opinion that in such case DSBFirst Sverige AB was the party benefiting from it. Against this background the management believes that the potential state aid issues have been appropriately addressed and further negative impact is not expected in this regard.

A provision of DKK 511 million was made in the annual accounts for 2010 regarding DSBFirst Øresund. In 2011 DKK 289 million of these provisions were utilised to cover an operating loss in DSBFirst Sverige and DSBFirst Danmark until the restructuring. The remaining provision was subsequently reassessed, which led to a total net income in 2011 of DKK 222 million before tax.

In 2011 DSB experienced an unsatisfactory financial development in DSB Väst AB, DSB Småland AB and DSB Uppland AB, which all realised substantial operating losses. The companies began their operator activities in December 2010 or later. The management has reassessed the business plans for the three companies and is of the opinion that there is a considerable potential for carrying out operational improvements.

However, for DSB Väst AB the assessment is that the transport contracts will not become profitable and, therefore, DSB has launched further measures to make plans for a long-term solution. As a consequence, DSB has made total provisions and write-downs regarding DSB Väst AB in the amount of DKK 303 million based on an assessment of risks and DSB's present financial involvement. The assessments made are subject to uncertainty as the outcome of the measures and the plans in this regard will have a significant impact on the future financial development.

In so far as DSB Småland AB and DSB Uppland AB are concerned, the future financial development is also subject to uncertainty, but the companies' transport contracts are not found to be onerous at this point in time.

Note Amounts in DKK million

30 Segmental reporting - primary segment

Segmental disclosures are provided for business segments corresponding to the breakdown into major geographic and business entities. The segmental disclosures are in accordance with the Group's accounting policies, risks and internal management reporting.

In the DSB Group intragroup transactions have been eliminated.

	Long-distance & regional trains	S-tog	DSBFirst Øresund	DSB Vedligehold	Kort & Godt	Other incl. Eliminations	Sweden	Other countries	The DSB Group
2011									
Passenger revenues	3,280	1,205	2	-	-	-	-	-	4,487
Revenue from transport contracts	1,215	1,248	883	-	-	1,197	609	211	5,363
Sales from shops etc.	43	-	-	-	944	-171	-	-	816
Sales of repair and maintenance of rolling stock etc.	85	-	97	1,736	-	-1,749	-	-	169
Leasing of rolling stock	231	-	-	-	-	-	-	-	231
Other operating income and work performed by the enterprise	240	103	143	16	10	435	56	16	1,019
Total revenues	5,094	2,556	1,125	1,752	954	-288	665	227	12,085
Total expenses	4,668	1,513	1,126	1,705	972	-585	772	221	10,392
Profit/loss before depr., amort. and write-downs	426	1,043	-1	47	-18	297	-107	6	1,693
Depreciation, amortisation and write-downs	965	634	0	44	10	337	13	7	2,010
Operating profit/loss	-539	409	-1	3	-28	-40	-120	-1	-317
Total net financials	-190	-221	11	-3	-7	-115	-24	8	-541
Profit/loss before tax	**-729**	**188**	**10**	**0**	**-35**	**-155**	**-144**	**7**	**-858**
2010									
Passenger revenues	3,232	1,096	1	-	-	-	-	-	4,329
Revenue from transport contracts	1,115	1,281	757	-	-	1,116	198	83	4,550
Sales from shops etc.	47	-	-	-	888	-166	-	-	769
Sales of repair and maintenance of rolling stock etc.	113	-	133	1,564	-	-1,673	-	-	137
Leasing of rolling stock	187	-	-	-	-	-	-	-	187
Other operating income and work performed by the enterprise	333	104	184	69	18	758	10	11	1,487
Total revenues	5,027	2,481	1,075	1,633	906	35	208	94	11,459
Total expenses	4,350	1,503	1,182	1,518	885	191	201	91	9,921
Profit/loss before depr., amort. and write-downs	677	978	-107	115	21	-156	7	3	1,538
Depreciation, amortisation and write-downs	504	576	158	39	14	343	1	4	1,639
Operating profit/loss	173	402	-265	76	7	-499	6	-1	-101
Total net financials	-133	-223	0	-5	-6	-83	0	0	-450
Profit/loss before tax	**40**	**179**	**-265**	**71**	**1**	**-582**	**6**	**-1**	**-551**

