



Annual Report 2012

We work to create connections. Between A and B. Town and country.
Granny and Victor. Income and expenditure. Promise and delivery.



DSB

Annual Report

2012



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

In 2012 DSB reversed the negative trend

- Profit before tax of DKK 115 million
- Improvement of more than DKK 500 million (adjusted for non-recurring items) in the Danish business
- Costs per train kilometre fell 5 percent to DKK 146
- Punctuality improved to the highest level since the punctuality measurements were introduced
- Customer growth in Denmark of 2 percent
- Reputation and customer satisfaction are still low

*"We are not there yet, but we have reversed the negative trend",
Jesper Lok, CEO*

With "Healthy DSB" we set ourselves three overall objectives at the start of 2012, which we must reach by the end of 2014:

1. Economy in balance – improve economy by DKK 1 billion
2. Trains you can rely on – improve punctuality and traffic information
3. On target, every time – establish a results-oriented corporate culture

At the end of the first year, we are approx. halfway to the billion and have improved punctuality considerably.

Strategic key figures				
	2012	2011	Change	
			Abs.	Pct.
Net financials				
Total income – DSB Group (DKK million)	12,120	12,085	35	0
Profit/loss before tax – DSB Group (DKK million)	115	-862	977	-
Productivity				
Passenger and transport contract revenue per train kilometre – (Danish activities) (DKK/km)	157	155	2	1
Costs per train kilometre – (Danish activities) (DKK/km)	146	154	8	5
Punctuality				
Punctuality – Long-distance and Regional Trains (pct.) (max. delay of 5.59 minutes)	94.3	90.6	3.7	4
Punctuality – S-Trains (pct.) (max. delay of 2.29 minutes)	96.1	94.8	1.3	1
Punctuality – Øresund (pct.) (max. delay of 4.59 minutes)	90.2	83.1	7.1	9
Customers				
Total number of customers in Denmark (million customers)	182.0	177.6	4.4	2
Customer satisfaction (Long-distance and Regional Trains)	6.9	6.7	0.2	3
Customer satisfaction (S-Trains)	7.3	7.2	0.1	1
Reputation				
Users of Long-distance and Regional Trains	52.1	52.6	-0.5	-1
Non-users of Long-distance and Regional Trains	43.5	48.2	-4.7	-10
Users of S-Trains	57.9	59.8	-1.9	-3

We continue to focus on the economy and punctuality and the fight for a healthier culture in DSB. We wish to see an improved and result-oriented culture characterized by customer focus, openness and transparency.

*"If we do not insist on running DSB as a business,
there will be no DSB to run at all in the long term", Jesper Lok, CEO*

IC4 and IC2

The agreement regarding final deliveries signed at year-end 2012 provided assurance and independence. But that does not change the fact that IC4 is an unfortunate chapter in DSB's history.

Our focus now lies on placing trains in service. It will be a frustrating as well as lengthy process characterised by unnecessarily complicated and "customised" trains. It may sound simple, but foot boards and HVAC systems will be major challenges in the coming years, as will the further development of the train computer.

Travel Card

In total DSB has invested a billion DKK in the travel card. DSB owns 50.5 percent of the shares in Rejsekort A/S but only controls 12.5 percent of the voting rights. The card is a joint platform for the public transport sector and consequently DSB is not the obvious choice to head the initiative. But it is important to Rejsekort A/S that somebody does, and it is also important to ensure that the structure of fares and discounts is simplified, and that the card is paid for by the public transport operators on a transaction basis in the future.

Vulnerable infrastructure

We have five key railway bridges in Denmark. Alone in the last two years, two of them have been closed for longer periods. The customers have been the victims of this, and at the same time, DSB has lost approximately DKK 75 million on these two closures. This indicates (or underlines) the need for increased awareness and plan B solutions regarding potential break-downs on the most central infrastructure elements. The public transport system has many more travelers crossing the belts and going through the tunnel between Vesterport and Østerport in Copenhagen than on the Storstrøm Bridge and the Limfjord Bridge put together.

Major investments ahead

With the adopted construction projects and the proposed train trust, more than DKK 70 billion is expected to be invested in railways in the period till 2025. DSB welcomes this investment. The amount does not include procurement of rolling stock. As "Healthy DSB" continues to improve revenues, thus improving the present level of liabilities, solvency is the greatest challenge for future investments.

*"DSB not only needs to be healthy. DSB needs to be solid as well",
Peter Schütze, Chairman of the Board*

The Board of Directors have decided as of 2013 not to propose dividend until the solvency ratio exceeds 30 percent.

Focus

It is important that we recognise the fact that, basically, DSB is about optimising train operations in Denmark. All other activities must be questioned – are they better handled by somebody else? With more and more electronic ticket products, the economy in the shops is under pressure and the stations are already a financial burden for DSB. In many ways, the present structure is logic in a historical perspective rather than in a future perspective.

We are open to changes. Our focus is to create a solid and competitive DSB that can help make public transport in Denmark effective, coherent and reliable.

The renewal and change will continue to build on the committed effort, which DSB's employees have demonstrated in 2012.

Copenhagen, 22 March 2013

Peter Schütze
Chairman of the Board

Jesper Lok
CEO

THE GREATER CONTEXT



The Greater Context



We need to succeed on many parameters, but our strategic programme "HEALTHY DSB" has special focus on punctuality and economy

Productivity

The economic objective of HEALTHY DSB is to improve DSB's economy by DKK 1 billion by the end of 2014. The programme includes a number of projects designed to ensure lower external costs and lower wages and salaries. The lower wages and salaries will be realised through a combination of natural wastage, voluntary retirement arrangements, dismissals as well as a restrictive recruitment policy.

Table 1: Average number of full-time employees

	2012	2011	Growth	
			Abs.	Pct.
Danish activities ¹	7,985	8,483	-498	-6
Swedish activities	654	1,379	-725	-53
Other countries	179	178	1	1
Average number of full-time employees	8,818	10,040	-1,222	-12
Number of full-time employees - year-end	8,379	9,615	-1,236	-13

¹ Inclusive of Øresund.

At year-end 2012 the number of full-time employees was 8,379, down 1,236 employees compared with year-end 2011. This development is a consequence of the implemented parts of HEALTHY DSB and entailed 635 fewer employees in the Danish activities at year-end 2012. The number of employees in the Swedish activities was reduced by 618 as a consequence of the handing over of the Swedish part of the Øresund

traffic at year-end 2011 as well as of the traffic in DSB Väst in May 2012. This development is offset marginally by an additional 17 employees in Germany.

Furthermore, HEALTHY DSB focuses on all external costs, which in 2012 led to a reduction in the amount of DKK 100 million.

In addition, it was decided as part of HEALTHY DSB to close DSB Rejsebureau and to sell the headquarters at Sølvgade and gather all administrative activities in Copenhagen in one domicile in Høje- Taastrup.

In 2012 DSB outsourced the majority of its IT operations. The outsourcing comprises IT service and end-user support as well as operation of networks, telephony, data centres and DSB's systems. The purpose of outsourcing is to provide a quality boost and a cost reduction. The quality boost will appear gradually and the first steps have been taken, but particularly 2013 will see quality enhancements as all systems will be moving to the operation provider's data centres and in this connection a large portion of the infrastructure will be renewed.

On the Danish lines there was thus a positive development in the number of train kilometres per employee of 7 percent and in the number of train journeys per employee of 11 percent. Despite the costs to retirement arrangements and

fewer train kilometres due to track improvement work (primarily on the Coastal Line and the North West Line) and the closing of the Limfjord Bridge, costs per train kilometre fell by 5 percent to DKK 146 in 2012 (DKK 154).

Table 2: Productivity in Danish train activities*

	2012	2011	Growth	
			Abs.	Pct.
Number of train km per employee	10,110	9,473	637	7
Number of train journeys per employee	32,037	28,925	3,112	11
Costs per train km	146	154	-8	-5

*Number of employees in Long-distance and Regional Trains, S-Trains and Øresund.

In addition to reducing the costs, DSB focuses on increasing turnover, partly based on more customers and partly through a changed product mix.

It is estimated that DSB by the end of 2012 has realised approx. 50 percent of the economic objective established in HEALTHY DSB.

Punctuality

In 2012 DSB's extensive focus on punctuality in cooperation with Rail Net Denmark has resulted in significant improvements.

Table 3: Punctuality and reliability

Percent	2012	2011	Growth	
			Abs.	Pct.
Punctuality ¹				
Long-distance and Regional Trains	94.3	90.6	3.7	4
S-Trains	96.1	94.8	1.3	1
Øresund	90.2	83.1	7.1	9
Reliability ²				
Long-distance and Regional Trains	99.1	97.5	1.6	2
S-Trains	97.2	96.6	0.6	1
Øresund	99.5	99.7	0.2	-

¹ Punctuality is defined as the relative number of trains that arrived at the platform in accordance with the requirements appearing from the agreement with the Ministry of Transport of a maximum delay of 5.59 minutes for Long-distance and Regional Trains and 2.29 minutes for S-trains.

² Reliability is defined as the number of planned departures that were operated.

The most important reasons for the improvements are:

- a more robust timetable and rolling stock plan

- extensive focus on departure procedures
- quicker and more effective restoration of normal operation in case of traffic irregularities
- increased focus on punctuality across the operating organisation.

Table 4: Responsibility for delays – breakdown

Percent	2012	2011	Growth	
			Abs.	Pct.
Long-distance and Regional Trains - delays	5.7	9.4	-3.7	-39
DSB	1.8	3.4	-1.6	-47
Rail Net Denmark	2.4	3.4	-1.0	-29
Sund & Bælt	0.1	0.2	-0.1	-50
Other operators	0.2	0.4	-0.2	-50
External conditions	1.2	2.0	-0.8	-40
S-Trains - delays	3.9	5.2	-1.3	-25
S-Trains / DSB	1.3	2.2	-0.9	-41
Rail Net Denmark	1.9	2.3	-0.4	-17
External conditions	0.7	0.7	-0.0	-0
Øresund - delays	9.8	16.9	-7.1	-42
DSB Øresund	1.7	1.3	0.4	-31
Rail Net Denmark	3.7	5.1	-1.4	27
Other operators	0.8	1.9	-1.1	58
Shutdown - Sweden	2.3	5.8	-3.5	60
External conditions	1.3	2.8	-1.5	54

Customers

In 2012 customers made 182 million journeys with DSB in Denmark, compared with 178 million journeys in 2011, representing 2 percent growth. An average train journey with DSB was 35 kilometres in 2012.



DSB handed over the Swedish part of the Øresund traffic at the end of 2011 and the traffic operated by DSB Väst AB in May 2012. This resulted in a reduction of DSB's total number of customers.

In 2012 the total number of journeys across Storebælt (train, airplane, car and bus) rose by approx. 200,000 journeys compared with 2011. Car and train traffic accounted for the increase, while airplane and bus traffic declined. DSB's market share across the Great Belt was 26.7 percent in 2012, which is an increase of 1 percentage point compared with 2011.

Table 5: Number of customers

1,000 customers	Growth			
	2012	2011 ³	Abs.	Pct.
Long-distance and Regional Trains	49,941	49,168	773	2
East (Zealand) ¹	24,557	24,504	53	0
West (Jutland and Funen)	15,543	15,207	336	2
East/West (across the Great Belt)	9,027	8,652	375	4
Other	814	805	9	1
Øresund (Coastal Line/ Kastrup Line)	24,419	24,632	-213	-1
S-Trains	107,644	103,771	3,873	4
Total for Denmark	182,004	177,571	4,433	3
Total for Sweden²	21,093	50,229	-29,136	-58
Total for Germany	4,120	4,000	120	3
Elimination ²	-	-10,267	10,267	-
Total number of customers	207,217	221,533	-14,316	-6

¹ The journey figures have been adjusted according to a new method of calculation introduced in Q2 2012, see below.

² Cross-border customers are included in the number of customers in each country. In the overall balance for the DSB Group, the number of customers who do not embark or disembark during their journey is eliminated.

³ Compared with previously published figures, the number of train journeys in 2011 has been increased by 3.2 million journeys in S-Trains (as a consequence of a change in the method of calculation and of the final calculation of journeys for 2011) and reduced by 470,000 journeys in Long-distance and Regional Trains (as a consequence of a new method of calculation in 2012 and of the final calculation of journeys for 2011).

Long-distance and Regional Trains had 49.9 million customers in 2012, an increase of 2 percent. Customer growth was 4 percent across The Great Belt and 2 percent for Jutland and Funen in 2012. The development in customer numbers was stagnant on Zealand compared with 2011 with a minor improvement of 53,000 journeys. This is due to extensive track improvement work on the North West Line between Roskilde and Holbæk in 2012.

The generally positive development in Long-distance and Regional Trains is – in addition to the general traffic development – due to targeted campaigns through loyalty programmes. Also special Education Cards and Youth Offers and the easy access to buying tickets electronically, including mobile applications, contributed to the positive development. The development is also positively supported by the improved punctuality.

In 2012 S-Trains had 107.6 million customers, corresponding to 4 percent growth. The positive development is – in addition to the general traffic development – attributable to i.a. a robust production with a generally high punctuality as well as a number of initiatives related to the combination of bicycle and S-train. For 2012 DSB has calculated that 9 million journeys were made with a bicycle on the S-train, which is an increase of 22 percent compared with 2011. Also new ticket types contributed positively, e.g. mobile applications.



In 2012 Øresund had 24.4 million customers, which was 1 percent less than in 2011. The decline in the number of customers is primarily due to track improvement work on the line – including the line between Østerport and Hellerup which was closed for months.

Customer satisfaction

In 2012 the total general satisfaction with Long-distance and Regional Trains and S-Trains was 7.5. Customer satisfaction increased generally; for Long-distance and Regional Trains to 6.9 and for S-Trains to 7.3.

The number of "very satisfied customers" rose by 5 percentage points in Long-distance and Regional Trains and by 4 percentage points in S-Trains.

As DSB Øresund is regulated pursuant to a different contract, customer satisfaction is settled ac-

according to a method, which is not comparable with Long Distance and Regional Trains and S-tog.

**Table 6: Customer satisfaction
Long-distance and Regional Trains and S-Trains**

Score	Growth			
	2012	2011	Abs.	Pct.
Satisfaction with current journey (Long-distance and Regional Trains)	7.9	7.8	0.1	1
Satisfaction with Long-distance and Regional Trains in general	6.9	6.7	0.2	3
Satisfaction with current journey (S-Trains)	7.9	7.8	0.1	1
Satisfaction with S-Trains in general	7.3	7.2	0.1	1
Customer satisfaction (average)	7.5	7.4	0.1	1

Average customer satisfaction for DSB Øresund increased in 2012 to 6.7, corresponding to 3 per cent.

**Table 7: Customer satisfaction
Øresund**

Score	Growth			
	2012	2011	Abs.	Pct.
Customer satisfaction - average of spring and autumn	6.7	6.5	0.2	3

Intensified focus on digital traffic information in the form of personal traffic information through DSB's customer programme, the launch of traffic information applications for mobile telephones and improved traffic information on the screens in S-trains contributed to the positive development. When DSB's customer programmes were gathered in DSB Plus in 2012, DSB had a total of more than 800,000 customers.

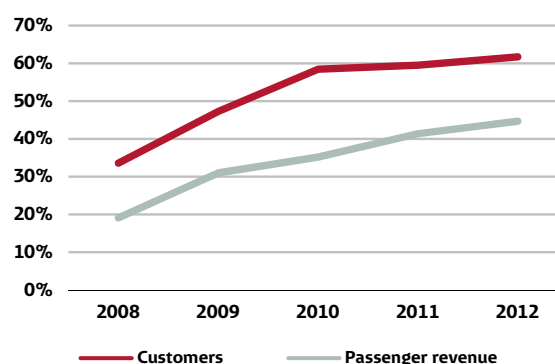
Self-service

DSB's customers were given more possibilities of self-service in 2012. At year-end 2012 sales through self-service represented 45 percent of the total turnover. More than 60 percent of all tickets sold were sold through self-service channels. Since 2009 more than 20 million tickets have been bought via a mobile phone and text messages. 750,000 times every single day the Danes search for journeys using the journey planner, rejseplanen.dk. DSB's mobile applications were downloaded more than 300,000 times in 2012. With the conclusion of the political agreement on 12 June 2012 for better and less expensive public

transport, the Minister of Transport contemplates a number of new and forward-looking initiatives – among them discounts outside rush hours and issue of personal Travel Cards free of charge (the price was previously DKK 50). These initiatives are expected to increase the flow of customers to the Travel Card. The total number of issued Travel Cards at year-end 2012 was almost 200,000.

Fig. 1 Self-service

Percentage share



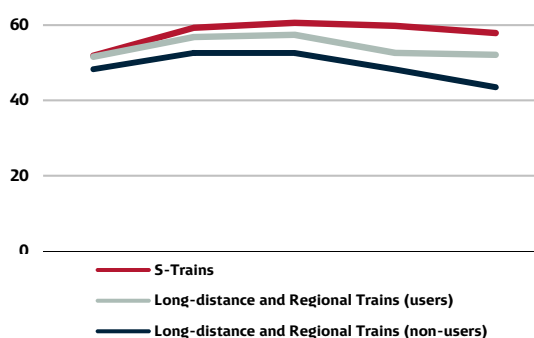
The legal structure of Rejsekort A/S is facing challenges. There is no connection between ownership and control on the board of directors. The delivery from Rejsekort A/S' sub-suppliers is not in place either.

Reputation

Among the users of S-Trains DSB's reputation in 2012 was on a par with the scores obtained in the past four years' surveys, while the reputation score among the users of Long-distance and Regional Trains was almost 9 points better than among non-users, although still slightly below the scores recorded for the past years.

Fig. 2 Reputation

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Transport contracts

DSB's current transport contracts with the Ministry of Transport for the provision of Long-distance and Regional Train and S-Trains traffic will expire at year-end 2014. DSB is in dialogue with the Ministry of Transport and the Ministry of Finance for new transport contracts.

Rolling stock situation

Placing in service of IC4 and IC2

At the start of 2012 the IC4 trains were grounded. They had been grounded since November 2011 when an IC4 train overran a red stop signal at Marslev on Funen.

In this connection DSB asked the Technical University of Denmark (DTU) to carry out a review of the safety concerning the IC4 trains' braking power - including the train computer.

In June 2012 DTU presented the results of its first examinations. DTU concluded that the IC4 brake system functions correctly and that it is in compliance with the international standards in the area. DTU proposed certain adjustments, i.a. of the piping. At the same time DSB carried out a number of safety enhancing measures, i.a. by making operation with active electromagnetic rail brake compulsory.

DSB is still awaiting the final report from the Accident Investigation Board regarding the incident at Marslev.



In February 2012 DSB was authorised by the Transport Authority to start operation simulations with IC4 without passengers. When DTU published its results, the Transport Authority authorised passenger operation for the IC4 trains again on 2 July and the IC4 trains were placed in service in regional operation in Jutland. In the autumn period the Transport Authority ordered DSB to

introduce special speed restrictions for IC4 and IC2.

IC2 carried out its first operation with customers on 12 November 2012 on the line between Vejle and Kolding.

As from the change of timetables on 9 December

2012, DSB introduced DSB X-lyn between Aarhus and Copenhagen. IC4 train sets are used for this service.

Unfortunately there is no doubt that the IC4 and IC2 trains will have to be placed in service gradually and it will be a lengthy process.

Settlement with AnsaldoBreda

Following lengthy negotiations, AnsaldoBreda and DSB concluded an agreement in December 2012 for the final deliveries. The agreement does not change the fact that IC4 is an unfortunate chapter in DSB's history, but it does provide more assurance and independence.

The settlement provides:

- a definite final date in 2013 for the delivery of IC4 and IC2 train sets
- AnsaldoBreda's acceptance to pay compensation for the delay in the amount of DKK 550 million to DSB
- purchase of a train computer management system (TCMS) etc. that will ensure an additional enhancement of the trains' functionality
- the right for DSB to decide who to commission to handle the further development and maintenance of TCMS and related tools.