Notes to the annual accounts

Note **Amounts in DKK million**

31 **Financial highlights for the profit and loss account**

	2011				2010			
Amounts in DKK million	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Passenger revenues	1,025	1,183	1,075	1,204	1,005	1,156	1,020	1,148
Revenue from transport contracts	1,298	1,306	1,374	1,385	1,116	1,170	1,152	1,112
Sales from shops etc. 1)	185	212	210	209	183	202	188	196
Sale of repair and maintenance of rolling stock	39	28	20	82	26	26	44	41
Leasing of rolling stock	57	58	58	58	42	45	48	52
Net turnover	**2,604**	**2,787**	**2,737**	**2,938**	**2,372**	**2,599**	**2,452**	**2,549**
Work performed by the enterprise and capitalised	154	133	138	109	151	167	137	183
Other operating income etc. 1)	108	84	80	213	155	242	143	309
Total revenues	**2,866**	**3,004**	**2,955**	**3,260**	**2,678**	**3,008**	**2,732**	**3,041**
Total expenses 1)	**2,394**	**2,504**	**2,502**	**2,992**	**2,199**	**2,384**	**2,241**	**3,097**
Profit/loss before depreciation, amortisation and write-down	**472**	**500**	**453**	**268**	**479**	**624**	**491**	**-56**
Depreciation, amortisation and write-downs 1)	380	417	720	493	348	350	375	566
Operating profit/loss	**92**	**83**	**-267**	**-225**	**131**	**274**	**116**	**-622**
Total net financials	-110	-132	-175	-124	-109	-113	-105	-123
Profit/loss before tax	**-18**	**-49**	**-442**	**-349**	**22**	**161**	**11**	**-745**
Profit/loss for the period	**-15**	**-34**	**-319**	**-326**	**17**	**120**	**9**	**-720**
Equity	**6,542**	**6,413**	**5,780**	**5,119**	**7,239**	**7,072**	**6,963**	**6,613**
Operating profit margin	18.1%	17.9%	16.6%	9.1%	20.2%	24.0%	20.0%	-2.2%
Return on equity p.a.	-0.9%	-2.1%	-20.9%	-24.1%	0.9%	6.7%	0.5%	-42.3%
Return on invested capital after tax (ROIC after tax) p.a.	1.5%	1.4%	-4.1%	-5.3%	2.1%	4.4%	1.9%	-13.3%

1) Comparative figures have been restated pursuant to the Group's accounting policies.

Other key figures

	2007	2008	2009	2010	2011
Number of customers (thousands)					
East [1]	37,060	24,839	24,469	24,168	24,974
West	13,925	14,008	13,941	14,425	15,207
East - West	8,103	8,293	8,175	8,370	8,652
Other [2]	10,335	1,016	917	879	805
Long-distance and regional train traffic	**69,423**	**48,156**	**47,502**	**47,842**	**49,638**
S-trains	89,052	90,943	92,035	92,995	100,554
DSBFirst Øresund DK	-	25,647	25,876	25,285	24,632
DSBFirst Øresund SE [3]	-	-	25,895	28,145	24,864
Eliminations	-	-	-11,112	-10,429	-10,060
Roslagsbanan	10,455	10,886	11,072	10,038	9,859
Krösatåg [4]	-	-	-	70	867
Västtrafik [4]	-	-	-	635	12,403
Upptåget [5]	-	-	-	-	2,275
VIAS [6]	-	-	-	1,600	4,000
Total number of train journeys	**168,930**	**175,632**	**191,268**	**196,181**	**219,032**

Note 1: In 2007 the part of the Øresund transport relating to the Coast and Kastrup Lines etc. is included in long-distance and regional trains
Note 2: Others include Øresund transport (2007), IC Bornholm and International.
Note 3: Veolia is the new operator at 11 December 2011.
Note 4: Operations were taken over at 12 December 2010.
Note 5: Operations were taken over at 12 June 2011.
Note 6: From 1 April 2010.

	2007	2008	2009	2010	2011
Passenger kilometres (million)					
East [1]	1,420	997	1,088	1,051	1,137
West	836	835	827	923	938
East - West	1,941	1,974	1,944	2,039	2,122
Other [2]	438	203	172	171	197
Long-distance and regional train traffic	**4,635**	**4,009**	**4,120**	**4,184**	**4,394**
S-trains	1,080	1,084	1,097	1,108	1,207
DSBFirst Øresund DK	-	750	531	506	493
DSBFirst Øresund SE [3]	-	-	1,393	1,329	1,174
Roslagsbanan	125	131	132	127	125
Krösatåg [4]	-	-	-	3	90
Västtrafik [4]	-	-	-	19	2,347
Upptåget [5]	-	-	-	-	148
VIAS [6]	-	-	-	34	124
Total passenger kilometres	**5,840**	**5,974**	**7,273**	**7,310**	**10,102**

Note 1: In 2007 the part of the Øresund transport relating to the Coast and Kastrup Lines etc. is included in long-distance and regional trains
Note 2: Others include Øresund transport (2007), IC Bornholm and International.
Note 3: Veolia is the new operator at 11 December 2011.
Note 4: Operations were taken over at 12 December 2010.
Note 5: Operations were taken over at 12 June 2011.
Note 6: From 1 April 2010.

	2007	2008	2009	2010	2011
Production (in thousands of train kilometres)					
Regional traffic - East [1]	11,249	7,897	7,685	8,132	8,029
Regional traffic - West	9,419	9,505	9,058	9,214	8,909
Long-distance traffic [2]	17,434	18,153	18,857	19,251	19,931
International trains [3]	1,226	1,257	1,316	1,328	1,325
Long-distance and regional train traffic	**39,328**	**36,812**	**36,916**	**37,925**	**38,194**
S-trains	14,947	15,286	15,471	14,661	15,180
DSBFirst Øresund DK	-	4,362	4,507	4,708	4,782
DSBFirst Øresund SE [4]	-	-	10,719	11,608	10,483
Roslagsbanan	2,455	2,317	2,400	2,824	3,034
Krösatåg [5]	-	-	-	120	2,200
Västtrafik [5]	-	-	-	524	8,800
Upptåget [6]	-	-	-	-	1,423
VIAS [7]	-	-	-	1,770	4,276
Total train kilometres	**56,730**	**58,777**	**70,013**	**74,140**	**88,372**

Note 1: Regional traffic - East includes Øresund transport in 2007.
Note 2: Long-distance traffic in Denmark includes IC Bornholm in Denmark.
Note 3: International trains in Denmark, IC Bornholm in Sweden and charter trains abroad.
Note 4: Veolia is the new operator at 11 December 2011.
Note 5: Operations were taken over at 12 December 2010.
Note 6: Operations were taken over at 12 June 2011.
Note 7: From 1 April 2010.