As at 31 December 2012 DSB has received delivery of 70 of 83 IC4 train sets and 9 of 23 IC2 train sets from AnsaldoBreda.



The train of the future

With the agreement for "Better and less expensive public transport" a decision was made to acquire additional electrical train sets in order to

be able to operate more of the electrified lines with modern rolling stock within a foreseeable future. Therefore, DSB is looking into the possibilities of acquiring new rolling stock that can efficiently be included in the existing rolling stock fleet.

In the long term, a major restructuring of DSB's train fleet will be required to include more electrical train sets and a larger seat capacity. Therefore, DSB has commenced the preliminary work for the Train of the Future.

International

Since December 2011 DSB has reduced its activities abroad considerably. Consequently, DSB is no longer an operator on the Swedish part of the Øresund line and Västtrafikken (in and around Gothenburg). DSB also chose not to submit a tender for continued operation on the Roslagsbanan, which meant that DSB stopped being an operator at 7 January 2013.

DSB continues to operate in Småland and Uppland in Sweden and VIAS in Germany.

DSB continuously assesses the commercial development in the foreign activities.

New DSB Act

On 23 October 2012 the Minister of Transport introduced a bill for an amendment of the DSB Act (the Act on the Independent Public Corporation DSB and on DSB S-tog A/S). The bill was passed on 19 December 2012, and the amendments came into force on 29 December 2012.

Investment

According to the new Act, the Minister of Transport's approval will be required for DSB's decisions regarding tenders and conclusion of contracts for investments in rolling stock. For use for the minister's decision, the minister will obtain an external quality assessment.

Investments in excess of DKK 100 million are still required to be submitted to the Parliamentary Finance Committee for approval, but according to the new Act this amount is now subject to an annual adjustment in accordance with the development in the net price index.

According to the new Act the Minister of Transport may guarantee commitments assumed by DSB and its subsidiaries to third parties when the commitment has been approved by the Parliamentary Finance Committee.

Composition of the Board of Directors

In order to make the composition of the Board of Directors more flexible, the new Act stipulates a minimum number of five directors and a maximum number of eight directors to be elected by the Minister of Transport. Employee representatives may be elected according to the rules in the Danish Companies Act.

Repeal of provisions regarding DSB S-tog a/s

As a consequence of the provisions regarding DSB S-tog a/s being repealed, the new Act includes an obligation on DSB's part to ensure that S-train services are provided in the metropolitan area based on the contract concluded with the Minister of Transport regarding passenger transport provided as a public service pursuant to the Danish Railway Act.

Tax-exempt merger with wholly owned subsidiaries

The Act enables DSB to carry out a tax-exempt merger with wholly owned subsidiaries.



FINANCIAL REVIEW AND ANNUAL ACCOUNTS

Financial highlights

DKK million - Group	2008	2009	2010	2011	2012	Relative changes 2011-2012
Passenger revenues	4,541	4,223	4,329	4,469	4,773	6.8%
Transport contracts	4,130	4,453	4,550	5,363	4,956	-7.6%
Danish activities	3,842	3,601	3,512	3,660	3,737	2.1%
International activities, incl. Øresund ¹	288	852	1,038	1,703	1,219	-28.4%
Sales from shops etc.	808	767	769	816	863	5.8%
Repair and maintenance of rolling stock etc.	258	151	137	169	275	62.7%
Leasing of rolling stock	16	174	187	231	233	0.9%
Net turnover	9,753	9,768	9,972	11,048	11,100	0.5%
Work performed by the enterprise and capitalised	510	521	638	534	508	-4.9%
Other operating income	618	790	849	503	512	1.8%
Total revenues	10,881	11,079	11,459	12,085	12,120	0.3%
Cost of raw materials and consumables	1,550	1,532	1,631	1,738	1,705	1.9%
Other external expenses	2,695	3,040	3,642	3,684	3,449	6.4%
Staff expenses	3,988	4,312	4,648	4,970	4,610	7.2%
Hereof costs for retirement	208	-	140	15	325	-
Total expenses	8,233	8,884	9,921	10,392	9,764	6.0%
Profit before depreciation, amortisation and write-downs (EBITDA)	2,648	2,195	1,538	1,693	2,356	39.2%
Depreciation, amortisation and write-downs	1,366	1,351	1,643	2,014	1,701	15.5%
Operating profit/loss (EBIT)	1,282	844	-105	-321	655	-
Net financials	-545	-388	-450	-541	-540	0.2%
Profit/loss before tax	737	456	-555	-862	115	-
Profit/loss for the year	555	338	-577	-698	50	-
Balance sheet total	24,584	25,692	25,907	24,703	24,500	-0.8%
Total equity	7,320	7,322	6,584	5,083	5,050	-0.6%
Total cash flow from operating activities	1,008	1,623	2,241	1,785	1,443	-19.2%
Total cash flow from investing activities	-1,185	-1,248	-2,244	-1,790	-1,268	29.2%
Total cash flow from financing activities	-494	-821	50	-262	-173	34.0%
Investments in tangible assets	-1,529	-1,240	-2,442	-2,143	-1,341	37.4%
Interest-bearing liabilities, net	11,900	11,873	12,029	12,214	12,029	1.5%
Operating profit margin (EBITDA margin)*	27.2	22.5	15.4	15.3	21.2	38.6%
Profit ratio (EBIT margin)*	13.1	8.6	-1.1	-2.9	5.9	-
Return on equity (ROE)*	7.3	4.6	-8.3	-12.0	1.0	-
Return on invested capital after tax (ROIC after tax)*	5.1	3.3	-1.3	-1.6	2.6	-
Gearing*	4.5	5.4	7.8	7.2	5.1	29.2%
Solvency ratio*	29.9	28.6	25.4	20.6	20.6	0%
Interest cover*	2.2	1.8	0.0	-0.5	1.5	-
Average number of full-time employees	9,229	9,308	9,449	10,040	8,818	-12.2%
Number of full-time employees at year-end	9,283	9,318	9,526	9,615	8,379	-12.9%
Number of passenger km in Denmark (million km)	5,843	5,659	5,798	6,063	6,236	2.9%
Number of train journeys in Denmark (1,000 journeys) ²	164,746	165,413	166,122	177,571	182,004	2.5%
Number of train journeys abroad (1,000 journeys)	10,886	25,855	30,059	43,962	25,213	-42.6%
Number of train km in Denmark (1,000 km)	56,460	56,894	57,294	58,156	57,437	-1.2%
Number of train km abroad (1,000 km)	2,317	13,119	16,846	30,216	16,493	-45.4%

¹ As opposed to the Danish activities, the international activities (including Øresund) are based on gross contracts, meaning that the transport authorities receive the passenger revenues and at the same time makes a contractual payment under the transport contract to the train operator.

² Compared with what has previously been published, the number of train journeys in 2011 has been increased by 2.7 million journeys as a consequence of the final calculation of journeys etc.

*Stated in accordance with the definitions of financial ratios on page 77.

Financial review



DSB realised a profit before tax of DKK 115 million, against a loss of DKK 862 million in 2011. Interest-bearing liabilities have been reduced by DKK 185 million compared with year-end 2011 and there is a general improvement in the financial ratios.

Financial review

At the beginning of 2012 a number of measures were introduced to enhance efficiency under the programme "Healthy DSB". The implemented efficiency enhancements and initiatives have had a positive impact on the financial results of operations and reversed the downward course of DSB's economy in 2012.

DSB's financial situation is, however, still characterised by the work with creating a robust economy. Management still focuses intensively on creating a robust and sustainable economy and the objective of the economic recovery is still to improve DSB's economy (profit before depreciation, amortisation and write-downs) by DKK 1 billion by the end of 2014.

Profit in 2012

DSB's profit before tax was DKK 115 million, compared with a loss of DKK 862 million in 2011.

The profit before tax was negatively impacted by:

- DKK 325 million in retirement costs
- DKK 40 million in additional pension costs regarding public servants working with former DSB activities

and positively impacted by:

- DKK 33 million regarding an adjustment of paid public servant pensions for employees pensioned off in 2011

- DKK 60 million in reversal of part of the provision regarding DSB Väst AB
- DKK 135 million in profits on sale of properties
- DKK 33 million (net) for correction of discounts from AnsaldoBreda previously recognised as revenue and correction of write-downs on tangible assets as well as interest etc. regarding the agreement concluded with AnsaldoBreda.

The profit before tax was generated through an increase in passenger revenues as a consequence of more customers in Long-distance and Regional Trains and in S-Trains as well as a higher average price combined with the financial results of the implemented efficiency enhancements.

On the other hand, increased operating expenses and increased depreciation, amortisation and write-downs from the deployment of the Travel Card and the placing in service of IC4 train sets had a negative impact on the development.

At 31 December 2012 DKK 230 million had been used of the provision of DKK 303 million regarding DSB Väst AB, which was recognised in the annual accounts for 2011. Operations were taken over by a new operator on 1 May 2012 and DSB Väst AB is consequently only included in the annual accounts in the first four months of 2012. Subsequently DKK 60 million of this provision was reversed. The provision was DKK 13 million at 31

December 2012. The final adjustment is awaiting the disposal of the company. In addition to the above, DSB still has a provision of DKK 10 million regarding DSB Sverige.

In December 2012 DSB concluded an agreement with AnsaldoBreda. According to this agreement DSB waives its right to "Liquidated Damages" in return for obtaining "Financial Compensation" in the form of discounts of a similar amount on future purchases from AnsaldoBreda. The financial compensation will be deducted from the acquisition price of the IC4 and IC2 train sets except for an amount corresponding to the extra financing costs incurred by DSB as a consequence of the delays.

Interest-bearing liabilities totalled DKK 12,029 million at 31 December 2012, which is DKK 185 million less than at year-end 2011. Gearing was 5.1 (7.2) and is also developing in the right direction. The solvency ratio was 20.6 at year-end 2012 (20.6) and has consequently not reached an acceptable level yet. DSB has end of 2012 issued two bonds at market conditions of DKK 200 million and SEK 750 million.

Following approval by the Parliamentary Finance Committee, the Minister of Transport can guarantee DSB's and DSB's subsidiaries' obligations, cf. Act on DSB.

DSB's balance sheet total stood at DKK 24,500 million at 31 December 2012 compared with DKK 24,703 million at year-end 2011, which is a decline of DKK 203 million. The reason for this development is a reduction of the assets, including through sale of properties and generally fewer investments than depreciation and amortisation. Liabilities and equity are impacted by reduced liabilities and fewer provisions.

In 2012 DSB invested DKK 1,517 million (DKK 2,437 million). In addition to a focused prioritisation, the year's investments were reduced by discounts from AnsaldoBreda regarding the acquisition of IC4 and IC2 train sets, which as a consequence of the previous accounting treatment were recognised as revenue.

Net turnover up by DKK 52 million

Net turnover in the DSB Group was DKK 11,100 million in 2012 (DKK 11,048 million), up DKK 52 million on 2011.

Passenger revenues were DKK 4,773 million (DKK 4,469 million), corresponding to a 7 percent increase. This development can be explained by the total customer growth of 4.6 million customers in Long-distance and Regional Trains and S-Trains and higher average prices.

Revenue from transport contracts fell by 8 percent and totalled DKK 4,956 million in 2012 (DKK 5,363 million). The reason for the fall is the handing over of the Swedish part of the Øresund traffic in December 2011 and the handing over of the traffic operated by DSB Väst AB in May 2012. Also contributing to the reduced revenue from transport contracts are the conditions regarding efficiency enhancements stipulated in the Danish transport contract and which involve a reduction of the revenue over the term of the contract. These negative impacts are offset in part by increasing transport contract revenue as a consequence of the placing in service of more IC4 train sets.



Sales from shops etc. rose by 6 percent compared with 2011 and totalled DKK 863 million (DKK 816 million). The growth can be ascribed to the conversion of the Kort & Godt shops into "the 7-Eleven concept".

Sales of repair and maintenance of rolling stock etc. to external customers totalled DKK 275 million in 2012 (DKK 169 million). The marked increase is primarily attributable to the handing over of the Swedish part of the Øresund traffic to Øresundstrafiken which purchases maintenance services from DSB. Previously the payment for maintenance of the Swedish Øresund trains was included in the transport contract payment received by DSBFirst Sverige AB.

Leasing of rolling stock totalled DKK 233 million (DKK 231 million). The activities cover leasing of Øresund train sets to the Ministry of Transport, 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 capitalised fell by DKK 26 million and amounted to DKK 508 million in 2012.

Other operating income amounted to DKK 512 million in 2012, corresponding to an increase of DKK 9 million. DSB has previously assessed that DSB through its undertaking in May 2009 had committed to using the discounts obtained on purchases from AnsaldoBreda on activities related to "Kunder Til Tiden" (customers on time). In November 2012 the Ministry of Transport stated that DSB does not have any commitment to undertake such KTT activities and that all funds from the settlement with AnsaldoBreda from May 2009 must be used for the acquisition and placing in service of IC4 and IC2 train sets. This means that the discounts of DKK 132 million previously recognised as income were reversed in 2012. In addition, other operating income has significantly been influenced by profit from sale of property.

Expenses impacted by retirements

Expenses totalled DKK 9,764 million in 2012 (DKK 10,392 million).

Other external expenses fell by DKK 235 million and totalled DKK 3,449 million in 2012 (DKK 3,684 million).



The fall is due to stringent expense control and the decrease in foreign activities. This effect is partly offset by the challenges associated with the delivery of the IC4 train sets, including costs for replacement rolling stock and replacement transport in connection with the closing of the Limfjord Bridge and increased costs for consultants and legal fees etc.

Staff expenses fell by DKK 360 million in 2012 to DKK 4,610 million (DKK 4,970 million). The development is composed of a number of opposing factors, including DKK 325 million in costs for retirement arrangements, increased pension expenses regarding seconded public servants working in companies outside DSB but for whom DSB pays part of the pension contributions. This had a negative impact on the annual accounts for 2012 in the amount of DKK 40 million. On the other hand, a positive impact of DKK 33 million was provided in connection with public servants who were pensioned off in 2011. Furthermore, payroll costs fell in the Danish part of DSB due to fewer employees as a consequence of the efficiency enhancements. Also the handing over of the Swedish part of the Øresund traffic at year-end 2011 and the handing over of operations in DSB Väst AB in May 2012 had an impact on these expenses.

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs fell by DKK 313 million and totalled DKK 1,701 million (DKK 2,014 million). The decrease is affected by write-downs of IC4 train sets in the amount of DKK 345 million in 2011. Add to this the fact that DKK 105 million of this write-down was reversed in 2012 as a consequence of the change in accounting for the discount obtained from AnsaldoBreda. Consequently adjusted, depreciation and amortisation increased by DKK 137 million, which is due to increased depreciation and amortisation, primarily in connection with the Travel Card and more IC4 train sets placed in service.

Net financials

In 2012 net financials represented an expense of DKK 540 million (DKK 541 million). Net financials were positively impacted by a recognised interest compensation of DKK 67 million from AnsaldoBreda (DKK 36 million).

Dividend to the Ministry of Transport

The Board of Directors proposes that a dividend of DKK 56 million is paid for 2012.

Remuneration in DSB

The remuneration policy must support DSB's strategy and values and its objective is to ensure a suitable remuneration structure, which can attract and retain the best possible competencies, bearing in mind that the company is 100 percent state-owned.

Remuneration to the Executive Board amounted to DKK 7.3 million, including performance-related salaries, of which DSB has paid costs concerning the former CEO, who left DSB in 2011.

The average annual salary for members of the Corporate Management in 2012 stood at DKK 2.4 million, including severance pay, etc. to the members of the Corporate Management who left DSB in 2012.

No employee has received more than the average annual salary for members of the Corporate Management in 2012. No specialist without management assignments has received a remuneration exceeding DKK 1.2 million annually.

The remuneration policy stipulates that in future only in very few instances and only provided the approval of the Remuneration Committee, can agreements regarding severance pay, which deviate from the terms of Funktionærloven (The Employers' and Salaried Employees' Consolidation Act) be entered into. With regard to present contracts for vice presidents, deputy directors and directors, which include agreements regarding severance pay, the severance pay span from 6 to 12 months. The agreement with the CEO 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).

Segments

Long-distance and Regional Trains

The profit before depreciation, amortisation and write-downs in Long-distance and Regional Trains increased by DKK 412 million in 2012. Positive impacts were provided by more customers, a higher average price and the financial results of the efficiency enhancements and initiatives completed. Costs per train kilometre improved by 2 percent despite the negative impact on costs by track improvement work, the closing of the Limfjord Bridge and costs for retirement arrangements.

Net revenue from the transport contract concluded with the Danish state rose by DKK 110 million as a consequence of more IC4 train sets and which involve a reduction of the revenue over the term of the contract.

Leasing of rolling stock totalled DKK 233 million (DKK 231 million). The activities cover leasing of Øresund train sets to the Ministry of Transport,

which in its capacity as transport authority makes them available to DSB Øresund for the operation of the Coastal Line and the Kastrup Line.

Table 5: Long-distance and Regional Trains

DKK million	Growth			
	2012	2011	Abs.	Pct.
Net turnover	6,393	6,035	358	6
Passenger revenues	3,512	3,263	249	8
Revenue from transport contract	2,523	2,413	110	5
Sales from shops etc.	39	43	-4	-9
Repair work and maintenance of rolling stock etc.	86	85	1	1
Leasing of rolling stock	233	231	2	1
Other operating income and work performed by the enterprise and capitalized	800	953	-153	-16
Total revenues	7,193	6,988	205	3
Total expenses	6,119	6,326	207	3
Profit before depreciation, amortisation and write-downs	1,074	662	412	62
Depreciation, amortisation and write-downs	1,014	1,281	267	21
Operating profit/loss	60	-619	679	-
Operating profit margin	16.8	11.0	5.8	53
Number of train journeys (million journeys)	49.9	49.2	0.7	1
Passenger revenue per train km (DKK)	93	85	8	9
Contractual payment per train km (DKK)	67	63	4	3
Costs per train km (DKK)	163	166	3	2
Number of train km (million km)	37.6	38.2	-0.6	-2

Operating profit rose by DKK 679 million to a profit of DKK 60 million in 2012. The development is impacted by the above positive results as well as the write-down of IC4 train sets in 2011 of DKK 345 million, of which DKK 105 million was reversed in 2012. Negative impact was provided by the increasing costs associated with challenges connected with the IC4 delivery, including costs for rolling stock to replace the non-delivered IC4 train sets as well as costs for retirement arrangements, costs for track improvement work (North West Line) and replacement transport in connection with the closing of the Limfjord Bridge.

Total production was 37.6 million train kilometres in 2012, which was 2 percent less than in 2011.

This development is owing to the extensive track improvement work on the North West Line and the closing of the Limfjord Bridge.

S-Train

In 2012 S-Train financial results of operations were positively impacted by an increase in the number of customers. Passenger revenue per train kilometre rose and costs per train kilometre also developed positively.

Table 6: S-Train

DKK million	Growth			
	2012	2011	Abs.	Pct.
Net turnover	2,505	2,454	51	2
Passenger revenues	1,290	1,206	84	7
Revenue from transport contract	1,215	1,248	-33	-3
Other operating income and work performed by the enterprise and capitalized	82	102	-20	-20
Total revenues	2,587	2,556	31	1
Total expenses	1,442	1,513	71	5
Profit before depreciation, amortisation and write-downs	1,145	1,043	102	10
Depreciation, amortisation and write-downs	636	638	2	0
Operating profit/loss	509	405	104	26
Operating profit margin	45.7	42.5	3.2	8
Number of train journeys (million journeys)	107.6	103.8	3.8	4
Passenger revenue per train km (DKK)	83	79	4	5
Contractual payment per train km (DKK)	82	78	4	5
Costs per train km (DKK)	93	100	7	6
Number of train km (million km)	15.5	15.2	0.3	2

In 2012 S-Train had the highest number of customers ever, which is particularly due to satisfactory operations and the possibility for customers to bring their bicycle along on the S-train free of charge.

In addition to an increase in the number of journeys, the customers also travelled over longer distances in average compared with previously, which has resulted in an increase in the average price.

Revenue from the transport contract was impacted by the conditions regarding efficiency enhancements stipulated in the transport contract and which involve a reduction of the revenue over the term of the contract. Revenue from the transport contract concluded with the Danish state was consequently reduced by DKK 33 million in 2012 to DKK 1,215 million (DKK 1,248 million).

Total expenses were reduced by DKK 71 million and totalled DKK 1,442 million (DKK 1,513 million). The development is owing to efficiency enhancements and declining expenses despite an increase in the number of train kilometres travelled.

The profit before depreciation, amortisation and write-downs rose by DKK 102 million and totalled DKK 1,145 million (DKK 1,043 million).

Production in number of train kilometres increased by 2 percent compared with 2011. The increase is primarily due to an extension of the timetable on Ringbanen as well as less track improvement work and fewer cancelled trains than in 2011.

DSB 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 handed over to Veolia Transport Sverige. After that DSB operates the Danish part of the Øresund traffic on the Coastal Line and the Kastrup Line. The Swedish part of the Øresund traffic is consequently not included in 2012, which affects the development compared with 2011.

The Øresund contract is a gross contract, meaning that passenger revenues are received by the Ministry of Transport.

The trains in the Danish as well as the Swedish part of the Øresund traffic are included in a pool. DSB Øresund is, with DSB Vedligehold as a subcontractor, in charge of the maintenance of all train sets in the pool. Sales of repair work and maintenance of rolling stock consequently improved by DKK 176 million to DKK 273 million in 2012 (DKK 97 million). In 2011 revenue from repair work and maintenance of rolling stock was included in payments under the transport contract.

Table 7: Øresund

DKK million	Growth			
	2012	2011	Abs.	Pct.
Net turnover	752	980	-228	-23
Revenue from transport contracts	479	883	-404	-46
Repair work and maintenance of rolling stock etc.	273	97	176	181
Other operating income and work performed by the enterprise and capitalized	28	145	-117	-81
Total revenues	780	1,125	-345	-31
Total expenses	773	1,126	353	31
Profit/loss before depreciation, amortisation and write-downs	7	-1	8	-
Depreciation, amortisation and write-downs	-	-	-	-
Operating profit/loss	7	-1	8	-
Operation profit ratio	0.9	-0.1	1.0	-

The profit before depreciation, amortisation and write-downs in Øresund totalled DKK 7 million (a loss of DKK 1 million).

Maintenance

The profit before depreciation, amortisation and write-downs was DKK 43 million, which was in line with the profit for 2011. However, restructuring costs of DKK 68 million had a negative impact on the profit for 2012. But disregarding this, the profit development was positive. One of the reasons for the positive development is the reduction in write-downs for obsolescence of DKK 40 million.



In addition, the maintenance work in the workshops used for DSB's operating rolling stock is carried out with fewer employees, resulting in a positive contribution. Costs for maintenance were reduced by approx. 2.5 percent during the period 2011 to 2012.

Table 8: Maintenance

DKK million	Growth			
	2012	2011	Abs.	Pct.
Net turnover: Sales of repair work and maintenance of rolling stock etc.	1,578	1,736	-158	-9
Other operating income and work performed by the enterprise and capitalized	134	16	118	-
Total revenues	1,712	1,752	-40	-2
Total expenses	1,669	1,705	36	2
Profit before depreciation, amortisation and write-downs	43	47	-4	-9
Depreciation, amortisation and write-downs	43	44	1	2
Operating profit/loss	0	3	-3	-
Operation profit ratio	2.7	2.7	0	0

Kort & Godt

The increased commercialisation of the conversion into "the 7-Eleven concept" had a positive impact on the development in the Kort & Godt shops. The enhanced sales focus in 2012 resulted in an increase of DKK 47 million in sales from shops. On the other hand, there was a negative impact from costs for retirement arrangements. Results of operations before depreciation, amortisation and write-downs improved from a loss of DKK 18 million in 2011 to a profit of DKK 18 million in 2012.

Table 9: Kort & Godt

DKK million	Growth			
	2012	2011	Abs.	Pct.
Net turnover: Sales from shops etc.	991	944	47	5
Other operating income and work performed by the enterprise and capitalized	41	10	31	-
Total revenues	1,032	954	78	8
Total expenses	1,014	972	-42	-4
Profit/loss before depreciation, amortisation and write-downs	18	-18	36	-
Depreciation, amortisation and write-downs	4	10	6	60
Operating profit/loss	14	-28	42	-
Operation profit ratio	1.8	-1.9	3.7	-

Sweden

At year-end 2012 DSB Sverige consisted of the following operations: Roslagsbanan in the Stockholm area, Krösatåget in the Jönköping area (DSB Småland) and Upptåget outside Stockholm (since June 2011). Traffic operations carried out by DSB Väst AB were handed over to SJ on 1 May 2012. Operations on Roslagsbanan were handed over to Arriva on 7 January 2013.

The handing over of the traffic in DSB Väst in 2012 affects the development in revenue from transport contracts, which fell by DKK 78 million compared with 2011. This development is offset in part by the new operations taken over in June 2011, Upptåget.

Table 10: Sweden

DKK million	Growth			
	2012	2011	Abs.	Pct.
Net turnover: Revenue from transport contracts	531	609	-78	-13
Other operating income and work performed by the enterprise and capitalized	43	56	-13	-23
Total revenues	574	665	-91	-14
Total expenses	595	772	177	23
Loss before depreciation, amortisation and write-downs	-21	-107	86	80
Depreciation, amortisation and write-downs	2	13	11	85
Operating loss	-23	-120	97	81
Operation profit ratio	-4.0	-17.6	13.6	77

Loss before depreciation, amortisation and write-downs improved by DKK 86 million compared with 2011. The result is continuously improved in 2012. Thus both the third and fourth quarters of 2012 produced a profit. However, regarded in isolation DSB Småland still represents a challenge.

All in all DSB Sverige realised a loss (operating loss) of DKK 23 million, which is an improvement of DKK 97 million compared with 2011.

DSB retains a provision of DKK 10 million regarding DSB Sverige, more specifically DSB Småland.

Germany

DSB Tyskland realised total revenues of DKK 202 million in 2012 and a profit before tax of DKK 2 million.

Table 11: Germany

DKK million	Growth			
	2012	2011	Abs.	Pct.
Net turnover: Revenue from transport contracts	209	211	-2	-1
Other operating income and work performed by the enterprise and capitalized	-7	16	-23	-
Total revenues	202	227	-25	-11
Total expenses	194	221	27	12
Loss before depreciation, amortisation and write-downs	8	6	2	33
Depreciation, amortisation and write-downs	6	7	1	14
Operating loss	2	-1	3	-
Operation profit ratio	3.8	2.8	1.0	36

Outlook

2012 brought improvements in terms of number of customers, punctuality and financial results. In 2012 the number of employees in the Danish activities has been reduced by 635. The objective is that a total of 1,200 jobs are to be shed by the end of 2014. Furthermore efficiency was enhanced within procurement and the travel agency DSB Rejsebureau was closed down. The organisational structure has undergone adaptations, and DSB now has a clearer and more unambiguous division of roles and responsibilities. In addition, all administrative activities will be gathered in one domicile in Høje-Taastrup in 2013.



The expectations for the results of operations for 2013 are positively affected by the measures implemented in 2012 as well as the efficiency enhancements and savings planned for 2013. Also positive is the improvement in the development of the number of customers in Denmark, in S-Trains as well as in Long-distance and Regional Trains. However, these positive impacts are offset

in part by increasing energy costs, track improvement work and costs in connection with the deployment of the Travel Card.

So in 2013 DSB is headed for a better economic balance, but the negative consequences of the restoration plan, including costs for restructuring and dismissal, will continue to affect the economy.

The profit before tax and non-recurring items is expected to improve in 2013.

Safety

Safety in 2012 was at the same high level as in 2011. With less than 0.2 serious accidents involving persons per million train kilometres, DSB is in compliance with the national safety target of maximum 0.3 serious accidents involving persons per million train kilometres established by the Danish Transport Authority.

Tabel 12: Incidents¹

Number	Growth			
	2012	2011	Abs.	Pct.
Significant accident in train track (collision, derailing or fire)	1	1	-	-
Significant accident in marshalling yard (collision, derailing or fire)	1	1	-	-
Personal injury				
- Deceased	0	0	-	-
- Seriously injured	1	6	-5	-83
- Minor injuries	67	86	-19	-22
Signal by-passing				
- Train tracks (A-B)	104	138	-34	-25
- Secured marshalling yard (C)	35	37	-2	-5
Of which signal by-passing involving high potential danger	16	30	-14	-47
Broken wheel or axel	0	2	-2	-

¹ The table includes accidents and the main precursors that DSB and S-trains control. Exclusive of persons being hit by trains as a consequence of unauthorised loitering on or near tracks, accidents at crossings and suicide.

No persons died or were seriously injured as a consequence of collisions, derailment, fire or other injuries due to flaws in DSB's safety activities. One person died as a consequence of trying to board the train after it had started moving and another person was seriously injured for the same reason. One person was seriously injured as a consequence of a fall in a braking train. Other than that, there were serious injuries as a conse-

quence of collisions with persons at level crossings or persons being hit by trains as a consequence of unauthorised loitering on or near tracks. The number of minor injuries was at the same level as in 2011.

DSB monitors safety during all operating hours on all days of the year. If a safety incident occurs, it is recorded and analysed. One of the types of incidents that are subject to continuous monitoring and constant elimination efforts by a railway operator is passing of stop signals when braking. In 2012 DSB reduced the number of this kind of incidents by more than 20 percent and focus will be on eliminating this problem in 2013 as well.

Risk management

To ensure a robust and coherent management of risks DSB has implemented an Enterprise Risk Management-program.

Macro risks

DSB continues to experience increases in the number of passengers despite the continued recession. This means that DSB needs to continue to secure sufficient capacity for existing as well as new customers.

Market risks

Apart from other train operators, DSB's primary competitors are other means of transport such as car, bus and airplane. DSB's focus on reliability, coherence and punctuality helps support our collective responsibility. DSB will work to ensure optimum cooperation and effective coordination of traffic in favour of our customers.

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 is decided by the owner through the specified priorities.

The Healthy DSB strategy plays an important part in the negotiations for a new transport contract for the period after 2014. It is vital that DSB is able to execute this strategy and thereby become a competitive and robust corporation with focus on the basic product.

DSB's reputation is one of the factors that can affect the political risk.

Operational risks

For many years DSB has focused on railway safety and management of the risks associated with train operation, see the section on Safety.

Customer confidence in DSB is to a significant degree due to the delivery of a continuously well-functioning product.

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 primary focus on strengthening the positive experience of the customer. DSB has in 2012 implemented efficiency enhancements in the form of restructuring and reduced the number of employees. Furthermore, it has been decided to gather all administrative activities in Copenhagen in one domicile in Høje-Taastrup. It is important that DSB constantly focuses on the risks associated with changing the corporation, including implementing new processes. The implementation of new processes may pose a threat in the short term, but that is a risk DSB has to take and manage to create a Healthy DSB.

Financial risks

In connection with the ongoing operations and financing, the corporation is affected by the development and pricing on the financial markets. The financial risks and accounting for such are described in detail in the annual accounts.

In overall terms DSB works 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 ongoing 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.

Financial reporting

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

- presentation of internal statements that allow for analysis and follow-up on the economy and effectiveness on individual lines
- presentation of external accounts that comply with the Danish Financial Statements Act's provisions for Class D companies and the Danish Act on DSB.

The control environment is made up of the organisational structure, the internal guidelines and internal controls in manual as well as automatic processes. The internal controls are designed partly as controls that are integrated in the day-to-day data flow and partly as management controls integrated in the periodic reporting.

Management has established formal procedures for financial reporting. The financial reporting includes internal monthly reports and external quarterly reporting. The Board of Directors receives written and oral accounts of the financial development.

As an integral part of the auditors' reporting they report to the Board of Directors and the Executive Board on the effectiveness of the accounting procedures.

Corporate governance

Recommendations for corporate governance

As an independent public corporation DSB follows the state's recommendations for corporate governance as they appear from the publication "The State as Shareholder". The publication contains guidelines for the management of state corporations, including requirements, expectations and recommendations for corporate governance. The publication "The State as Shareholder" is available on the website of the Ministry of Finance, www.fm.dk.

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

As a consequence of DSB's status as an independent public corporation, 12 of the total 79 recom-

mendations of the Committee for Corporate Governance are found not to be relevant to DSB. These recommendations concern the relationship with investors, recommendations regarding share structure, and equity and warrant compensation plans as well as recommendations regarding election and eligibility for DSB's Board of Directors.

Openness and transparency

Communication

DSB aims to make communication between the corporation and its stakeholders (owner, customers, employees and partners) as open and broad as possible, and ensure that communication is as easy, factual and professional as possible. DSB has decided to draw up a stakeholder management policy in cooperation with the owner.

With a view to improving customer service and strengthening the dialogue with the customers, a customer ambassador function was established in autumn 2011. The customer ambassador is an independent complaints function who considers customer complaints as well as takes up cases of his/her own accord. The customer ambassador submits half-yearly situation reports to DSB's Executive Board.



Publication of important matters

DSB is under an obligation to notify the Danish Business Authority about all important matters in relation to the corporation which may be presumed to be of importance to DSB's future, employees, owner or creditors. All such notices are submitted electronically via the website www.offentlige-selskaber.dk.

Annual and interim reports

As an independent public corporation DSB's financial reporting is required to be in compliance with Section 102 of the Danish Financial Statements Act. In terms of financial reporting requirements,

DSB must fulfil the same requirements as listed companies.

DSB's annual report is audited by a state-authorized public accountant and by the Auditor General. Furthermore, the Auditor General audits DSB's accounts according to the rules on audit of the state accounts etc.

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

The Ministry of Transport lays down DSB's accounting regulations in pursuance of Section 7(1) of the Danish Act on the Railway. The last version came into force on 5 December 2012.

Reporting on corporate social responsibility

Pursuant to Section 99 a of the Danish Financial Statements Act DSB is as an independent public corporation required to draw up a report on how the corporation approaches its corporate social responsibility. Among other things, the report must include information about DSB's corporate social responsibility policies and how it puts its corporate social responsibility policies into practice.

Since 2009 DSB has drawn up an annual corporate social responsibility report. For 2012 the report is incorporated in the Annual Report. DSB also draws up an annual environmental report which is published on DSB's website.

Ethics

DSB's management, in cooperation with the unions and a number of business areas, are currently drawing up some ethical rules to apply to all DSB's employees. The rules will describe how DSB cooperates with external partners, how DSB deals with attempts at bribery, DSB's views on presents and entertainment/events, the rules governing support to charity as well as DSB's expectations with regard to all employees' integrity and impartiality. DSB is planning to communicate these ethical rules to all employees in 2013. Furthermore DSB has decided to establish a whistleblower function, to be implemented in 2013.

Public access

DSB's Annual Meeting, which corresponds to the annual general meeting in a limited liability company, is open to the press.

The Minister of Transport, the Board of Directors, the Executive Board and DSB's auditors attend DSB's annual meeting. The Annual Meeting is presided over by a chairman appointed by the Minister of Transport. The ordinary Annual Meeting is held every year before the end of April.

Furthermore, DSB's Articles of Association and Annual Reports are published on DSB's website.

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

Management committees

In 2012 DSB set up an Audit Committee and a Remuneration Committee. The terms of reference for the two committees will be published on DSB's website.

The Audit Committee has the following members:
Carsten Gerner, chairman
Lars Andersen
Andreas Hasle

The Remuneration Committee has the following members:
Annette Sadolin, chairman
Lilian Mogensen
Peter Schütze

DSB's management

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

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

The directors elected by the employees are elected in accordance with the provisions regarding election of employee representatives and their

alternates of the Danish Companies Act, including the rules governing Group representation and eligibility.

The Chairman of the Board carries out an annual self-assessment of the Board's work, of the individual members and of the overall competencies in the Board. In addition to meeting the recommendations concerning Corporate Governance, the objective is to identify possible improvements regarding the Board's work and consequently its value addition.

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

Composition of the Board of Directors 2012

In 2012 nine directors served on DSB's Board of Directors, of whom six had been elected by the Minister of Transport and three by the employees.

A list of DSB's Board of Directors is available in the section About DSB.

Tasks and responsibilities of the management

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

Events after 31 December 2012

On 7 January 2013 operations on Roslagsbanan in Stockholm were handed over to Arriva.

Effective as from 1 April 2013, DSB has changed the organization. Apart from the repositioning in the Corporate Management, the changes have resulted in the resignation of Gert Frost, Commercial Director and Frank Olesen, CEO, DSB Maintenance A/S.

DSB and the transport authorities in Sweden disagree about the interpretation of the agreement concluded regarding DSB's obligation in relation

to the activities in DSB Småland. The parties' disagreement is expected to be solved by the end of the second quarter 2013.

In cooperation with the Ministry of Transport DSB decided to initiate an external investigation of DSB's cooperation with the PR firm Waterfront. The investigation is lead by the Legal firm of Bruun & Hjejle. The lawyers expect to complete their investigation by mid-April 2013.

In March 2013, the Danish Government proposed the establishment of a trust with a view to spearhead the expansion of the public transport service in Denmark. The expansion means the introduction of an electrification of the Danish railway network. An electrification of the railway network is expected to entail a need for renewing DSB's rolling stock over a period, which is shorter than previously assumed in the expected useful lives.

No events have occurred after 31 December 2012 which in the opinion of the management have a significant impact on the assessment of the Annual Report for 2012.

Announcements to the Danish Business Authority

22 March 2012

Announcement of the financial results 2011

3 April 2012

Filing of notice convening the Annual Meeting on
24 April 2012

23 May 2012

Filing of announcement of accounts for the first
quarter 2012

23 August 2012

Filing of announcement of interim report 2012

14 November 2012

Filing of announcement of accounts for the first
three quarters 2012

Management statement and auditors' reports

Management statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report for 2012 of DSB.

The Annual Report is presented in accordance with the Danish Financial Statements Act and the Danish Act on DSB. We consider the accounting policies applied to be appropriate. Accordingly, the Annual Report gives a true and fair view of the Group's and parent corporation's assets, liabilities and financial position at 31 December 2012 and of the results of the Group's and parent corporation's operations and the cash flows of the Group for the accounting year 1 January - 31 December 2012.

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

Copenhagen, 22 March 2013

Executive Board

Jesper Lok
CEO

Jacob Kjær
CFO

Board of Directors

Peter Schütze
Chairman

Annette Sadolin
Vice Chairman

Lars Andersen

Carsten Gerner

Helge Israelsen

Lilian Merete Mogensen

Andreas Hasle

Hans Christian Kirketerp-Møller

Preben Steenholdt Petersen

To the Board of Directors**Report on the consolidated annual accounts and the annual accounts of the parent corporation**

We have audited the consolidated annual accounts and the annual accounts of the independent public corporation DSB for the accounting year 1 January to 31 December 2012, comprising accounting policies, profit and loss account, balance sheet, equity statement and notes to the annual accounts for the Group as well as for the parent corporation and the consolidated cash flow statement. The consolidated annual accounts and the annual accounts of the parent corporation are prepared in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish Act on DSB.

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

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

Auditor's responsibility

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

An audit involves performing audit procedures to obtain audit evidence of the amounts and disclosures in the consolidated annual accounts and the annual accounts of the parent corporation. The audit procedures selected depend on the auditors' assessment, including the assessment of the risks of material misstatement in the consolidated annual accounts and the annual accounts of the parent corporation, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the independent public corporation DSB's preparation of consolidated annual accounts and annual accounts of the parent corporation that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the independent public corporation DSB's internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied and the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts and the annual accounts of the parent corporation.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated annual accounts and the annual accounts of the parent corporation give a true and fair view of the Group's and the independent public corporation DSB's assets, liabilities and financial position at 31 December 2012 and of the results of the Group's and the independent public corporation DSB's operations and the Group's cash flows for the accounting year 1 January to 31 December 2012 in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish Act on DSB.