Other key figures

	2007	2008	2009	2010	2011
Rolling stock in operation [1)]					
IC3 train sets	96	96	96	96	96
IC4 train sets [2)]	3	8	16	33	55
IR4 train sets	44	44	24	24	24
Øresund train sets	24	24	1	1	1
MR train sets	65	65	65	65	65
Leased Desiro train sets	12	12	12	12	20
Leased ICE-TD	-	10	13	13	13
DSBFirst, Øresund train sets [3)]	-	-	84	91	97
DSBFirst, IR4 train sets	-	-	20	20	20
Diesel locomotives - ME	36	35	35	36	36
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	29	33	33	33	30
Krösatåg - Diesel train sets	-	-	-	15	16
Västtrafik - Electric train sets	-	-	-	60	63
Upptåget - Electric train sets	-	-	-	-	11
VIAS - Electrical train sets	-	-	-	43	43
Shunting locomotives/tractors	14	14	14	16	16
Leased double-decker coaches	67	67	112	112	112
Passenger coaches	122	127	60	-	-
Couchettes	8	8	-	-	-

Note 1: Rolling stock included in the DSB Group's ongoing operations at 31 December 2011.
Note 2: Number of IC4 train sets delivered from AnsaldoBreda.
Note 3: The 97 train sets consist of 31 train sets used in Denmark and 66 train sets in a joint pool shared by Veolia (at 11 December 2011) and DSB. Operations are divided at the national border.

	2007	2008	2009	2010	2011
Railway stations operated	**301**	**287**	**310**	**520**	**478**
- Long-distance stations, incl. joint stations	**160**	**160**	**155**	**155**	**155**
- Long-distance stations in Denmark with seasonal stops	**4**	**4**	-	-	-
- Stations outside Denmark with seasonal stops	**23**	**9**	-	-	-
- S-train incl. joint stations	85	85	85	85	85
- S-train joint stations with long-distance and regional trains	-10	-10	-9	-9	-9
- S-train excl. joint stations	**75**	**75**	**76**	**76**	**76**
- Stations in Sweden operated by Roslagsbanan	**39**	**39**	**38**	**38**	**38**
- Stations in Sweden operated by DSBFirst	-	-	**41**	**42**	-
- Stations in Sweden operated by Krösatåg	-	-	-	**48**	**48**
- Stations in Sweden operated by Västtrafik	-	-	-	**98**	**98**
- Stations in Sweden operated by Upptåget	-	-	-	-	**16**
- Stations in Germany operated by VIAS	-	-	-	**63**	**63**
Km line operated by DSB in Denmark	**1,711**	**1,711**	**1,688**	**1,668**	**1,668**
Km line operated by DSB in Sweden	**141**	**141**	**792**	**2,301**	**1,787**
Km line operated by DSB in Germany	-	-	-	**979**	**979**

Other key figures

	2007	2008[2)]	2009	2010	2011
Average number of full-time employees					
DSB	6,846	6,434	5,974	5,881	4,750
- of this social commitment [1)]	168	149	129	117	131
DSB S-tog a/s	1,829	1,335	1,367	1,339	1,105
- of this social commitment [1)]	22	15	19	15	13
Kort & Godt A/S (formerly DSB Detail A/S)	159	934	839	738	770
- of this social commitment [1)]	-	29	32	16	12
DSB Vedligehold A/S	-	-	-	-	1,372
- of this social commitment [1)]	-	-	-	-	26
DSB Sverige AB	170	195	9	49	69
Roslagståg AB	192	234	241	261	278
DSBFirst Danmark A/S and DSBFirst Sverige AB	-	97	878	1,036	920
- of this social commitment [1)]	-	-	3	3	1
Krösatåg [3)]	-	-	-	4	94
Västtrafik [3)]	-	-	-	14	379
Upptåget [4)]	-	-	-	-	40
VIAS [5)]	-	-	-	61	178
Other	-	-	-	65	85
Total for the DSB Group	**9,196**	**9,229**	**9,308**	**9,449**	**10,040**

Note 1: The social commitment includes schemes such as flex jobs, light jobs, rehabilitation, semi-retirement and voluntary early retirement pa
were introduced in 1996 to promote employment in the labour market for persons with reduced ability to work in Denmark.
Note 2: A major organisational change took place between 2007 and 2008; as a result employees were transferred from DSB
and DSB S-tog a/s to Kort & Godt A/S.
Note 3: Operations were taken over at 12 December 2010.
Note 4: Operations were taken over at 12 June 2011.
Note 5: From 1 April 2010.