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 annual accounts and the annual accounts of the parent corporation. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated annual accounts and the annual accounts of the parent corporation.

Copenhagen, 22 March 2013

Internal audit

Michael Ravbjerg Lundgaard
Group Internal Auditor

Independent auditors' report

To the Minister of Transport

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

We have audited the consolidated annual accounts and the annual accounts of the independent public corporation DSB for the accounting year 1 January to 31 December 2012, comprising accounting policies, profit and loss account, balance sheet, equity statement and notes to the annual accounts for the Group as well as for the parent corporation and the consolidated cash flow statement. The consolidated annual accounts and the annual accounts of the parent corporation are prepared in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish Act on DSB.

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

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

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

Auditors' responsibility

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

An audit involves performing audit procedures to obtain audit evidence of the amounts and disclosures in the consolidated annual accounts and the annual accounts of the parent corporation. The audit procedures selected depend on the auditors' assessment, including the assessment of the risks of material misstatement in the consolidated annual accounts and the annual accounts of the parent corporation, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the independent public corporation DSB's preparation of consolidated annual accounts and annual accounts of the parent corporation that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the independent public corporation DSB's internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied and the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts and the annual accounts of the parent corporation.

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated annual accounts and the annual accounts of the parent corporation give a true and fair view of the Group's and the independent public corporation DSB's assets, liabilities and financial

position at 31 December 2012 and of the results of the Group's and the independent public corporation DSB's operations and the consolidated cash flows for the accounting year 1 January to 31 December 2012 in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and the Danish Act on DSB. Further, it is our opinion that business procedures and internal controls have been established to ensure that the transactions comprised by the annual accounts of the parent corporation 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 annual accounts and the annual accounts of the parent corporation. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated annual accounts and the annual accounts of the parent corporation.

Copenhagen, 22 March 2013

KPMG

Statsautoriseret Revisionspartnerselskab

The National Audit Office of Denmark

Jesper Koefoed
State Authorised
Public Accountant

Torben Bender
State Authorised
Public Accountant

Lone L. Strøm
Auditor General

Tina Møllerup Laigaard
Head of Office

Accounting policies

The Annual Report of the Independent Public Corporation DSB was prepared in accordance with the provisions of the Danish Financial Statements Act for Class D companies and the Danish Act on DSB.

Apart from the below-mentioned the Annual Report has been prepared in accordance with the same accounting policies as the Annual Report for 2011.

Correction of the decomponents of the useful life of certain gear systems in previous years

A correction has been made for the lacking decomponents in previous years of certain gear systems installed in rolling stock, which at the time of procuring were not separated as independent components with a shorter useful life than the actual train set.

The correction of the value of the tangible fixed assets as of 1 January 2011 is recognised directly in equity by a total of DKK 42 million before tax and DKK 32 million after tax. The profit/loss for 2011 and 2012 has been reduced by DKK 4 million before tax and DKK 4 million after tax for both years. Comparative figures and financial highlights have been restated.

Presentation

The presentation in the balance sheet of the recognised fair value of derivatives was changed in 2012 so that the presentation of the fair values of derivatives used for hedge accounting of long-term loans is now in accordance with the categorisation into short-term and long-term portions of the hedged loans.

The fair value of hedging instruments relating to long-term loans is now presented as Other receivables under Investments and as Other non-current liabilities under Non-current liabilities, respectively. Previously, the fair value of all hedging instruments was presented as Other receivables under Current Assets and as Other debt under Current liabilities, respectively.

The above-mentioned change of presentation has no effect on Total assets or Total liabilities.

The presentation of Cash at bank and in hand and Credit institutions in the Cash flow statement has been changed so that Credit institutions are no longer deducted from Cash at bank and in hand. The change in Credit institutions is presented under Cash flow from financing activities.

The above-mentioned changes in the presentation do not have any effect on Equity or Profit for the year. Credit institutions, Working capital and Financing activities in the Cash flow statement are affected by the latter change. Comparative figures and 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 has a controlling influence. Companies that are not Group companies, but in which the DSB Group holds 20 percent or more of the voting rights and exercises 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 in connection with the acquisition. 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 subsidiaries' profit and equity is recognised as separate items in the profit and loss account and balance sheet. The Group's share of joint ventures' revenue and expenses, assets and liabilities is recognised line by line in the consolidated accounts. Intragroup profits and losses are eliminated on a pro rata basis.

Investments in associated companies are measured according to the equity method at the Group's proportionate share of the equity of the company. Intragroup profits and losses are eliminated 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 derivatives 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, 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, including commissions, 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 and damages, 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.

Cost of raw materials and consumables

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

The proportionate share of the profit/loss after tax of the associated companies is included in the profit and loss account of 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 Group's Danish Group companies. The Group companies are included in the joint taxation from the time at which they are included in the consolidation in the consolidated annual accounts and until they are excluded from the consolidation.

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

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

The tax for the year which comprises current corporation tax, the year's joint taxation contribution and changes in deferred tax, including differences as a consequence of changed tax legislation or rates is included in the profit and loss account with the share related to the profit for the year and taken directly to equity insofar 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 depreciation is calculated considering the scrap value of the asset and is reduced by any write-downs. Depreciation methods and ex-

pected useful lives are reviewed annually. The scrap value is fixed at the time of acquisition. Acquisitions during the accounting year are depreciated proportionately according to the time of commencement of use.

For changes in depreciation period or scrap value, the effect is recognised in future depreciation 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 accounting year are depreciated proportionately according to the time of commencement of use.

In case the depreciation period or the scrap value changes, the impact on depreciation in the future is recognised as a change of accounting estimates.

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

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

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

Investments

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

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

In case of 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, in accordance 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 down individually.

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

Prepayments

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

Equity

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

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

Provisions are recognised and measured as the best estimate of the costs necessary to liquidate the obligations. Provisions for anticipated matur-

ity 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.

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 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.

Leasing

In terms of accounting, lease commitments are divided into financial and operating leases. DSB has presently not concluded any financial leases.

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

Deferred income

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

Segmental reporting

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		Note	Amounts in DKK million		Group
2011	2012			2012	2011
Revenues					
6,035	6,393	1	Net turnover	11,100	11,048
126	71		Work performed by the enterprise and capitalised	508	534
827	729	2	Other operating income	512	503
6,988	7,193		Total revenues	12,120	12,085
Total expenses					
526	534	3	Cost of raw materials and consumables	1,705	1,738
3,231	3,062	4,5	Other external expenses	3,449	3,684
2,569	2,523	6	Staff expenses	4,610	4,970
6,326	6,119		Total expenses	9,764	10,392
662	1,074		Profit before depreciation, amortisation and write-downs	2,356	1,693
1,302	1,014	7	Depreciation, amortisation and write-downs	1,701	2,014
-640	60		Operating profit/loss	655	-321
Net financials					
27	116	8	Profit/loss after tax in Group companies	-	-
0	0	9	Profit/loss after tax in associated companies	-134	-36
67	77	10	Financial income	80	63
367	331	11	Financial expenses	486	568
-273	-138		Total net financials	-540	-541
-913	-78		Profit/loss before tax	115	-862
Tax					
206	120	12	Tax on the profit/loss for the year	-20	150
0	1		Adjustment of tax relating to previous years	-45	14
206	121		Total tax	-65	164
-707	43		Profit/loss for the year	50	-698
The profit/loss for the year is allocated as follows:					
			DSB	43	-707
			Minority interests	7	9
			Profit/loss for the year	50	-698
The parent corporation's profit/loss is proposed for allocation as follows:					
			Dividend to the Ministry of Transport	56	
			Transfer to equity		
			Net revaluation reserve according to the equity method	46	
			Transfer from distributable reserves from equity:		
			Retained earnings	-59	
			Total	43	

Balance sheet – Assets

Parent corporation		Note	Amounts in DKK million	Group	
2011	2012			2012	2011
		13	Intangible assets		
-	-		Rights acquired	41	47
123	118		Strategic development projects	181	191
193	257		Other development projects	282	226
182	44		Intangible assets in progress	49	184
498	419		Total intangible assets	553	648
		14	Tangible assets		
3,660	3,669		Land and buildings	5,441	5,517
5,187	7,120		Rolling stock	12,787	11,379
1,074	1,109		Operating equipment, fixtures and fittings	1,481	1,439
2,704	994		Tangible assets in progress and prepayments	1,065	2,767
12,625	12,892		Total tangible assets	20,774	21,102
		15	Investments		
3,526	3,709		Investments in Group companies	-	-
0	0		Investments in associated companies	114	115
85	103		Subordinate loan capital in Group companies	-	-
-	-		Subordinate loan capital in associated companies	243	237
1	1		Other investments	1	1
574	673		Other receivables	830	763
4,186	4,486		Total investments	1,188	1,116
17,309	17,797		Total non-current assets	22,515	22,866
20	16	16	Inventories	346	340
			Receivables		
222	194		Trade receivables	469	574
221	219		Receivables from Group companies	-	-
-	237		Receivable re. joint taxation	-	-
231	445	17	Other receivables	928	675
203	190	18	Prepayments	216	224
877	1,285		Total receivables	1,613	1,473
5	13		Cash at bank and in hand	26	24
902	1,314		Total current assets	1,985	1,837
18,211	19,111		Total assets	24,500	24,703

Balance sheet – Equity and liabilities

Parent corporation	Note	Amounts in DKK million	Group		
2011	2012		2012	2011	
Equity					
4,760	4,760	Contributed capital	4,760	4,760	
570	666	Net revaluation reserve according to the equity method	0	0	
-247	-432	Retained earnings	234	323	
-	56	Proposed dividend	56	-	
5,083	5,050	Total equity	5,050	5,083	
-	-	19	Minority interests	7	-6
5,083	5,050	Total equity and minority interests		5,057	5,077
Provisions					
916	721	20	Other provisions	776	877
26	160	21	Deferred tax liability	1,191	1,157
942	881	Total provisions		1,967	2,034
Non-current liabilities					
6,585	5,494	22	Long-term loans	8,251	9,407
-	-	22	Subordinate loan capital	6	6
870	1,168	25	Other non-current liabilities	1,553	1,328
7,455	6,662	Total non-current liabilities		9,810	10,741
Current liabilities					
709	1,975	22	Current portion of non-current liabilities	2,047	1,641
550	1,300	25	Short-term loans	1,800	1,050
476	403	25	Credit institutions	403	523
690	474		Trade accounts payable	799	1,058
527	628		Debt to Group companies	-	-
1,362	1,340	23	Other liabilities	2,000	1,985
417	398	24	Deferred income	617	594
4,731	6,518	Total current liabilities		7,666	6,851
12,186	13,180	Total liabilities		17,476	17,592
18,211	19,111	Total equity and liabilities		24,500	24,703

- 14** Collaterals, mortgaging and public grants
- 25** Financial risks and financial instruments
- 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 DSB Øresund and the Swedish activities
- 30** Segmental reporting - primary segment

Equity statement – Parent corporation

Amounts in DKK million	Contributed capital	Net revaluation according to the equity method	Re-tained earnings	Proposed dividend	Total equity
Equity at 1 January 2011	4,761	789	763	300	6,613
Correction of equity at 1 January 2011	-	-32	-	-	-32
Equity at 1 January 2011 – corrected	4,761	757	763	300	6,581
Dividend paid	-	-	-	-300	-300
Capital reduction	-1	-	-166	-	-167
Profit/loss for the year	-	-126	-581	-	-707
Foreign currency translation adjustments re. Group companies	-	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	570	-247	-	5,083
Profit/loss for the year	-	46	-59	56	43
Foreign currency translation adjustments re. Group companies	-	-7	7	-	0
Value adjustment of hedging instruments, 1 January	-	-	522	-	522
Value adjustment of hedging instruments, 31 December	-	-	-618	-	-618
Change in equity in Group companies *	-	57	-37	-	20
Equity at 31 December 2012	4,760	666	-432	56	5,050

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

Equity statement – Group

Amounts in DKK million	Contributed capital	Net revaluation according to the equity method	Re-tained earnings	Proposed dividend	Total equity
Equity at 1 January 2011	4,761	0	1,552	300	6,613
Correction of equity at 1 January 2011	-	-	-32	-	-32
Equity at 1 January 2011 – corrected	4,761	0	1,520	300	6,581
Dividend paid	-	-	-	-300	-300
Capital reduction	-1	-	-166	-	-167
Profit/loss for the year	-	0	-698	-	-698
Foreign currency translation adjustments re. Group companies	-	-	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	323	-	5,083
Profit/loss for the year	-	0	-6	56	50
Foreign currency translation adjustments re. Group companies	-	-	-9	-	-9
Value adjustment of hedging instruments, 1 January	-	-	731	-	731
Value adjustment of hedging instruments, 31 December	-	-	-805	-	-805
Equity at 31 December 2012	4,760	0	234	56	5,050

Cash flow statement - Group

Amounts in DKK million	2012	2011
Operating profit/loss	655	-321
Adjustment for non-cash operating items		
Depreciation, amortisation and write-downs	1,701	2,014
Change in other provisions, net	-101	-199
Other adjustments		
Gain and loss on sale and scrapping of intangible and tangible assets	-120	42
Net financials, paid	-473	-489
Corporation tax, paid	-6	-10
Cash flow from operating activities before change in working capital	1,656	1,037
Change in receivables	47	197
Change in inventories	-6	64
Change in trade accounts payable and other liabilities etc.	-254	487
Total change in working capital	-213	748
Total cash flow from operating activities	1,443	1,785
Acquisition of intangible and tangible assets, excl. capitalised interest	-1,378	-2,362
Sale of intangible and tangible assets etc.	249	478
Acquisition of investments	-133	-69
Sale of investments	-	169
Investment of subordinate loan capital in associated company	-6	-6
Total cash flow from investing activities	-1,268	-1,790
Proceeds from the raising of long-term loans	853	790
Proceeds from the raising of short-term loans	1,350	900
Repayment of and instalments on long-term loans	-1,662	-1,176
Repayment of and instalments on short-term loans	-600	-500
Change in credit institutions	-120	-11
Invested hybrid capital	7	35
Dividend received	-	5
Dividend paid	-1	-305
Total cash flow from financing activities	-173	-262
Total change in cash at bank and in hand	2	-267
Cash at bank and in hand, 1 January	24	291
Cash at bank and in hand, 31 December	26	24

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	Note	Amounts in DKK million	Group	
2011	2012		2012	2011
1 Net turnover				
		Passenger revenues specified by business areas:		
3,263	3,512	Long-distance and Regional Trains	3,483	3,263
-	-	S-trains	1,290	1,206
3,263	3,512	Total passenger revenues	4,773	4,469
2,413	2,523	Revenue from transport contracts	4,956	5,363
43	39	Sales from shops etc.	863	816
85	86	Repair and maintenance of rolling stock etc.	275	169
231	233	Leasing of rolling stock	233	231
6,035	6,393	Total	11,100	11,048
Passenger revenues in the parent corporation include fines to passengers travelling without a valid ticket of DKK 7 million (2011: DKK 8 million). On Group level, the amount is DKK 39 million (2011: DKK 35 million).				
2 Other operating income				
194	212	Renting and leasing	151	130
2	10	Profit on sale of intangible and tangible assets	156	81
338	406	Intragroup income	-	-
89	64	Compensation regarding leasing of replacement rolling stock	64	89
204	37	Other	141	203
827	729	Total	512	503
3 Cost of raw materials and consumables				
468	495	Energy costs	705	672
25	22	Sales from shops etc.	575	547
33	17	Spare parts etc.	425	519
526	534	Total	1,705	1,738
4 Other external costs				
425	427	Infrastructure charges	675	673
370	446	Non-deductible VAT	541	551
899	817	Repair, maintenance and cleaning etc.	473	480
305	307	Administrative expenses	535	610
199	183	Consultancy fees etc.	230	185
319	301	Renting of rolling stock etc.	305	357
48	164	Replacement services etc.	152	96
146	-73	Provision for onerous contracts etc., net	-73	141
120	113	Commission for transport services operators	66	54
60	60	Sales and marketing	80	105
109	22	Loss on sale and scrapping of intangible and tangible assets	36	123
231	295	Other external expenses	429	309
3,231	3,062	Total	3,449	3,684

Notes to the annual accounts

Parent corporation	Note	Amounts in DKK million	Group	
2011	2012		2012	2011
	5	Audit fees		
		Statutory audit:		
1.9	0.9	Deloitte *)	1.3	3.4
1.7	1.6	KPMG	3.6	4.0
1.1	0.4	Audit of the State Accounts	0.4	1.1
		Other assurance statements:		
0.2	0.1	Deloitte *)	0.1	0.4
0.5	0.5	KPMG	1.8	0.8
		Tax and VAT consultancy:		
1.5	0.3	Deloitte *)	0.4	1.6
1.3	0.8	KPMG	1.1	1.8
		Other services:		
22.7	0.6	Deloitte *)	0.8	23.2
11.2	3.2	KPMG	3.6	13.7
42.1	8.4	Total	13.1	50.0

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

*) Deloitte was not appointed in 2012. The amounts are consequently adjustments relating to 2011.

	6	Staff expenses		
2,074	1,940	Wages and salaries	3,747	4,104
479	545	Pensions	773	776
16	38	Other social security costs	90	90
2,569	2,523	Total	4,610	4,970

Fees for the Board of Directors total DKK 1.9 million (2011: DKK 1.9 million), of which the Chairman received DKK 0.5 million (2011: DKK 0.5 million), the Deputy Chairman DKK 0.3 million (2011: DKK 0.3 million) and the other directors DKK 0.15 million (2011: DKK 0.15 million). Members of the Audit Committee received a further total of DKK 0.2 million (7 months), while the members of the Remuneration Committee received a further total of DKK 0.1 million (8 months).

The Executive Board comprises the CEO and the CFO. The remuneration for the Executive Board totalled DKK 7.3 million (2011: DKK 17.4 million). In addition, the Executive Board receives a performance-related salary which cannot exceed 25 percent of the fixed remuneration. In 2011 the remuneration for the Executive Board also included severance pay.

The 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. However, a notice of 24 months after 1 year of employment for the CEO. The general provisions of the Danish Public Servants Act apply to the public servants.

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

4,750	4,443	Average number of full-time employees	8,818	10,040
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Notes to the annual accounts

Parent corporation	Note	Amounts in DKK million	Group	
2011	2012		2012	2011
7 Depreciation, amortisation and write-downs				
-	-	Rights acquired	6	7
8	34	Strategic development projects	47	14
51	83	Other development projects	94	61
-	-	Intangible assets in progress	-	7
157	159	Land and buildings	238	243
682	668	Rolling stock	1,153	1,175
180	175	Operating equipment, fixtures and fittings	268	283
224	-105	Tangible assets in progress and prepayments	-105	224
1,302	1,014	Total	1,701	2,014

The accounting treatment of the realised discount described in note 2 means that a total of DKK 105 million in write-downs of acquisition costs regarding IC4 and IC2 train sets was reversed in 2012. In 2011 DSB made write-downs totalling DKK 345 million regarding IC4 and IC2 train sets, of which DKK 105 million, as mentioned, was consequently reversed in 2012, as this amount is covered through the discount/compensation from AnsaldoBreda.

8 Profit/loss after tax in Group companies				
67	291	Profit/loss before tax in Group companies	-	-
3	10	Adjustment of profit/loss regarding previous years in Group companies	-	-
-43	-184	Tax in Group companies	-	-
-	-1	Adjustment of tax regarding previous years in Group companies	-	-
27	116	Profit/loss after tax in Group companies	-	-

9 Profit/loss after tax in associated companies				
-	-	Profit/loss before tax in associated companies	-134	-36
-	-	Profit/loss after tax in associated companies	-134	-36

10 Financial income				
17	7	Interest on outstanding with Group companies	-	-
-	-	Interest on outstanding with associated companies	6	7
36	67	Interest compensation from AnsaldoBreda S.p.A.	67	36
9	3	Interest on bank deposits, bonds etc. *)	7	13
5	-	Dividend	-	5
0	0	Currency exchange gains etc.	0	2
67	77	Total	80	63

*) In 2012 DKK 67 million (2011: DKK 36 million) was recognised as interest compensation from AnsaldoBreda S.p.A.

Notes to the annual accounts

Parent corporation	Note	Amounts in DKK million	Group	
2011	2012		2012	2011
11 Financial expenses				
361	331	Interest on loans, debt to credit institutions etc.	486	542
6	0	Currency exchange losses etc.	0	26
367	331	Total	486	568
12 Tax				
206	120	Change in deferred tax regarding the profit/loss for the year	-20	150
206	120	Tax on the profit/loss for the year	-20	150
0	1	Adjustment of tax relating to previous years	-45	14
206	121	Total tax	-65	164
Reconciliation of tax rate				
25%	25%	Tax on the profit/loss for the year	25%	25%
-2%	129%	Tax effect of non-taxable income and non-deductible expenses	-8%	-9%
0%	0%	Adjustment of tax relating to previous years	39%	2%
23%	154%	Effective tax rate for the year	56%	18%
1	1	Tax paid during the year	6	10

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 2012		131	380	182	693
Additions		-	-	54	54
Transferred		29	147	-192	-16
Cost at 31 December 2012		160	527	44	731
Amortisation and write-downs at 1 January 2012		-8	-187	-	-195
Amortisation for the year		-15	-75	-	-90
Write-downs for the year		-19	-8	-	-27
Amortisation and write-downs at 31 December 2012		-42	-270	-	-312
Carrying amount at 31 December 2012		118	257	44	419
Carrying amount at 31 December 2011		123	193	182	498

Group	Rights acquired	Strategic development projects	Other development projects	Intangible assets in progress	Total intangible assets
Cost at 1 January 2012	57	205	434	183	879
Additions	-	-	8	58	66
Transferred	-	37	152	-193	-4
Disposals	-	-	-10	-	-10
Cost at 31 December 2012	57	242	584	48	931
Amortisation and write-downs at 1 January 2012	-10	-14	-208	1	-231
Amortisation for the year	-6	-23	-86	-	-115
Write-downs for the year	-	-24	-8	-	-32
Amortisation and write-downs at 31 December 2012	-16	-61	-302	1	-378
Carrying amount at 31 December 2012	41	181	282	49	553
Carrying amount at 31 December 2011	47	191	226	184	648

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 2012	5,514	10,419	2,236	2,928	21,097
Additions	5	301	2	878	1,186
Transferred	174	2,383	233	-2,774	16
Disposals	-15	-222	-56	-	-293
Cost at 31 December 2012	5,678	12,881	2,415	1,032	22,006
Depreciation and write-downs at 1 January 2012	-1,854	-5,232	-1,162	-224	-8,472
Reclassification	-	-81	-	81	-
Depreciation for the year	-159	-668	-175	-	-1,002
Reversed write-downs for the year	-	-	-	105	105
Disposals	4	220	31	-	255
Depreciation and write-downs at 31 December 2012	-2,009	-5,761	-1,306	-38	-9,114
Carrying amount at 31 December 2012	3,669	7,120	1,109	994	12,892
Carrying amount at 31 December 2011	3,660	5,187	1,074	2,704	12,625
Cost includes capitalised interest in the amount of	2	60	1	28	91

A total grant of DKK 12 million (2011: DKK 0 million) was received from the City of Copenhagen for establishing a footbridge in Hellerup. The grant will be recognised over the life of the asset through reduction of the monthly depreciation on the asset.

In pursuance of an agreement concluded between the Ministry of Transport and the Transport Authority, DSB has at the request of the Transport Authority procured 10 train sets for leasing to the Transport Authority for the operation of the Coastal 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 545 million as security.

Prepayments of DKK 713 million (2011: DKK 1,311 million) on non-delivered rolling stock are included in the carrying amount.

Supplier	Rolling stock	DKK million
Ansaldobreda S.p.A.	IC4 train sets	435
Ansaldobreda S.p.A.	IC2 train sets	278
Total		713

Notes to the annual accounts

Note Amounts in DKK million

14 Tangible assets

(continued)

Group	Land and buildings	Rolling stock	Operating equipment, fixtures and fittings	Tangible assets in progress and prepayments	Total tangible assets
Cost at 1 January 2012	8,186	21,238	3,416	2,991	35,831
Additions	8	268	28	1,037	1,341
Transferred	225	2,395	309	-2,925	4
Disposals	-88	-413	-87	-	-588
Cost at 31 December 2012	8,331	23,488	3,666	1,103	36,588
Depreciation and write-downs at 1 January 2012	-2,669	-9,813	-1,977	-224	-14,683
Correction of depreciation and write-downs at 1 January 2012	-	-46	-	-	-46
Depreciation and write-downs at 1 January 2012 – corrected	-2,669	-9,859	-1,977	-224	-14,729
Reclassification	-	-81	-	81	-
Depreciation for the year	-238	-1,153	-258	-	-1,649
Write-downs for the year	-	-	-10	-	-10
Reversed write-downs for the year	-	-	-	105	105
Disposals	17	392	60	-	469
Depreciation and write-downs at 31 December 2012	-2,890	-10,701	-2,185	-38	-15,814
Carrying amount at 31 December 2012	5,441	12,787	1,481	1,065	20,774
Carrying amount at 31 December 2011	5,517	11,379	1,439	2,767	21,102
Cost includes capitalised interest in the amount of	2	257	3	32	294

A total grant of DKK 12 million (2011: DKK 0 million) was received from the City of Copenhagen for establishing a footbridge in Hellerup. The grant will be recognised over the life of the asset through reduction of the monthly depreciation on the asset.

In pursuance of an agreement concluded between the Ministry of Transport and the Transport Authority, DSB has at the request of the Transport Authority procured 10 train sets for leasing to the Transport Authority for the operation of the Coastal 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 545 million as security.

Prepayments of DKK 713 million (2011: DKK 1,311 million) on non-delivered rolling stock are included in the carrying amount.

Supplier	Rolling stock	DKK million
AnsaldoBreda S.p.A.	IC4 train sets	435
AnsaldoBreda S.p.A.	IC2 train sets	278
Total		713

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 2012	2,850	0	85	2	574	3,511
Foreign currency translation adjustments	7	-	-	-	-	7
Additions	81	0	18	-	344	443
Disposals	-1	-	-	-	-245	-246
Cost at 31 December 2012	2,937	0	103	2	673	3,715
Value adjustments at 1 January 2012	712	0	-	-1	-	711
Correction of value adjustments at 1 January 2012	-36	-	-	-	-	-36
Value adjustments at 1 January 2012 – corrected	676	-	-	-1	-	675
Foreign currency translation adjustments	-7	-	-	0	-	-7
Profit/loss for the year	107	0	-	-	-	107
Adjustments regarding previous years	9	-	-	-	-	9
Changes in equity	56	-	-	-	-	56
Dividend received	-70	-	-	-	-	-70
Unpaid capital to cover Negative balance	-5	-	-	-	-	-5
Other adjustments	6	-	-	-	-	6
Value adjustments at 31 December 2012	772	0	-	-1	-	771
Carrying amount at 31 December 2012	3,709	0	103	1	673	4,486
Carrying amount at 31 December 2011	3,526	0	85	1	574	4,186

Notes to the annual accounts

Note Amounts in DKK million

15 Investments (continued)

Investments in Group companies:				Share of equity
Name	Domicile	Owner-ship	Share capital	Parent corporation 2012
DSB S-tog a/s	Denmark	100%	DKK 500 million	1,989
DSB Ejendomsudvikling A/S	Denmark	100%	DKK 100 million	1,128
Kort & Godt A/S	Denmark	100%	DKK 5.5 million	20
DSB Vedligehold A/S	Denmark	100%	DKK 28.5 million	382
DSB Rejsekort A/S ¹	Denmark	50%	DKK 37 million	61
DSB Øresund A/S ²	Denmark	75%	DKK 668,092 million	0
DSB Øresund Holding ApS	Denmark	70%	DKK 10 million	2
- DSB Øresund A/S ²	Denmark	25%	DKK 668,092	-
- DSBFirst Sverige AB ³	Sweden	100%	SEK 1 million	-
CENTOUR A/S, in liquidation ⁴	Denmark	51%	DKK 500,000	0
Aktieselskabet af 26. oktober 2010, in liquidation ⁴	Denmark	100%	DKK 500,000	0
DSB Århus Nærbane A/S, in liquidation ⁴	Denmark	100%	DKK 500,000	0
DSB Sverige AB	Sweden	100%	SEK 5.1 million	53
- Roslagståg AB ⁵	Sweden	60%	SEK 12.5 million	-
- DSB Uppland AB	Sweden	100%	SEK 1.1 million	-
- DSB Småland AB	Sweden	100%	SEK 1.1 million	-
- DSB Väst AB ⁶	Sweden	100%	SEK 1.1 million	-
DSB UK Ltd., in liquidation	England	100%	GBP 40,000	1
DSB Deutschland GmbH	Germany	100%	EUR 25,000	73
- VIAS GmbH ⁷	Germany	50%	EUR 25,000	-
- VIAS Logistik GmbH ⁷	Germany	50%	EUR 25,000	-
BSD ApS	Denmark	100%	DKK 125,000	0
Total				3,709

¹ The Group company DSB S-tog a/s owns the remaining 50 percent of the share capital in DSB Rejsekort A/S.

² DSB owns 75 percent directly and 17.5 percent indirectly, corresponding to a total ownership interest of 92.5 percent. The direct ownership interest of 75 percent does not entitle DSB to dividend or liquidation surplus, and DSB is consequently assessed to have an ownership interest of 70 percent in terms of accounting.

³ The company has not had any operating activities since 31 December 2012 and winding-up of the company is expected to be commenced some-time in 2013.

⁴ The company was dissolved at 29 January 2013.

⁵ The company has not had any operating activities since 7 January 2013.

⁶ The company has not had any operating activities since 1 May 2012.

⁷ Recognised according to the principles of proportionate consolidation.

Notes to the annual accounts

Note Amounts in DKK million

15 Investments (continued)

Investments in associated companies:

Name	Domicile	Ownership	Share capital	Parent corporation 2012	Group 2012
Rejsekort A/S *	Denmark	50.5%	DKK 76,111,100	-	114
Rejseplanen A/S	Denmark	48.4%	DKK 1,032,800	0	0
Cykel DK A/S **	Denmark	48.0%	DKK 500,000	0	0
Total				0	114

* DSB does not have a controlling interest in Rejsekort A/S despite its ownership via DSB Rejsekort A/S.

** Cykel DK A/S was sold in January 2013. The sale did not have any influence on operations.

Group	Investments in associated companies	Subordinate loan capital in associated companies	Other investments	Other receivables	Total investments
Cost at 1 January 2012	167	237	2	763	1,169
Additions	133	6	-	441	580
Disposals	-	-	-	-374	-374
Cost at 31 December 2012	300	243	2	830	1,375
Value adjustments at 1 January 2012	-52	-	-1	-	-53
Foreign currency translation adjustments	-	-	0	-	0
Profit/loss for the year	-134	-	-	-	-134
Value adjustments at 31 December 2012	-186	-	-1	-	-187
Carrying amount at 31 December 2012	114	243	1	830	1,188
Carrying amount at 31 December 2011	115	237	1	763	1,116

Notes to the annual accounts

Parent corporation	Note	Amounts in DKK million	Group	
2011	2012		2012	2011
	16	Inventories		
16	13	Fuel for trains	13	16
1	1	Spare parts	260	253
3	2	Sales from shops etc.	73	71
20	16	Total	346	340
	17	Other receivables		
62	5	Receivables relating to sale of properties	254	167
49	52	Receivables relating to passenger revenues and contract payment	119	144
31	188	Fair value of hedging instruments	194	6
89	200	Other receivables	361	398
231	445	Total	928	675
	18	Prepayments		
72	63	Prepaid expenses etc.	84	87
12	12	Financial instruments	17	18
119	115	Prepaid salaries and pension contributions (public servants)	115	119
203	190	Total	216	224
	19	Minority interests		
-	-	Minority interests at 1 January	-6	1
-	-	Foreign currency translation adjustments	0	1
-	-	Contributed hybrid capital	7	35
-	-	Share of profit/loss for the year	7	9
-	-	Change in minority interests' ownership interest	-	-47
-	-	Dividend to minority interests	-1	-5
-	-	Minority interests at 31 December	7	-6

A significant portion of Receivables relating to sale of properties at 31 December 2012 was secured in escrow accounts and subsequently paid to DSB.

Minority interests include contributed hybrid capital in the amount of DKK 42 million (2011: DKK 35 million) in the form of subordinate loans to DSB Øresund Holding ApS. The subordinate loans do not carry interest and rank after unsecured creditors. There is no obligation to repay the subordinate loans other than in connection with insolvent liquidation, winding-up or other dissolution of the company. However, the loan must be repaid before distribution of dividend or any other form of distribution to the shareholders of DSB Øresund Holding ApS.

Notes to the annual accounts

Note Amounts in DKK million

20 Other provisions

Parent corporation	Capital loss in Group companies	Restruc- turing – Staff	Onerous contracts	Other obliga- tions	Total other provisions
Other provisions at 1 January 2012	111	406	303	96	916
Provisions made	-	156	-	103	259
Utilised	-5	-104	-230	-15	-354
Reversed	-	-8	-73	-19	-100
Other provisions at 31 December 2012	106	450	0	165	721

Group	Restruc- turing – Staff	Onerous contracts	Other obliga- tions	Total other provisions
Other provisions at 1 January 2012	440	303	134	877
Provisions made	248	-	113	361
Utilised	-114	-230	-17	-361
Reversed	-9	-73	-19	-101
Other provisions at 31 December 2012	565	0	211	776

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

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

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

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

Notes to the annual accounts

Parent corporation	Note	Amounts in DKK million	Group	
2011	2012		2012	2011
21 Deferred tax liability				
370	26	Deferred tax liability at 1 January	1,157	1,423
-	-	Correction of deferred tax liability at 1 January	-	-10
370	26	Deferred tax liability at 1 January - corrected	1,157	1,413
-50	50	Adjustment at 1 January	-7	32
-	-1	Adjustment regarding previous years	45	-14
-	237	Change in deferred tax relating to joint taxation	-	-
-206	-120	Change in deferred tax relating to the profit/loss for the year	20	-150
-88	-32	Change relating to hedging instruments	-24	-124
26	160	Deferred tax liability at 31 December	1,191	1,157
Deferred tax relates to:				
73	93	Intangible assets	86	60
804	734	Tangible assets	1,914	2,031
-5	-7	Current assets	-11	-5
-207	-148	Other provisions	-210	-230
-19	13	Current liabilities	12	39
-287	-209	Tax loss	-284	-259
-333	-316	Net financing expenses to be carried forward	-316	-479
26	160	Deferred tax liability at 31 December	1,191	1,157
22 Long-term loans and subordinate loan capital				
All foreign currency loans have been converted into DKK via currency swaps.				
In the Group DKK 4,027 million of the debt portfolio (converted into DKK) was raised without state guarantee (2011: DKK 3,600 million). In the parent corporation DKK 3,527 million of the debt portfolio (converted into DKK) was raised without state guarantee (2011: DKK 3,100 million). The remaining loans are all guaranteed by the Danish state, to which a guarantee commission is payable.				
After conversion into DKK the total principal falls due in the following periods:				
709	1,815	Under 1 year	1,896	1,661
4,478	3,566	Year(s) 1-5	6,304	6,662
1,703	1,646	After 5 years	1,652	2,342
6,890	7,027	Principal after conversion into DKK	9,852	10,665
7,291	7,469	Carrying amount at 31 December	10,304	11,051
23 Other liabilities				
588	458	Staff related liabilities etc.	763	942
27	78	Fair value of hedging instruments	97	30
747	804	Other liabilities	1,140	1,013
1,362	1,340	Total	2,000	1,985
24 Deferred income				
132	145	Sold, but unused tickets	274	236
74	61	Financial instruments	95	135
211	192	Other	248	223
417	398	Total	617	594

Notes to the annual accounts

Note

25 Financial risks and financial instruments

As a consequence of its operations, investments and financing, DSB is exposed to changes in interest rates, raw materials and foreign exchange risks. The financial management aims to control the financial risks in this relation. The general framework for the financial risk management is laid down in the financial policy, which is approved by the Board of Directors. DSB has centralised the management of financial risks. The financial strategy comprises 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. In accordance with the strategy DSB finances supervises, identifies, plans and manages DSB's risks. The management regularly supervises DSB's risk exposure and capital adequacy.

The purpose of financial hedging is to limit and control the impact of financial fluctuations on the financial markets on the profit. There are no material changes in DSB's risk exposure or risk management compared with 2011.

Liquidity risks

It is DSB's strategy to always have sufficient capital reserves available. The aim is to always have a liquidity reserve that corresponds to the development in the expected net debt for the approved budget year plus DKK 200 million, but never less than DKK 1.0 billion. The liquidity reserve consists of liquid funds and the possibility of utilising bank facilities. At 31 December 2012 DSB had concluded agreements regarding confirmed bank facilities of DKK 5,372 million to expire during the period 2013-2017 (2011: DKK 5,372 million to expire in the period 2012-2016). The undrawn value hereof is DKK 3,073 million (2011: DKK 3,822 million).

DSB's financial liabilities fall due as follows:

Group – Amounts in DKK million	Carrying amount	Total contractual cash flows	Under 1 year	Year(s) 1-5	After 5 years
At 31 December 2012					
Non-derivatives					
Long-term loans – excl. short-term portion	8,251	9,809	-	6,953	2,856
Subordinate loan capital	6	7	-	-	7
Short-term portion of long-term loans	2,047	2,325	2,325	-	-
Short-term loans	1,800	1,802	1,802	-	-
Credit institutions	403	403	403	-	-
Trade accounts payable	799	799	799	-	-
Total non-derivatives	13,306	15,145	5,329	6,953	2,863
Derivatives					
Interest rate and currency swaps	598	440	-24	14	450
Other financial instruments	22	26	12	14	-
Total derivatives	620	466	-12	28	450
Total financial instruments	13,926	15,611	5,317	6,981	3,313
At 31 December 2011					
Non-derivatives					
Long-term loans – excl. short-term portion	9,407	11,258	-	7,721	3,537
Subordinate loan capital	6	8	-	-	8
Short-term portion of long-term loans	1,638	1,945	1,945	-	-
Short-term loans	1,050	1,052	1,052	-	-
Credit institutions	523	523	523	-	-
Trade accounts payable	1,058	1,058	1,058	-	-
Total non-derivatives	13,682	15,844	4,578	7,721	3,545
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	14,274	16,434	4,757	7,823	3,854

Conditions for maturity analysis:

- All agreements regarding financial instruments entered into at 31 December 2012 (2011) are included in the analysis.
- All cash flows are undiscounted but 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 DKK using the exchange rates of Danmarks Nationalbank at 31 December 2012 (2011).

Contractual cash flows include future interest payments and are stated at nominal values.

Notes to the annual accounts

Note

25 Financial risks and financial instruments (continued)

Market risks

Interest rate risks

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

Within a 12-month period the interest rate sensitivity may not exceed DKK 50 million (at an interest rate change of 1 percentage point), the debt portfolio must have a duration of between 2 and 7 years and minimum 50 percent of the debt portfolio is required to have a fixed interest.