Segmental accounts

According to the accounting regulations and the competition law guidelines for DSB issued by the Ministry of Transport, DSB is required to prepare segmental accounts for its main business areas in an aggregated form. For the parent corporation segmental accounts are prepared for the main business areas “Rail passenger traffic carried out as public service according to a negotiated contract”, corresponding to the activities under the transport contract with the Ministry of Transport, and “Activities exposed to competition”.

The segmental accounts are prepared according to an adjusted full-cost allocation method using Activity Based Costing methods as the principle for allocating income and expenses.

Principles and methods for allocation of income and expenses must be based on the individual product’s use of the overall capacity facilities. The presentation of accounts for the main business areas must be based partly on income and expense records and partly on allocations according to key ratios based on statistical data.

DSB’s annual accounts by main business areas appear from the segmental accounts overleaf. According to the segmental accounts, DSB recorded a loss, including revenue from the transport contract and before tax, of DKK 678 million on Rail passenger services provided as public service according to a negotiated contract, and a loss before tax of DKK 188 million on Activities exposed to competition.

As required by section 9(7) of the accounting regulations, DSB’s stateauthorised public accountant is required to issue a statement to DSB as to whether the policies and methods applied in the segmental accounts for 2011 are in accordance with the requirements of section 9(1)-(6) of the accounting regulations.

According to section 12(5) of the accounting regulations, DSB’s stateauthorised public accountant is required to issue a separate statement as to whether DSB’s accounting and business activities are in accordance with the provisions of the accounting regulations and the competition law guidelines for DSB.

Consequently, these segmental accounts are not covered by the auditors’ reports for DSB’s Annual Report.

With regard to the disclosure requirements mentioned in section 2.5 of the competition law guidelines for DSB regarding provisions, balance sheet and the development in changes in and specification of equity, please refer to the annual accounts.

Amounts in DKK million	Rail passenger traffic carried out as public service according to a negotiated contract	Activities exposed to competition	Total for DSB parent corporation
Net turnover, excl. revenue from transport contract	3.315	329	3.644
Revenue from transport contract	2.372	41	2.413
Work performed by the enterprise and capitalised	126	0	126
Other operating income	331	474	805
Total revenues	**6.144**	**844**	**6.988**
Cost of raw materials and consumables	430	96	526
Other external expenses	2.936	295	3.231
Staff expenses	2.323	246	2.569
Reversal of provisions	0	0	0
Total expenses	**5.689**	**637**	**6.326**
Depreciation, amortisation and write-downs	1.117	185	1.302
Operating profit/loss	**-662**	**22**	**-640**
Total net financials*	-16	-210	-226
Profit/loss before tax	**-678**	**-188**	**-866**
Loss for the year	**-562**	**-141**	**-703**

* In the parent corporation DSB, the profit/loss of affiliated and associated companies is recognised after tax. Tax is distributed with DKK 51 million to Rail passenger transport carried out as public service in accordance with a negotiated contract and a negative DKK 8 million to Activities exposed to competition.

About DSB

Board of Directors

DSB's Board of Directors' directorships in Danish and foreign companies

Peter Schütze, Chairman of the Board

Chairman of the Board of Copenhagen Business School
Member of the Board of Directors of LR Realkredit A/S
Member of the Board of Directors of Axcel
Member of the Board of Directors of Nordea Fonden
Member of the Board of Directors of Generalkonsul Gösta Enboms Fond
Joined DSB's Board of Directors on 1 June 2011

Annette Sadolin, Vice Chairman

Member of the Board of Directors of DSV A/S
Member of the Board of Directors of Topdanmark Forsikring A/S
Member of the Board of Directors of Skodsborg Kurhotel og Spa A/S
Member of the Board of Directors of Lindab International AB, Sweden
Member of the Board of Directors of Ratos AB, Sweden,
Member of the Board of Directors of Blue Square Re. N.V.
Member of the Board of Directors of Ny Carlsberg Glyptotek
Chairman of the Board of Østre Gasværk Teater
Vice Chairman of the Board of Directors of Dansk Standard
Joined DSB's Board of Directors on 28 April 2009