In pursuance of the above, the weighted average duration of the net debt was 4.4 years (2011: 4.3 years) and 59 percent of the net financial liabilities had been converted into fixed-interest liabilities (2011: 73 percent). Floating-rate debt is adjusted regularly over the year.

Change in fair values

An increase in the level of interest rates of 1 percent 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 (2011: DKK 0 million) and on the Equity before tax of DKK 201 million (2011: DKK 212 million). A decline in the level of interest rates would have had a corresponding negative impact.

Floating-rate assets and liabilities

For floating-rate liquid funds, debt and financial instruments an increase in the level of interest rates of 1 percent p.a. compared with the interest rate level of the balance sheet date would have had a hypothetical negative impact on the Profit before tax and Equity before tax of DKK 28 million (2011: DKK 33 million.). A decline in the level of interest rates would have had a corresponding positive impact.

Conditions for sensitivity analysis

- Based on recognised financial assets and liabilities at 31 December 2012 (2011).
- 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

DSB uses fuel and electricity for its operations, which exposes DSB to price risks. Minimum 50 percent of the exposure must be hedged for the year. 100 percent of the energy price risk may also be hedged for 24 months ahead and 50 percent for up to 5 years. The hedging is carried out through conclusion of raw materials price swap agreements.

At 31 December 2012 the following hedging of the electricity consumption had been carried out: 55 percent for 2013, 33 percent for 2014, 4 percent for 2015 and 2 percent for 2016 (2011: 50 percent for 2012, 35 percent for 2013, 11 percent for 2014 and 2 percent for 2015). Correspondingly, 89 percent of the fuel consumption for 2013 and 45 percent for 2014 (2011: 72 percent for 2012 and 31 percent for 2013) have been hedged.

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	Hypotheti- cal impact on P/L before tax	Hypotheti- cal impact on equity before tax
At 31 December 2012					
Raw material – oil	56,331 tons	75,600 tons	10%	0	40
Raw material – electricity	331,885 mWh	246,936 mWh	10%	0	8
At 31 December 2011					
Raw material – oil	58,088 tons	60,000 tons	10%	0	26
Raw material – electricity	339,252 mWh	260,880 mWh	10%	0	10

Conditions for sensitivity analysis:

- Financial instruments which are recognised at 31 December 2012 (2011).
- Based on all transport contracts concluded at 31 December 2012 (2011).

Notes to the annual accounts

Note

25 Financial risks and financial instruments (continued)

Market risks

Foreign exchange risks

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

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

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

Foreign exchange risks in connection with operations primarily relate to DSB's fuel consumption. Other foreign exchange risks in connection with trade with international counterparties are limited, except for SEK 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 has equity investments in foreign Group companies, whose net assets are affected by exchange rate fluctuations in connection with translation into DKK in the consolidated annual accounts. This translation risk is not hedged.

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

Notes to the annual accounts

Note

25 Financial risks and financial instruments (continued)

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

	Nominal position in local currency (million)				Sensitivity in DKK million		
	Total liquid funds and receivables	Financial liabilities (not derivatives)	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 2012							
NOK	-1	-2,150	2,150	-1	10.0%	0	34
USD	0	-331	324	-7	10.0%	-4	151
SEK	17	-3,990	3,868	-105	10.0%	-9	1
GBP	0	-24	24	0	10.0%	0	0
JPY	0	-23,000	23,000	0	10.0%	0	0
CHF	0	-50	50	0	10.0%	0	3
EUR	-11	-66	68	-9	0.5%	0	0
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

Conditions for sensitivity analysis:

- Unchanged levels of prices and interest rates.
- Financial instruments recognised at 31 December 2012 (2011).

Credit risks

Credit risks relate partly to receivables and liquid funds and partly to derivatives with a positive fair value recognised under Other receivables.

All major customers and other partners undergo regular credit rating. The credit line is fixed based on the creditworthiness of the customers and the counterparties.

DSB does not have significant risks relating to individual private customers or partners. Historically, DSB has had relatively small losses as a consequence of non-payment by customers or counterparties. DSB has certain outstanding balances with AnsaldoBreda as the supplier of IC4 and IC2 train sets etc. A bank guarantee or a parent company guarantee has been received to cover the expected credit risk.

Notes to the annual accounts

Note

25 Financial risks and financial instruments (continued)

Ageing of receivables:

Amounts in DKK million	Value at 31.12.2012	Security received	Write- down	Under 1 year	Maturity date	
					Year(s) 1-5	After 5 years
Trade receivables, excluding fines to passengers travelling without a valid ticket	263	-	42	263	-	-
Receivables regarding derivative financial contracts	1,024	241	-	182	831	11
Cash surplus	26	-	-	26	-	-
Subordinate loan capital in associated company	243	-	-	-	259	-
Other receivables	480	-	-	480	-	-
Receivables from sale of properties	254	209	-	254	-	-

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 2012.

Receivables from derivatives are distributed on seven counterparties, the largest receivable being DKK 151 million. All DSB's financial counterparties have a credit rating of "Investment Grade".

In pursuance of contracts with financial counterparties, DSB has access to offset exposure in financial contracts with the same counterparty. The table shows the gross receivables. Receivables from derivatives, cash surplus and deposits total DKK 1.259 million (2011: DKK 883 million) at 31 December 2012. If the access to offsetting exposure in financial contracts with financial counterparties is recognised, the receivables from these three items total DKK 304 million (2011: DKK 159 million) at 31 December 2012 instead.

DSB 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 DSB's financial instruments measured at fair value in the balance sheet are calculated according to observable input, corresponding to level 2 in the value hierarchy.

Other financial instruments

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

Notes to the annual accounts

Note

25 Financial risks and financial instruments (continued)

Hedge accounting

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

Hedging of cash flow

Interest and currency swaps are used 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, DSB 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 2012 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:

Amounts in DKK million	Notional principal amount	Value adjustment recognised in equity	Fair value	Time to maturity
At 31 December 2012				
Foreign exchange and interest rate risks				
USD	1,438	-168	-276	0-6 year(s)
GBP	218	-9	-33	0-3 year(s)
EUR	506	-106	-104	0-28 year(s)
Total foreign exchange and interest rate risks	2,162	-283	-413	
Foreign exchange risks				
SEK	3,371	-137	158	0-3 year(s)
JPY	1,512	-480	-497	0-28 year(s)
CHF	309	-7	49	0-3 year(s)
NOK	2,186	-106	142	0-4 year(s)
Total foreign exchange risks	7,378	-730	-148	
Interest rate risks				
Floating rate	1,200	-37	-37	0-4 year(s)
Total interest rate risks	1,200	-37	-37	
Raw materials price risks				
Price of electricity	278	-19	-19	0-4 year(s)
Price of fuel	70	-2	-2	0-1 year
Total raw materials price risks	348	-21	-21	

Notes to the annual accounts

Note

25 Financial risks and financial instruments (continued)

Hedge accounting (continued):

Amounts in DKK million	Notional principal amount	Value adjustment recognised in equity	Fair value	Time 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)
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	

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 2012 amounts to DKK 0 million (2011: DKK 0 million).

Ineffectiveness for cash flow hedging of raw materials price swap agreements recognised in the profit and loss account for 2012 amounts to DKK 0 million (2011: DKK 0 million).

Notes to the annual accounts

Parent corporation	Note	Amounts in DKK million	Group	
2011	2012		2012	2011
	26	Contingent assets, contingent liabilities and other financial commitments		
368	395	Contingent assets	395	374
8.191	7.886	Contingent liabilities	7,983	8.300
2.115	2.158	Other financial commitments	2.181	2.129

Contingent assets concern the discount which DSB until the end of Q3 2013 can obtain on the purchase of spare parts etc. from Ansaldo-Breda according to the agreement concluded in May 2009. DSB expects to be able to utilise a maximum of approx. DKK 25 million in connection with orders placed in 2013. DSB recognises the discount upon delivery.

Contingent liabilities mainly include costs in connection with obligations under section 32 of the Danish Public Servants Act concerning availability pay for which DSB is liable under the Act on DSB. The maximum liability amounts to DKK 7,204 million (2011: DKK 7,506 million) for public servants employed by DSB.

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

The 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 percent 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 the adjustment was recognised in DSB's Annual Report in 2011. It is DSB's opinion that DSB does not subsequently 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 422 million (2011: DKK 434 million) for DSB's Group companies. These guarantees are operating guarantees to the awarding authorities and guarantees to the lessor in connection with a train lease.

Commitments relating to the leasing of rolling stock total DKK 708 million (2011: DKK 857 million) of which DKK 256 million falls due in 2013 and DKK 452 million in the years 2014-2017.

In 2012 DSB outsourced the majority of its IT operations covering IT services and support to end-users as well as operation of networks, telephony, data centres and DSB's systems. The total liability in this regard is DKK 528 million, of which DKK 125 million falls due in 2013 and DKK 403 million falls due in 2014-2018.

In 2012 DSB entered into an agreement for the lease of Telegade 2 in Høje-Taastrup. The lease is interminable by DSB in the period up to 2021 for parts of the lease and 2026 for other parts of the lease. The total liability is DKK 329 million, of which DKK 21 million falls due in 2013 and DKK 125 million falls due in the period 2014-2017.

As part of its normal business operations, DSB has service and maintenance obligations as well as purchase and selling obligations.

Other financial liabilities primarily consist in contracts regarding investment in tangible assets. The remaining purchase obligation regarding IC2 and IC4 train sets was calculated at a total of DKK 344 million (2011: DKK 701 million) before discounts at 31 December 2012.

DSB'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 and DSB Vedligehold A/S are jointly registered for VAT and payroll tax purposes and are jointly and severally liable for payment of the Danish corporation's and companies' aggregate VAT and payroll tax liabilities.

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 mid-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 any significant impact on the corporation's financial position.

In 2009 DSB undertook to invest up to DKK 1,000 million in parking facilities etc. via an additional agreement with the Ministry of Transport with a view to securing effective access to and from railway transport in order to increase the number of passengers over the period 2009 to 2020. The investments and related operations will be financed through sale of vacant sites and properties and, if relevant, through public or private co-financing. DSB has committed itself to financing DKK 720 million. At 31 December 2012 DSB had sold vacant sites with a profit of DKK 323 million (2011: DKK 189 million) and had invested and paid costs for operations in the total of DKK 159 million (2011: DKK 73 million).

Notes to the annual accounts

Note Amounts in DKK million

2012 2011

27 Related parties

The Ministry of Transport
Board of Directors and Executive Board

Basis

100 percent owner
Management control

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

Revenues		
Revenue from transport contracts	4,203	4,114
Bonus relating to transport contracts	13	14
Traffic revenues	7	7
Rental income and sale of repair work, goods and other services	209	236
Expenses etc.		
Infrastructure and capacity charges	684	688
Punctuality bonus to Rail Net Denmark	0	0
Guarantee commission to the Danish state	9	11

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.

Agreement concluded in May 2009:

In 2009 DSB concluded an agreement with AnsaldoBreda 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 to 2010. The remaining DKK 500 million will be received in the form of discounts on future purchases of spare parts and services from AnsaldoBreda. DSB expects to utilise DKK 25 million of the remaining discount.

At year-end 2012 additional expenses in the period up to the final delivery were accrued with a total of DKK 84 million (2011: DKK 147 million). Also included is compensation for completion costs offset in the cost of the assets. The overall positive impact on operations in 2012 totals DKK 76 million (2011: DKK 125 million) in the form of interest and other compensation.

Agreement concluded in December 2012:

In December 2012 DSB concluded an agreement with AnsaldoBreda regarding additional compensation in connection with the contract for supply of IC4 and IC2 train sets. The agreement entails a waiver on DSB's part of the possibility of claiming the "Liquidated Damages Compensation" stipulated in the agreement from 2009. In return DSB obtains compensation in the form of discounts from AnsaldoBreda on future payments for services agreed in the agreement from December 2012. DSB also agreed on a final delivery date for IC4 as well as IC2 train sets. If AnsaldoBreda does not deliver within the agreed deadline, DSB may decide to refuse to accept delivery. In such case AnsaldoBreda will be required to repay DSB's prepayments regarding the specific train sets to DSB as well as compensation for the costs of replacement purchases.

The discount obtained in 2012 has reduced the acquisition price for IC4 and IC2 train sets except for a share corresponding to the financing costs paid, and which are recognised as income under Interest income with a total of DKK 67 million.

Furthermore, the agreement means that the parent corporation DSB substitutes for DSB Vedligehold A/S in AnsaldoBreda's agreement with DSB Vedligehold regarding completion of 11 NT train sets.

Notes to the annual accounts

Note

29 Accounting uncertainty regarding write-downs and provisions relating to DSB Øresund and the Swedish activities

DSB Øresund/DSBFirst Sverige:

The transport contract in Sweden expired in December 2011. The plan is for DSBFirst Sverige AB to be wound up in 2013.

As mentioned in the Annual Report for 2011, certain potential state aid problems exist with regard to DSB Øresund A/S in 2010 and previous years. Management still believes that the potential state aid problems have been properly addressed so that DSB Øresund cannot expect any additional negative impact in this regard. The Kammeradvokaten (the Legal Adviser to the Danish Government) has communicated with the European Commission in this regard.

Other Swedish activities:

In 2011 DSB did not have a satisfactory financial development in DSB Väst AB, DSB Småland AB and DSB Uppland AB, all of which realised substantial operating losses. The companies had begun their operator activities in December 2010 or later. As a consequence, DSB made total provisions regarding DSB Väst AB of DKK 303 million based on an assessment of risks and DSB's current financial involvement.

At 1 May 2012 DSB Väst shut down its operating activities. As a consequence of the shutdown, provisions of DKK 60 million of the total provisions for losses made in 2011 were reversed in 2012, while DKK 230 million of the provisions were utilised in 2012.

In 2011 the future financial development in DSB Småland AB and DSB Uppland AB was also subject to uncertainty, but at 31 December 2011 the companies' transport contracts were not found to be onerous. This assessment still applies at 31 December 2012. The financial situation in these activities is still under pressure, primarily due to DSB Småland.

Notes to the annual accounts

Note

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 DSB's accounting policies, risks and internal management reporting.

In the DSB Group intragroup transactions have been eliminated.

DKK million	Long-Distance and Regional Trains	S-Trains	Øresund	Vedligehold	Kort & Godt	Other incl. eliminations	International ¹	DSB Group
2012								
Passenger revenues	3,512	1,290	-	-	-	-29	-	4,773
Revenue from transport contracts	2,523	1,215	479	-	-	-1	740	4,956
Sales from shops etc.	39	-	-	-	991	-167	-	863
Repair work and maintenance of rolling stock etc.	86	-	273	1,578	-	-1,662	-	275
Leasing of rolling stock	233	-	-	-	-	0	-	233
Net turnover	6,393	2,505	752	1,578	991	-1,859	740	11,100
Other operating income and work performed by the enterprise and capitalised	800	82	28	134	41	-101	36	1,020
Total revenues	7,193	2,587	780	1,712	1,032	-1,960	776	12,120
Total expenses	6,119	1,442	773	1,669	1,014	-2,042	789	9,764
Profit/loss before depreciation, amortisation and write-downs	1,074	1,145	7	43	18	82	-13	2,356
Depreciation, amortisation and write-downs	1,014	636	0	43	4	-4	8	1,701
Operating profit/loss	60	509	7	0	14	86	-21	655
Net financials	-145	-143	-2	-4	-6	-241	1	-540
Profit/loss before tax	-85	366	5	-4	8	-155	-20	115

¹ Includes activities in Sweden and Germany.

Notes to the annual accounts

Note

30 Segmental reporting – primary segment (continued)

DKK million	Long-Distance and Regional Trains ¹	S-Trains	Øresund	Vedligehold	Kort & Godt	Other incl. eliminations	International ²	DSB Group
2011								
Passenger revenues	3,263	1,206	-	-	-	-	-	4,469
Revenue from transport contracts	2,413	1,248	883	-	-	-1	820	5,363
Sales from shops etc.	43	-	-	-	944	-171	-	816
Repair work and maintenance of rolling stock etc.	85	-	97	1,736	-	-1,749	-	169
Leasing of rolling stock	231	-	-	-	-	-	-	231
Net turnover	6,035	2,454	980	1,736	944	-1,921	820	11,048
Other operating income and work performed by the enterprise and capitalised	953	102	145	16	10	-261	72	1,037
Total revenues	6,988	2,556	1,125	1,752	954	-2,182	892	12,085
Total expenses	6,326	1,513	1,126	1,705	972	-2,243	993	10,392
Profit/loss before depreciation, amortisation and write-downs	662	1,043	-1	47	-18	61	-101	1,693
Depreciation, amortisation and write-downs	1,281	638	0	44	10	21	20	2,014
Operating profit/loss	-619	405	-1	3	-28	40	-121	-321
Net financials	-335	-204	15	-3	-7	16	-23	-541
Profit/loss before tax	-954	201	14	0	-35	56	-144	-862

¹ The segment Long-distance and Regional Trains has been changed compared with previous reporting.

² Includes activities in Sweden and Germany.

Other key figures

Number of journeys (thousand)	2008	2009	2010	2011	2012
East	24,839	24,469	24,168	24,504	24,557
West	14,008	13,941	14,425	15,207	15,543
East – west	8,293	8,175	8,370	8,652	9,027
Other ¹⁾	1,016	917	879	805	814
Long-distance and regional train traffic	48,156	47,502	47,842	49,168	49,941
S-Trains	90,943	92,035	92,995	103,771	107,644
DSB Øresund	25,647	25,876	25,285	24,632	24,419
DSBFirst Sverige ²⁾	-	25,895	28,145	24,864	-
Eliminations	-	-11,112	-10,429	-10,267	-
Roslagsbanan	10,886	11,072	10,038	9,859	11,000
Krösatåg ³⁾	-	-	70	828	1,094
Västtrafik ³⁾	-	-	635	12,403	4,199
Upptåget ⁴⁾	-	-	-	2,275	4,800
VIAS ⁵⁾	-	-	1,600	4,000	4,120
Total train journeys	175,632	191,268	196,181	221,533	207,217

¹⁾ Other includes IC Bornholm and International.

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

³⁾ Operations were taken over on 12 December 2010. SJ is the new operator of Västtrafikken at 1 May 2012.

⁴⁾ Operations were taken over on 12 June 2011.

⁵⁾ From 1 April 2010.

Passenger kilometres (million)	2008	2009	2010	2011	2012
East	997	1,088	1,051	1,125	1,145
West	835	827	923	938	963
East – west	1,974	1,944	2,039	2,122	2,197
Other ¹⁾	203	172	171	144	158
Long-distance and regional train traffic	4,009	4,031	4,184	4,329	4,463
S-Trains	1,084	1,097	1,108	1,241	1,284
DSB Øresund	750	531	506	493	489
DSBFirst Sverige ²⁾	-	1,393	1,329	1,174	-
Roslagsbanan	131	132	127	125	129
Krösatåg ³⁾	-	-	3	39	49
Västtrafik ³⁾	-	-	19	2,347	794
Upptåget ⁴⁾	-	-	-	148	312
VIAS ⁵⁾	-	-	34	124	124
Total passenger kilometres	5,974	7,184	7,310	10,020	7,644

¹⁾ Other includes IC Bornholm and International.

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

³⁾ Operations were taken over on 12 December 2010. SJ is the new operator of Västtrafikken at 1 May 2012.

⁴⁾ Operations were taken over on 12 June 2011.

⁵⁾ From 1 April 2010.