Lars Andersen

Director of the Economic Council of the Labour Movement.
Member of the Board of Directors of IndustriPension Holding A/S
Member of the Board of Directors of Industriens Pensionsforsikring A/S
Member of the Board of Directors of Arbejdernes Landsbank A/S
Joined DSB's Board of Directors on 25 June 1999

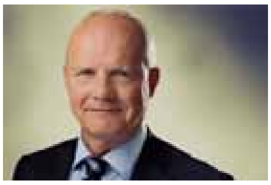
Lilian Mogensen

ATP Group Director (Customer and HR)
Member of the Board of Directors of Summit Consulting.
Joined DSB's Board of Directors on 28 April 2009

Lotte Littau Kjærgaard

CEO and co-founder of:
- Creativ Company A/S
- Creativ Company Holding A/S
- Creativ Company AS, Norway
- Creativ Company Sverige AB
- Creativ Company Deutschland GmbH,
- Creativ Company B.V.
- Creativ Company (UK) Ltd.

Member of the Board of Directors of Nordvestjysk Arbejdsmiljøfond
Member of the Board of Directors of Nordvestjysk Lederforum
Joined DSB's Board of Directors on 27 April 2010



Jens Iwer Petersen

Director of JIP Invest ApS and JIP Finans ApS
Vice chairman of the Board of TryghedsGruppen SmbA
Member of the Board of Directors of Nordea Liv & Pension, livsforsikringsselskab A/S
Member of the Board of Directors of H. P. Therkelsen A/S
Member of the Board of Representatives of TryghedsGruppen SmbA
Member of the Board of Representatives of Sydbank A/S
Joined DSB's Board of Directors on 27 April 2010

-

Andreas Hasle

Traffic inspector
Chairman of HK Trafik & Jernbane
Chairman of the Board of TS Asia Holding Ltd.
Member of the Board of Directors of Energi og Sol A/S
Member of the Board of Directors of Dan Ejendomsservice A/S
Joined DSB's Board of Directors on 25 June 1999

Hans Christian Kirketerp-Møller

Senior consultant
Chairman of the Board of Akademikernes A-Kasse
Vice Chairman of the Board of Arkitektforbundet
Member of the Board of Directors of BAR-FOKA
Member of the Board of Directors of LBR Gladsaxe
Member of the Board of Directors of AOF Gladsaxe
Joined DSB's Board of Directors on 27 April 2011

Preben Steenholdt Pedersen

Engine instructor
Member of the Board of Directors of Dan Ejendomsservice A/S
Member of the Board of Directors of Forsikringsagenturforeningen afd. 1
Joined DSB's Board of Directors on 27 April 2011

Executive Board

Executive Board and DSB's Corporate Management's directorships in Danish and foreign companies

Jacob Kjær, Acting CEO and CFO

Chairman of the Board of DSB S-tog a/s
Chairman of the Board of DSB Ejendomsudvikling A/S
Chairman of the Board of DSB Vedligehold A/S
Chairman of the Board of DSB Rejsekort A/S
Chairman of the Board of DSB Øresund A/S
Chairman of the Board of DSB Øresund Holding ApS
Chairman of the Board of DSB Sverige AB
Chairman of the Board of DSBFirst Sverige AB
Chairman of the Board of DSB Uppland AB
Chairman of the Board of DSB Småland AB
Chairman of the Board of DSB Väst AB
Chairman of the Board of DSB Mälardalen AB
Chairman of the Board of DSB Norge A/S