Other key figures

Total number of train km (1,000 km)	2008	2009	2010	2011	2012
Regional traffic - east	7,897	7,685	8,132	8,029	7,889
Regional traffic - west	9,505	9,058	9,214	8,909	9,222
Long-distance traffic ¹⁾	18,153	18,857	19,251	19,931	19,102
International trains ²⁾	1,257	1,316	1,328	1,325	1,369
Long-distance and regional train traffic	36,812	36,916	37,925	38,194	37,582
S-Trains	15,286	15,471	14,661	15,180	15,521
DSB Øresund	4,362	4,507	4,708	4,782	4,334
DSBFirst Sverige ³⁾	-	10,719	11,608	10,483	-
Roslagsbanan	2,317	2,400	2,824	3,034	3,100
Krösatåg ⁴⁾	-	-	120	2,200	2,460
Västtrafik ⁴⁾	-	-	524	8,800	3,667
Upptåget ⁵⁾	-	-	-	1,423	2,866
VIAS ⁶⁾	-	-	1,770	4,276	4,400
Total train kilometres	58,777	70,013	74,140	88,372	73,930

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

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

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

⁴⁾ Operations were taken over on 12 December 2010. SJ is the new operator of Västtrafikken at 1 May 2012.

⁵⁾ Operations were taken over on 12 June 2011.

⁶⁾ From 1 April 2010.

Rolling stock in operation ^{1,2,3)}	2008	2009	2010	2011	2012
IC3 train sets	96	96	96	96	96
IC4 train sets ²⁾	8	16	33	55	70
IC2 train sets ²⁾	-	-	-	-	9
IR4 train sets	44	24	24	24	24
Øresund train sets	24	1	1	1	1
MR train sets	65	65	65	65	65
Leased Desiro train sets	12	12	12	12	12
Desiro train sets	-	-	-	8	8
Leased ICE-TD	10	13	13	13	13
DSB Øresund – Øresund train sets ³⁾	-	84	91	97	111
DSB Øresund, IR4 train sets	-	20	20	20	20
Diesel locomotives - ME	35	35	36	36	36
Electric locomotives (EA)	6	6	6	6	6
S-train (eight-coach train sets)	104	104	104	104	104
S-train (four-coach train sets)	31	31	31	31	31
Roslagståg – Electric train sets	33	33	33	30	30
Krösatåg – Diesel train sets	-	-	15	16	13
Krösatåg – Electric train sets	-	-	-	-	4
Västtrafik – Electric train sets	-	-	60	63	-
Upptåget – Electric train sets	-	-	-	11	11
VIAS – Electric train sets	-	-	43	43	45
Shunting locomotives/tractors	14	14	16	16	16
Leased double-decker coaches	67	112	112	112	112
Passenger coaches	127	60	-	-	-
Couchettes	8	-	-	-	-

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

²⁾ Number of train sets delivered by AnsaldoBreda.

³⁾ The 111 train sets consist of 34 train sets used in Denmark and 77 train sets in a joint pool shared by Veolia and DSB. Operations are divided at the national border.

Other key figures

Number of railway stations operated	2008	2009	2010	2011	2012
Total number of railway stations operated	287	310	520	494	401
Long-distance stations, incl. joint stations	160	155	155	155	155
Long-distance stations in Denmark with seasonal stops	4	-	-	-	-
Stations outside Denmark with seasonal stops	9	-	-	-	-
S-trains incl. joint stations	85	85	85	85	85
S-trains joint stations with long-distance and regional trains	-10	-9	-9	-9	-9
S-trains excl. joint stations	75	76	76	76	76
Stations in Sweden operated by Roslagsbanan	39	38	38	38	38
Stations in Sweden operated by DSBFirst	-	41	42	-	-
Stations in Sweden operated by Krösatåg	-	-	48	48	50
Stations in Sweden operated by Västtrafik	-	-	98	98	-
Stations in Sweden operated by Upptåget	-	-	-	16	19
Stations in Germany operated by VIAS	-	-	63	63	63
Km line operated by DSB in Denmark	1,711	1,668	1,668	1,668	1,668
Km line operated by DSB in Sweden	141	792	2,301	1,787	750
Km line operated by DSB in Germany	-	-	979	979	979
Average number of full-time employees	2008	2009	2010	2011	2012
DSB	6,434	5,974	5,881	4,750	4,443
-of this social commitment ¹⁾	149	129	117	131	151
DSB S-tog a/s	1,335	1,367	1,339	1,105	1,003
-of this social commitment ¹⁾	15	19	15	13	13
Kort & Godt A/S	934	839	738	770	736
-of this social commitment ¹⁾	29	32	16	12	10
DSB Vedligehold A/S	-	-	-	1,372	1,448
-of this social commitment ¹⁾	-	-	-	26	34
DSB Sverige AB	195	9	49	69	15
Roslagståg AB	234	241	261	278	288
DSB Øresund A/S and DSBFirst Sverige AB ²⁾	97	878	1,036	920	355
-of this social commitment ¹⁾	-	3	3	1	1
Krösatåg ³⁾	-	-	4	94	101
Västtrafik ³⁾	-	-	14	379	174
Upptåget ⁴⁾	-	-	-	40	76
VIAS ⁵⁾	-	-	61	178	179
Other	-	-	66	85	-
Total for the DSB Group	9,229	9,308	9,449	10,040	8,818

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

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

³⁾ Operations were taken over at 12 December 2010. SJ is the new operator of Västtrafikken at 1 May 2012.

⁴⁾ Operations were taken over at 12 June 2011.

⁵⁾ From 1 April 2010.

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 net interest-bearing liabilities)

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

Solvency ratio = equity x 100 / balance sheet total

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

CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility



“Our objective is to create connections. Connection between A and B. Between work and home. Between Granny and Victor. But also connection between income and expenditure, promise and delivery, the past and the future. Between conventional and green accounting, partners and different modes of transport. Safely, efficiently and easily.”

Corporate Social Responsibility

This is a basic account of DSB’s objective. DSB’s CSR initiatives support DSB’s objective by contributing to creating connections and interrelationships and ensuring that DSB is an environmentally friendly and trustworthy company. With this focus, DSB reviewed its CSR activities during the course of 2012.

Social initiatives

As a general rule, DSB’s CSR activities should address one or several of the following social initiatives:

- providing traffic connections to support the mobility and growth of society;
- ensuring that DSB is for everybody;
- making sure that passengers and staff feel safe and secure travelling with DSB and walking around stations and on trains; and
- improving and utilising the environmental potential of the train as a mode of transport.

The following provide an account of the most significant CSR activities undertaken by DSB in 2012.

Memberships and partnerships

DSB is often contacted by organisations, companies and individuals enquiring about the possibility

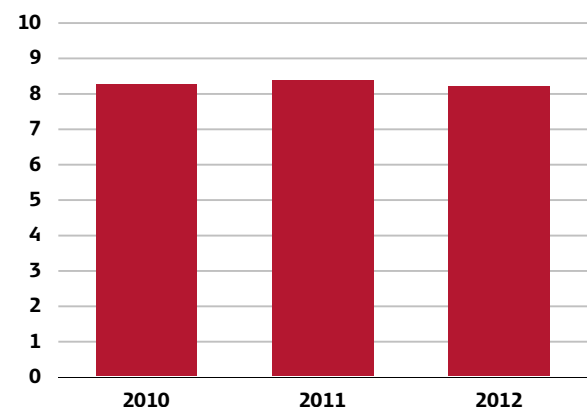
of entering into a partnership with DSB. As DSB is aware of its prominent role in Danish society and there are many worthy causes in relation to which DSB would be able to make a difference, DSB has to be very selective in its involvement.

DSB has joined the UN Global Compact and is committed to its ten principles of good conduct. DSB regularly reports on its progress to the Global Compact.

Feeling safe and secure

Fig. 1: Satisfaction with feeling safe and secure on the train

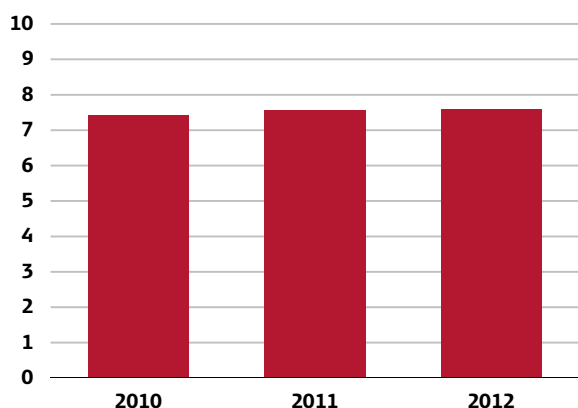
Scale 0-10



People's sense of safety and security is an important parameter in their decision to select or deselect the train as a mode of transport. A high sense of safety and security is of paramount importance to DSB and benefits passengers and staff as well as DSB's finances. The satisfaction with feeling safe and secure is generally high, but it fell in the second half of 2012.

Fig. 2: Satisfaction with feeling safe and secure on the station

Scale 0-10



For quite a number of years, DSB has been cooperating closely with Natteravnene ("Night Owls"), a national voluntary organisation. The volunteers walk around at night in twos or threes, wearing their characteristic yellow jackets and engaging particularly with young people. With their very visible presence and good dialogue with passengers, they make an invaluable contribution to the sense of safety and security in stations and on trains.



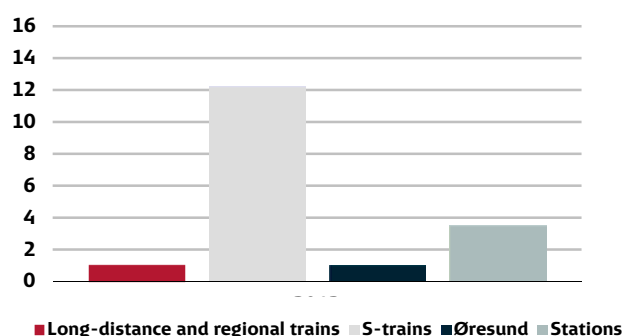
These volunteers travel free on all DSB trains when they wear their jackets. DSB assists the organisation recruiting new volunteers. One such recruitment drive in 2012 involved the foiling of an IC3 train with the organisation's logo. There are currently an S-Train and an IC3 train in operation with the logo of Natteravnene.

On 7 December 2012, the first popular Christmas party date of the year, DSB and Natteravnene ran an event in the Greater Copenhagen area to improve the public's sense of safety and security, and quite a few extra volunteers were on duty that night. The presence of the volunteers reassures people in the public space during the evening and early hours. This, in turn, attracts more passengers and improves the working environment for DSB's staff by reducing the number of incidents of conflict.

DSB's surveillance centre also contributes to improving the sense of safety and security among passengers and staff at DSB stations where some 1,700 cameras have been installed. Staff from the centre can contact S-Train inspectors, train drivers and the guards who are working at selected stations. In addition, the surveillance centre staff can assist the police in connection with, for example, vandalism and robbery.

Fig. 3: Costs of graffiti clean-up

DKK million



In 2012, all recording equipment at S-Train stations in socially deprived areas was upgraded to high-definition in order to improve the police's chances of conducting successful investigations. In addition, the equipment is connected to a centre with 24/7 surveillance. In 2012, DSB's surveillance centre was able to assist the police in 589 instances. Moreover, due to the surveillance, staff was able to take immediate action at stations, for example by putting on extra lighting, and thereby reassure the public.

DSB is for everybody, but sometimes the behaviour of certain groups and individuals may be a nuisance to others. Particularly around Copenhagen Central Station, a fair few socially deprived individuals seem to congregate. With a view to improving the sense of safety and security of everyone who has legitimate business at the station

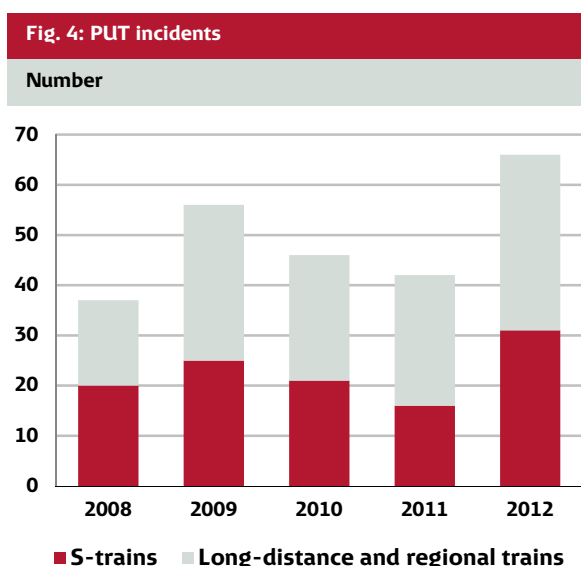
and also making it a better place of work for DSB's employees, DSB initiated cooperation with a number of organisations working with the homeless. In this way, DSB's employees are able to refer homeless individuals to one of the hostels nearby. This has reduced the number of conflicts at Copenhagen Central Station, and DSB has also noted a reduction in the number of industrial injuries there.

DSB centralised the responsibility for all DSB stations in 2012 and increased its cooperation with Banedanmark on improving people's sense of safety and security and the maintenance of the station environment.

A pilot project has been launched in the form of a zero tolerance initiative on graffiti in the tunnels at the stations of Aalborg, Kolding, Middelfart, Padborg and Odense. This has already resulted in cleaner tunnels, improving the sense of safety and security of everyone who comes there. The graffiti project is an example of DSB's improved co-operation with Banedanmark.

'Person under train' incidents

DSB experienced a rise in the number of 'person under train' (PUT) incidents in 2012. It is a serious social problem which also constitutes a serious issue for passengers and staff. Internationally, a similar trend has been recorded. In 2012, DSB initiated cooperation with, among others, the police on preventive measures and to ensure efficient handling of PUT incidents as and when they happen.



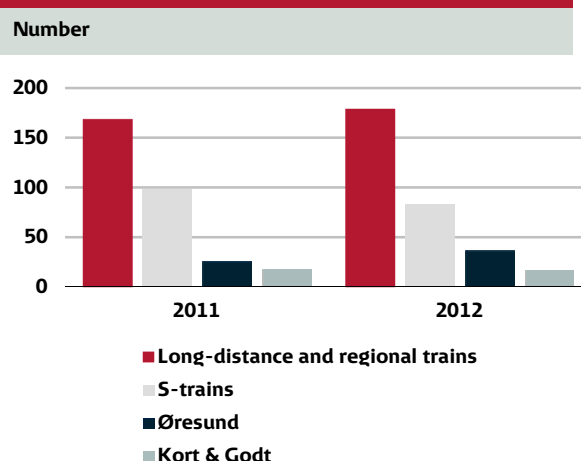
Violence and threats

DSB makes a significant effort to facilitate social interaction between people to make their journey as pleasant as possible. Consequently, DSB's staff has been trained in conflict handling. The training helps securing the best possible handling of those situations, which may lead to conflicts.

The number of reported incidents that resulted in violence or threats of violence was 316 in 2012, while the year before, the same figure was 311.

Another group of people whose behaviour has been challenging to DSB is the large groups of football fans travelling by train to football matches. For a number of years, football fans vandalised trains, the repairs of which ran into millions of Danish kroner, and DSB staff went on sick leave due to stress, violence or threats of violence. Through targeted efforts based on dialogue and with the skill of specially trained staff, DSB has achieved good cooperation with football fans. DSB runs separate trains for football fans and has currently 35 trained football guides who travel on these trains. The football guides are volunteer train guards who are specially trained in conflict handling and fan culture. The year 2012 has proved to be the best so far. No vandalism was reported and no train staff working on the football trains has reported any industrial injuries. In 2012, DSB ran a total of 57 football trains, 21 in the spring and 36 in the autumn.

Fig. 5: Violence and threats of violence against DSB staff



Children's guides

DSB also create connection for children with family living in separate parts of the country. DSB Children's Guide is an offer to children aged 4–15 travelling alone at the weekend. It is a segregated part of the train to which no other passengers will come apart from the children who have seat res-

ervations. The children are supervised by trained children's guides who accompany the children on their entire journey. They care for the children on the journey and ensure that they arrive safely at their destinations.



DSB has 41 trained children's guides who travel on Intercity and Intercity Lyn services between Copenhagen and Esbjerg, Aalborg and Frederikshavn every Friday and Sunday as well as other days in connection with national holidays. In 2012, DSB ran 12 weekly services each with 40–45 children.

Accessibility

DSB revised its accessibility policy in 2012, the focus of which is to gradually improve accessibility at stations and on trains.

DSB receives many daily enquiries regarding assistance required by disabled individuals. In 2012, DSB provided assistance on some 19,000 occasions, up from c. 18,000 in 2011. The number of companion tickets sold also shows an increase in the train being used as a mode of transport by the elderly and by people with reduced mobility. In 2012, DSB sold almost 47,000 companion tickets/10-ride tickets.

In November 2012, DSB was awarded the Bevica Foundation's Accessibility Prize for actively contributing to improving accessibility for people with reduced mobility.

Diversity

It also applies within DSB that DSB is for everybody. In 2012, DSB formulated a new diversity policy, emphasising the importance that DSB:

- reflects the composition of the population;
- recognises diversity as an asset; and
- uses the diversity for innovation and business development.

DSB wants to increase the proportion of its employees that are New Danes from 7 percent in 2012 to 10 percent in 2015. In 2012, DSB ran a pre-leadership course for New-Dane employees and launched mentor programmes for New-Dane leaders. At the same time, DSB recognises diversity by having prayer rooms, participating in the Copenhagen Gay Parade and by having a uniform that provides choice and a canteen menu that caters for cultural and religious diversity.

Digitisation

DSB has a strategic objective that an ever increasing proportion of its sales must take place electronically, as it makes good sense financially. At the same time, it reflects the general social trend that a very large proportion of Danes use their computers and phones to purchase tickets, among other things. In 2012, more than 60 percent of all DSB's tickets were purchased via electronic channels. Fewer and fewer people choose to be serviced face to face, irrespective of whether they are looking for information before their journey, want to purchase tickets for their journey or want specific information about their journey. Since 2009, more than 20 million tickets have been purchased via mobile phones, and every day in 2012, 750,000 Danes used the website www.rejseplanen.dk, of which DSB is a co-owner, to plan their journeys. DSB's applications were downloaded more than 300,000 times in 2012.

DSB is aware that not all Danes feel confident with the new technology. Therefore, DSB initiated cooperation with the local branches of DaneAge Association, libraries and pensioners' associations in order to offer courses in how to purchase a ticket in a ticket machine or online and how the Travel Card works. In 2012, DSB ran 25 courses in different areas of the country.

Women in management

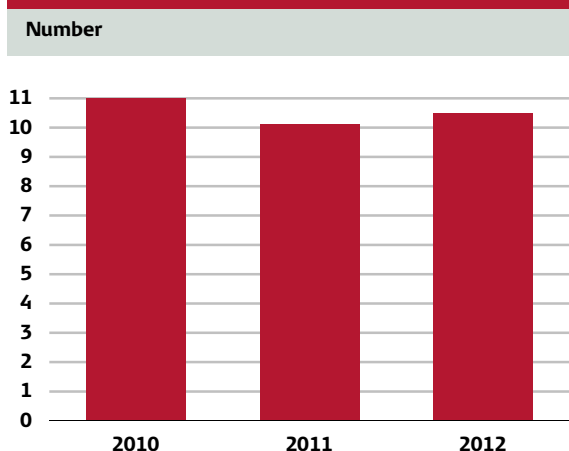
In 2012, DSB received a large smiley as evaluation for its participation in Charter for More Women in Management. DSB had reached all its targets, for example increased the proportion of female managers (Mercer Band B–F) to 33 percent against 26 percent at the baseline measurement. In order to continue the good trend, DSB initiated a mentoring scheme for its managers in 2012. Among the 14 mentor/mentee pairs that were established, half of the mentees were women.

Health and safety at work

DSB is certified for its health and safety standards. In order to meet the standard, DSB must abide by

the law and ensure a safe and healthy working environment through ongoing improvements.