Lone Lindsby, Senior Vice President, HR & Organisation

Member of the Board of Danmarks Jernbanemuseum

Mogens Jønck, Senior Vice President, Commercial Director

Chairman of the Board of Directors of Kort&Godt A/S
Chairman of the Board of CENTOUR A/S
Vice Chairman of the Board of Rejsekort A/S
Member of the Board of DSB Vedligehold A/S
Member of the Board of DSB Rejsekort A/S
Member of the Board of Aktieselskabet of 26 October 2010
Member of the Board of DSB Aarhus Nærbane A/S
Member of the Board of Roslagståg AB
Member of the Board of T-banebolaget Stockholm AB
Member of the Board of DSB UK Ltd
Member of the Board of Nørrebro Bryghus A/S
Member of the Board of Baldersbrønde Bryggeri A/S

Susanne Mørch Koch, Senior Vice President, Long-Distance & Regional Trains

Member of the Board of DSB Vedligehold A/S

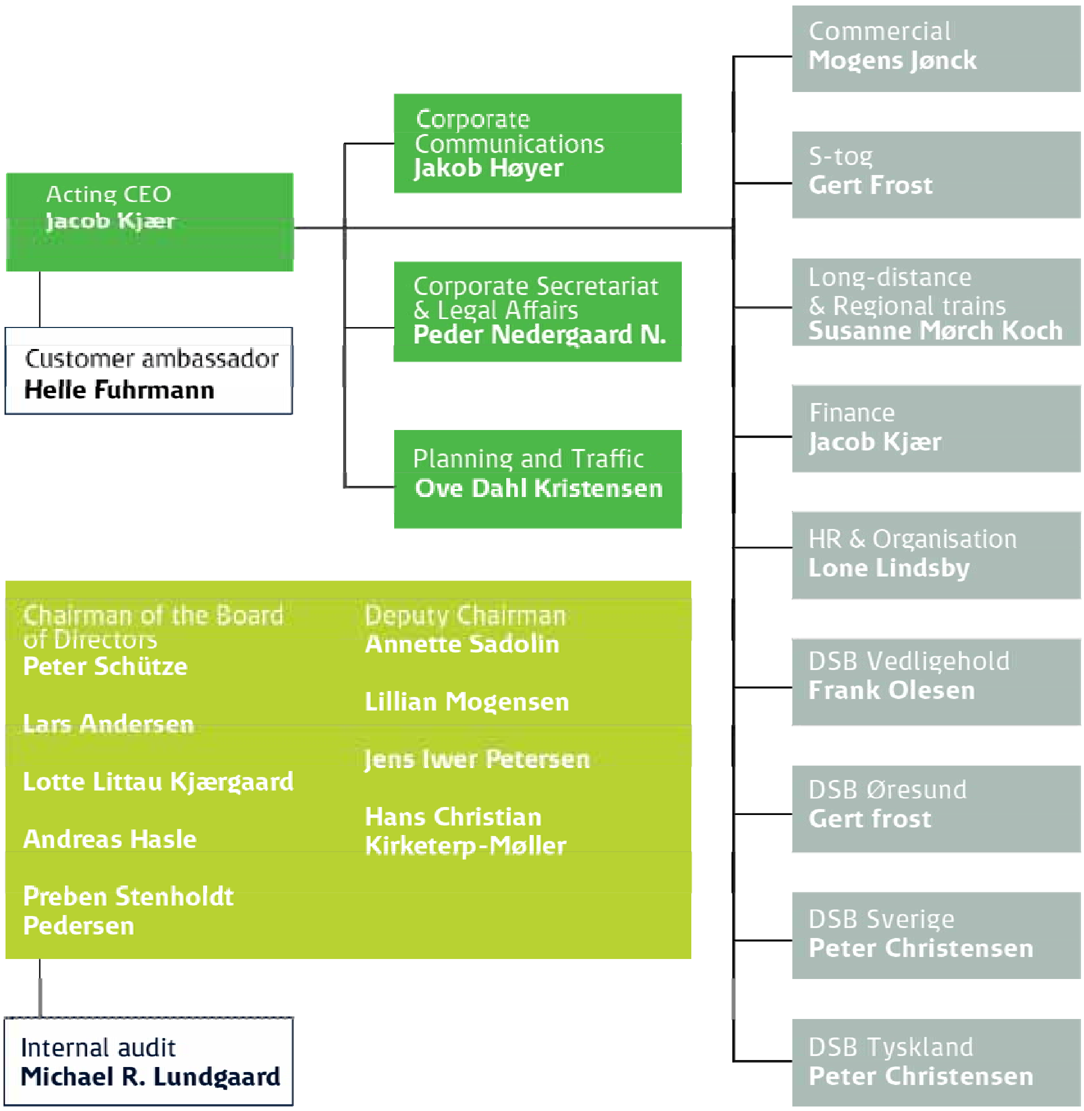
Gert Frost, CEO, DSB S-tog a/s

Chairman of the Board of Aktieselskabet of 26 October 2010
Chairman of the Board of Rejseplanen A/S
Chairman of the Board of Jens Holst A/S
Chairman of the Board of Pack Tech ApS
Chairman of the Board of Pack Tech International ApS
Chairman of the Board of Pack Tech China ApS
Chairman of the Board of PT H ApS
Chairman of the Board of PT Group ApS
Chairman of the Board of MAGDALENAS ApS
Member of the Board of MP3 A/S
Vice Chairman of the Board of DSB Rejsekort A/S
Member of the Board of DSB Vedligehold A/S
Member of the Board of DSB Sverige AB
Member of the Board of T-banebolaget Stockholm AB
Member of the Board of DSB Train Maintenance AB
Member of the Board of DSB Uppland AB
Member of the Board of DSB Småland AB
Member of the Board of DSB Väst AB
Member of the Board of A/S A.P. Botved

Frank Olesen, CEO, DSB Vedligehold A/S

Chairman of the Board of DSB Train Maintenance AB

Organisation



Financial calendar 2012

Expected publication of interim reports:

1st quarter 2012	23 May 2012
Interim report 2012	23 August 2012
3rd quarter 2012	14 November 2012

Social responsibility

For the financial year 2011 DSB's management has chosen to report on its social responsibility in accordance with section 99a of the Financial Statements Act, i.e. in a separate report "Social responsibility in DSB - 2011". DSB's policies for social responsibility, activities relating to social responsibility in 2011 as well as the results achieved in 2011 appear from the report.

The structure of the report follows the strategy adopted for handling DSB's social responsibility. Therefore the report is divided into the strategic target areas: Climate and environment, Customers, Employees, Suppliers and Society and ethics. The description of each area includes targets, activities in 2011 and previous years, if relevant, as well as results. Furthermore, the report includes DSB's senior management's declaration of continued commitment to the UN Global Compact. This way "Social responsibility in DSB - 2011" also serves as DSB's Communication on Progress (CoP) for the UN Global Compact.

Publications

The Announcement of the annual accounts and the Annual Report for 2011 are available on www.dsb.dk.

Social responsibility report 2011 is available on www.dsb.dk

Environmental report 2011 is available on www.dsb.dk.

Corporate information

Address

DSB
Sølvgade 40, A-G
DK-1307 Copenhagen K
Tel. +45 70 13 14 15
www.dsb.dk
Central bus. reg. no. DK 25050053

Municipality of domicile

Copenhagen

Ownership

DSB is an independent public corporation owned by the Danish Ministry of Transport

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab

KPMG
Statsautoriseret Revisionspartnerselskab

The National Audit Office of Denmark

Bank

Nordea Bank Danmark A/S

Publisher

DSB
Sølvgade 40, A-G
DK-1307 Copenhagen K

Editors

Jakob Høyer
Marianne Holmbjerg
Morten Hvolbøl Nielsen

Graphic design

Visuel Kommunikation, DSB Marketing

Photography:

DSB's photo archive