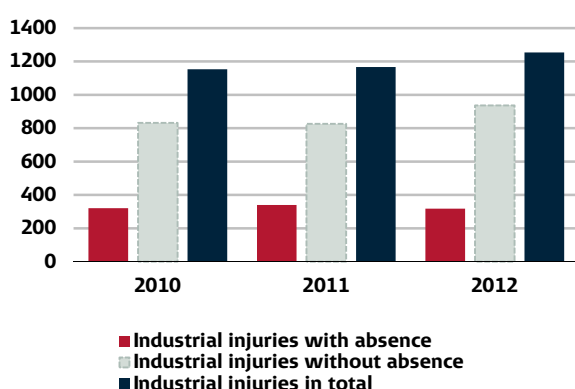
Fig. 6: Sick days per employee



Over the last few years, DSB has made targeted efforts to implement an ambitious management system for health and safety in all DSB's sections. In 2012, Fjern- og Regionaltog A/S was entered onto the joint certificate. During 2013, it is expected that all Group companies fully owned by DSB will be certified according to the internationally recognised standard for health and safety at work, OHSAS 18001:2008. This means that all DSB employees will be covered by a management system that systematically follows up on all health and safety issues, physical as well as psychological.

Fig. 7: Reported industrial injuries

Number of days (average)



DSB continues its efforts to improve health and safety at work with a view to continue to reduce the number of sick days and the number of reported industrial injuries.

Colleague network

DSB's colleague network volunteers are appointed by their colleagues and trained in providing support and help to a colleague in crisis. The crisis may be work related or a personal problem. Naturally, the volunteers are under a duty of silence and they may assist by seeking professional help if need be.

Environment and climate

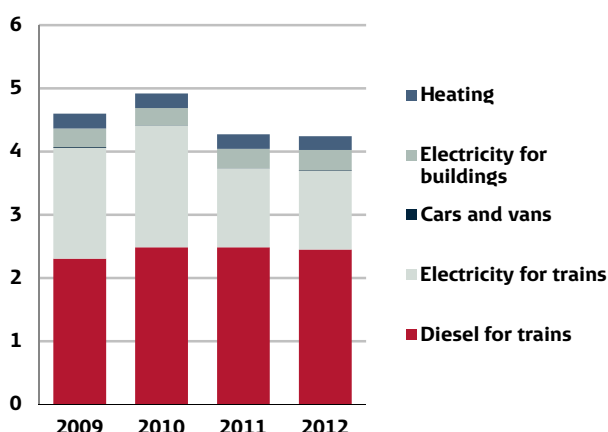
DSB is a rail operator, and by definition, the train is a relatively environmentally friendly mode of transport. If DSB want to protect the environmental advantages of the train, DSB has to consider the energy consumption and effect on the climate. DSB is also aware that trains constitute an inconvenience to neighbours of the railway in the form of noise and smoke.

In the short term, DSB is aiming for a reduction in energy consumption, and in the longer term, DSB is committed to getting the trains to operate on renewable energy.

In 2012, DSB's total energy consumption for trains fell by about 4 percent compared to 2011. One reason is the increased punctuality of DSB trains which makes for a smooth ride; another reason is the collision accident involving the Limfjord Bridge which meant that there was no train service between Aalborg and Frederikshavn for a prolonged period.

Fig. 8: Direct and indirect energy consumption

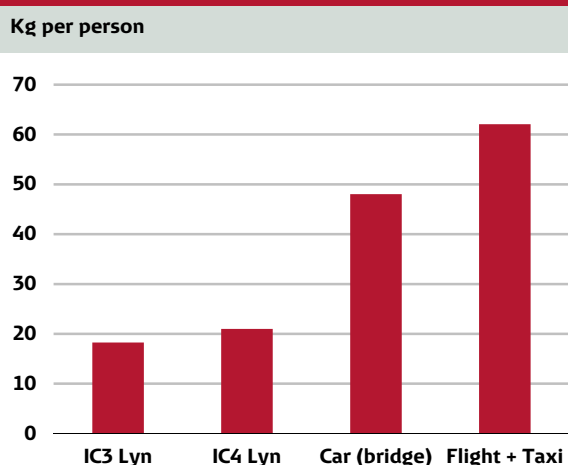
GJ (million)



DSB's total CO₂ emissions rose by about 10 percent in 2012 compared to 2011. The main reason is that in 2012, DSB did not purchase RECS certificates for the electricity consumption in its build-

ings, which is why it is included in the 2012 calculation of CO₂ emissions.

Fig. 9: CO₂ emissions (Aalborg–Copenhagen)



In 2012, the energy consumption of diesel trains per seat kilometre fell compared to 2011, while the same figure for electric trains remained at the 2011 level.

The reason for the fall in energy consumption and CO₂ emissions for diesel trains is partly the high punctuality rates and partly the effect of the GreenSpeed project.

DSB's electric trains are now more often used as regional trains whereas previously they were used for long-distance services. As there are typically fewer passengers on a regional service compared to a long-distance service, the relative energy consumption per passenger kilometre in electric trains has risen.

Fig. 10: Electricity and diesel consumption per passenger kilometre

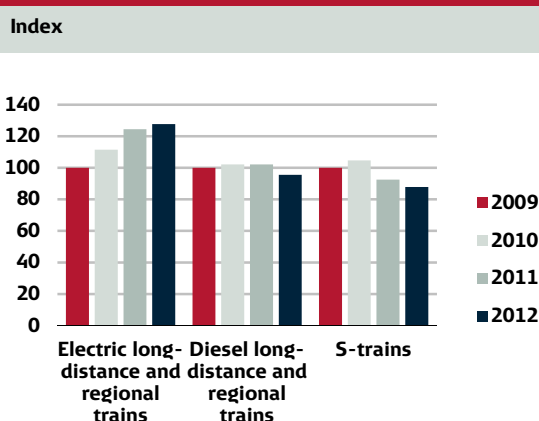


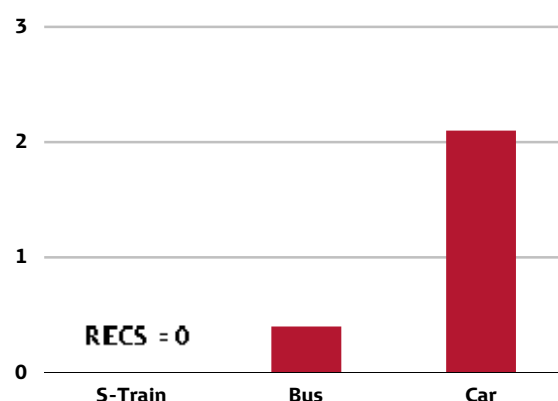
Table 1: Development in energy consumption and CO₂ emissions

	Energy consumption per seat kilometre	Energy consumption per passenger kilometre	CO ₂ emissions per passenger kilometre
Long-distance and regional trains			
- Diesel trains	-4%	-4%	-4%
- Electric trains	0%	3%	0%
S-Trains	2%	-3%	0%

In 2012, S-Trains used 2 percent more energy per seat kilometre compared to 2011. Part of the reason was the cold winter with 7 percent more degree days in the Copenhagen area compared to the figure for 2011. On cold days, S-Trains use more energy, as the heating of the train constitutes a significant proportion of the energy consumption.

Fig. 11: CO₂ emissions for a 12-km trip in the Copenhagen area

Ton (1,000)



Buildings and workshops

DSB also strives to make savings in its buildings. Areas of focus include:

- replacement of circulation pumps for “energy saving pumps”;
- new escalators with frequency control and LED lighting;
- replacement of fairly old gas boilers;
- installation of new windows with lower heat loss;
- energy saving control of ventilation systems (frequency converters).

New software for S-Trains

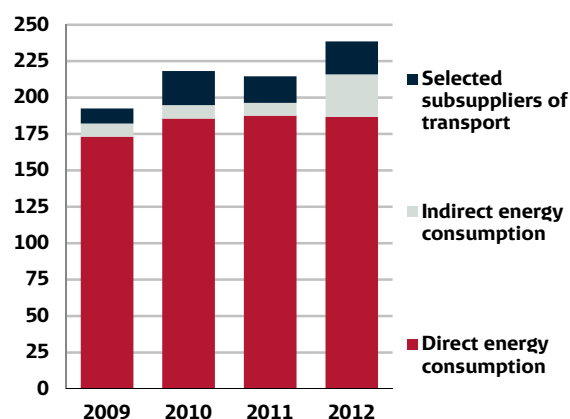
In order to save energy on traction current, DSB has developed new software for S-Trains which requires less energy for ventilation and ensures a reduced loss of energy in catenary wires and

lighting. None of the changes will be noticed by passengers.

The new software is expected to produce an annual saving of about 3.7 GWh. This corresponds to about 3 percent of the total energy consumption of traction current for S-Trains.

Fig. 12: CO₂ emissions distributed on source

Ton (1.000)



The CO₂ emissions from selected subsuppliers of transport rose by 24 percent. The reason is that there was a great deal of track improvement work in 2012 compared to 2011 and thereby also many more replacement bus services. In addition, the collision accident involving the Limfjord Bridge meant that passengers for the Aalborg–Frederikshavn service travelled in buses rather than by train for quite some time. Moreover, the travel pattern for school trips was different in 2012 compared to 2011, as the total number of school pupils going on residential school trips fell and fewer schools chose a destination involving ferry travel which typically has higher CO₂ emissions than the alternatives selected.

GreenSpeed

For some years, DSB has been working on a GPS-based application called GreenSpeed, which makes it possible to drive the trains so they use the least amount of energy while still adhering to the timetable. The system was installed in IC3 trains, IR4 trains, Øresund trains, Desiro trains and ME locomotives in 2011 and put into operation at the beginning of 2012.

Preliminary experience with the system shows that it has contributed to an improvement of punctuality by reducing the number of minor delays of 1–2 minutes. GreenSpeed has also had a

positive effect on the energy consumption, a reduction of about 3 percent.

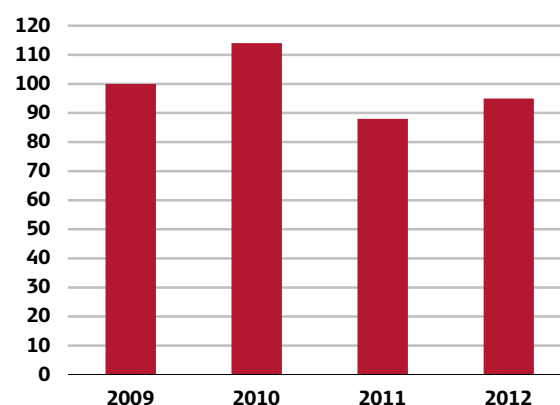
Reducing local impact

Trains constitute an inconvenience to neighbours of the railway in the form of noise and smoke.

The emission of particles from diesel trains rose by 6 percent compared to 2011. The reason is a rise in operation and that MR trains emit more particles than IC3 trains and IC4 trains.

Fig. 13: Particle emission

Index



The number of noise complaints forwarded to DSB in 2012 is on the same level as the year before. In 2012, DSB received 33 complaints against 36 in 2011.

Several of the complaints about S-Trains concern loudspeaker noise from the stations. It is necessary to inform passengers, but DSB regularly checks the sound level to avoid any unnecessary inconvenience.

The majority of the complaints relating to long-distance and regional trains concern trains in idle running near a built-up area. DSB follows up on such complaints on an ongoing basis and checks that internal rules are observed.

The number of complaints about smoke is also on a level with last year, as DSB received eight complaints in 2012 against six in 2011. The smoke comes from the old diesel rolling stock.

During 2011, DSB fitted six MR train sets with catalytic converters, which cut the emission of HC and particles and reduced the opacity, and this means less black smoke. DSB also fitted emission kits on 20 ME locomotives in 2010. An emission

kit reduces a locomotive's emission of nitrogen and carbon. It provides a 34 percent reduction of the emission of NO_x and the emission of particles drops by 37 percent.

Towards the end of 2012, DSB decided to fit emission kits on a further 13 ME locomotives. This was partly because it had been decided to use ME locomotives to pull the double-decker coaches. The fitting is expected to be complete before the end of 2013.

Culture

Whistleblower scheme and ethical rules

In the 2011 CSR report, DSB announced that a set of ethical rules and a whistle-blower scheme would be introduced in 2012. Both are launched in 2013.

Responsible suppliers

DSB is committed to responsible supplier management.

DSB's Code of Conduct describes the expectations that DSB has to suppliers' behaviour in relation to the environment, health and safety, child labour, corruption, etc., and all suppliers are made aware of these requirements on entering into agreements with DSB.

During 2011, DSB conducted an analysis of suppliers' ethical behaviour with a view to assessing whether suppliers live up to DSB's Code of Conduct.

The analysis was conducted among suppliers that have framework agreements with DSB. DSB found 13 suppliers that did not give satisfactory answers. In 2012, this figure was reduced to three, which are still outstanding. DSB will follow up on these suppliers.

In the autumn of 2011, DSB implemented a new prequalification system (TransQ) which simplified the tender procedure and provided DSB with the opportunity to focus on working conditions, the environment and social conditions early on in the process before entering into any agreements. All current large and strategic suppliers are prequalified, and going forward, potential suppliers will be required to fulfil similar requirements.

Via the TransQ prequalification system, DSB ensures that its suppliers will be asked to answer a number of questions on working conditions, the

environment and social responsibility on an annual basis. In this way, DSB will ensure that its suppliers actively engage with the essence of DSB's Code of Conduct.

ABOUT DSB



Board of Directors

The Board of Directors' directorships in Danish and foreign commercial enterprises



Peter Schütze, Chairman

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

Chairman of the Board of Directors of Copenhagen Business School

Vice Chairman of the Board of Directors of Nordea Fonden

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

Member of the Board of Directors of Axcel

Member of the Board of Directors of Generalkonsul Gösta Enboms Fond



Annette Sadolin, Vice Chairman

Joined DSB's Board of Directors on 28 April 2009

Elected chairman on 27 April 2010 (ordinary Annual Meeting)

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

Chairman of the Board of Directors of Østre Gasværk Teater

Vice Chairman of the Board of Directors of Dansk Standard

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 Ratons AB, Sverige

Member of the Board of Directors of Blue Square Re. N.V.

Member of the Board of Directors of Ny Carlsberg Glyptotek



Lars Andersen

Joined DSB's Board of Directors on 25 June 1999

Re-elected on 28 May 2001 (ordinary Annual Meeting)

Re-elected on 27 May 2003 (ordinary Annual Meeting)

Re-elected on 27 April 2005 (ordinary Annual Meeting)

Re-elected on 25 April 2007 (ordinary Annual Meeting)

Re-elected on 24 April 2008 (ordinary Annual Meeting)

Re-elected on 28 April 2009 (ordinary Annual Meeting)

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

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



Lilian Mogensen

Joined DSB's Board of Directors on 28 April 2009

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

ATP Group Director (Customer service and HR)

Member of the Board of Directors of Summit Consulting



Helge Israelsen

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

Chairman of the Board of Directors of Højgaard Holding A/S
Chairman of the Board of Directors of MT Højgaard A/S



Carsten Gerner

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

CEO of Carger Invest ApS
Member of the Board of Directors of Hempel Fonden
Member of the Board of Directors of Hempel Holding A/S
Member of the Board of Directors of Kresko A/S



Andreas Hasle

Joined DSB's Board of Directors on 25 June 1999 (elected by employees)
Re-elected on 8 May 2003 (elected by employees)
Re-elected on 29 March 2007 (elected by employees)
Re-elected on 18 March 2011 (elected by employees)

Traffic inspector
Chairman of HK Trafik & Jernbane
Chairman of the Board of Directors 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
Member of the Board of Directors of Danske Virksomheder A/S



Hans Christian Kirketerp-Møller

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

Senior consultant
Chairman of the Board of Directors of Akademikernes A-Kasse
Executive member of the merged boards of directors of Akademikernes og Ingeniørernes A-kasse
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



Preben Steenholdt Pedersen

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

Head driver
Vice chairman of Dansk Jernbaneforbund
Member of the Board of Directors of Dan Ejendomsservice A/S
Member of the Board of Directors of Forsikringsagenturföreningen afd. 1

Executive Board

The Executive Board's and the Corporate Management's directorships in Danish and foreign commercial enterprises



Jesper T. Lok, CEO

Chairman of the Board of Directors of the Danish Railway Museum



Jacob Kjær, CFO

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

Corporate Management



Susanne Mørch Koch, Executive Vice President, Commercial

Member of the Board of Directors of DSB Vedligehold A/S



Anders Egehus, Executive Vice President, Operations and Strategy and CEO of DSB S-tog a/s and DSB Øresund A/S

Member of the Board of Directors of DSB Vedligehold A/S



Steen Schougaard Christensen, CEO of DSB Vedligehold A/S and HR Director



Peder Nedergaard Nielsen, Vice President, Corporate secretariat & Legal affairs

Member of the Board of Directors of Kort & Godt A/S

Member of the Board of Directors of DSB Øresund A/S

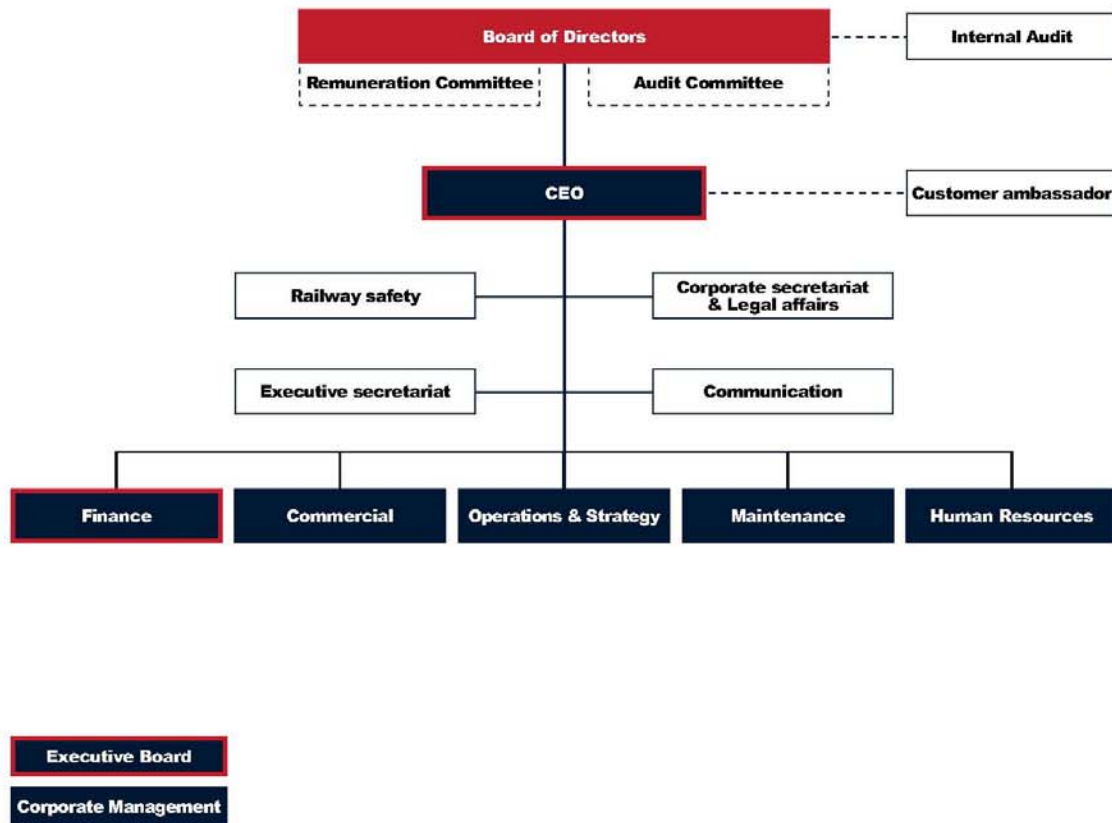
Member of the Board of Directors of DSB Øresund Holding A/S

Member of the Board of Directors of DSB Ejendomsudvikling A/S



Lars Kaspersen, Director of Communication

Organisation



Financial calendar 2013

Expected publication of interim reports:

1st quarter 2013	14 May 2013
Interim accounts 2013	23 August 2013
3rd quarter 2013	21 November 2013

Publications

Annual Report for 2012, available on

www.dsb.dk

Environmental Report 2012, available on

www.dsb.dk

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Copenhagen

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The National Audit Office of Denmark

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DSB's photo archive

