A/S Øresund
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Annual Report 2017

Chair of the Annual General Meeting: Kristina Jæger

Approved at the Annual General Meeting 23 April 2018

Contents

Company objective

A/S Øresund's primary task is to own and operate the fixed link across Øresund with associated landworks. These tasks must be carried out with due regard for maintaining a high level of safety and accessibility on the link. Moreover, repayment of the loans raised to finance the facilities must take place within a reasonable time frame.

Highlights of the year

Financial position
The result before fair value adjustment and tax, including the share from Øresundsbro Konsortiet I/S, is a loss of DKK 20 million and is thus DKK 135 million down on 2016.

The result was primarily affected by higher turnover from Øresundsbro Konsortiet I/S of over DKK 62 million, an increase in depreciation of DKK 141 million and lower interest expenses.

The result before tax is a profit of DKK 440 million and is affected by positive fair value adjustments of DKK 460 million. The result after tax is a profit of DKK 342 million.

Profitability
The repayment period for A/S Øresund is now calculated at 50 years, which is one year less than last year, primarily due to lower financing expenses.

The repayment period for Øresundsbro Konsortiet I/S is reduced by one year to 33 years from the opening year of 2000.

Management
Vice-Chairmen Carsten Koch and David P. Meyer, as well as board members Pernille Sams and Mette Boye, stepped down from the Board of Directors at the Annual General Meeting in April and Jørn Tolstrup Rohde joined the board as the new Vice-Chairman.

With regard to Øresundsbro Konsortiet I/S, the result before value adjustments improved by approximately DKK 50 million on the year.

A/S Øresund's interest-bearing net debt increased by DKK 46 million during the year and amounts to DKK 11.2 billion at the end of 2017.

The impact of value adjustments on results

	Consolidated income statement in relation to annual report	Fair value adjust-ment	Proforma Income state-ment
Operating loss	-349.7		-349.7
Net financials	56.2	-261.1	-204.9
Loss before share of jointly managed company	-293.5		-554.6
Profit/loss from jointly managed company	734.0	-199.0	535.0
Loss before fair value adjustment and tax			**-19.6**
Fair value adjustment		460.1	460.1
Profit before tax	**440.5**		**440.5**
Tax	-98.7		-98.7
Profit for the year	**341.8**		**341.8**

Financial position

The result before financial value adjustments, the share from the jointly managed company and tax amounts to a loss of DKK 20 million against a loss of DKK 395 million in 2016.

Operating income totals DKK 81 million and primarily comprises fees from Banedanmark for use of the rail link. Operating expenses total DKK 97 million.

Interest rates were fairly stable in 2017 when long-term rates rose slightly, but short-term rates remained at a low level. Inflation rose significantly in 2017 albeit from a low level. Net interest expenses were thus DKK 19 million lower in 2017 compared to 2016 and total DKK 205 million. The decline is primarily related to early repayment of a number of on-lending loans expiring in 2017 at an effective rate that was significantly higher than the market rate at which the loans were re-financed. The higher rate of inflation resulted in increased inflation indexation on the portion of the debt linked to inflation developments, which pulled in the opposite direction. The portfolio duration for A/S Øresund has fallen slightly.

Fair value adjustments amount to an income of DKK 261 million. The value adjustment consists in part of positive fair value adjustments of financial assets and liabilities of net DKK 263 million, and in part of an expense from foreign exchange adjustments of DKK 2 million net.

Fair value adjustments are an accounting item that does not affect the repayment period of the company's debt since the debt is repayable at nominal value.

The result from Øresundsbro Konsortiet I/S is a profit of DKK 1,468 million, which contains positive fair value adjustments of DKK 398 million. The result before fair value adjustments is DKK 50 million up on 2016 and was affected by an increase in road revenues of DKK 62 million and a rise in interest expenses of DKK 33 million. A/S Øresund's share of the result is 50 per cent, corresponding to an income of DKK 734 million.

The annual result before fair value adjustments and tax is a loss of DKK 20 million, including the share of the profit from Øresundsbro Konsortiet I/S.

Tax on the year's results amount to an expense of DKK 99 million. The result after tax is a profit of DKK 342 million.

In the interim financial statement for Q3, the outlook for the year's results before financial value adjustments and tax was DKK 0 million of which the share of the result from Øresundsbro Konsortiet I/S is a profit of approximately DKK 530 million. The realised result before fair value adjustments and tax is in line with expectations.

Equity at 31 December 2017 was negative at DKK 6,267 million. The company's negative equity is expected to increase over a number of years.

Against the background of the estimated operating results for the company and Øresundsbro Konsortiet I/S, equity is expected to be restored within a time frame of 24-26 years, from the end of 2017.

Future operating results are estimated on the basis of the Ministry of Transport, Building and Housing's fixed fees from Banedanmark for use of the rail link and on the basis of traffic forecasts for the Øresund Bridge. The operating results are recognised at 50 per cent, which corresponds to the ownership share.

It should be noted that under the terms of the Act on Sund & Bælt Holding A/S for A/S Øresund, and against a guarantee commission of 0.15 per cent, the Danish state has extended separate guarantees for interest and repayments and other ongoing liabilities associated with the company's borrowings. In addition, and without further notification of each individual case, the Danish state underwrites the company's other financial obligations. Øresundsbro Konsortiet's liabilities are guaranteed jointly and severally by the Danish and Swedish states.

Cash flow from operations is negative at DKK 39 million, which is DKK 72 million lower than in 2016.

Cash flow from investing activities is negative and totals DKK 15 million as a result of investments in fixed assets.

The free cash flow is positive at DKK 366 million and arises on the basis of operations less capital investments and expresses the company's ability to generate liquidity for financing interest and repayment of the company's liabilities.

Financing activities include borrowing, interest expenses and debt repayments, which netted an outflow of DKK 303 million. Interest expenses are primarily covered by loans.

In total, the company's cash funds increased by DKK 63 million so that cash at bank and in hand at the end of 2017 was negative at DKK 99 million.

Finance

2017 was characterised by very fair growth in the vast majority of countries/regions. Growth in both the US and Europe increased gradually to 2.5 per cent following a slight slowdown in 2016. Conversely, China's growth stabilised at around 6.5 per cent.

The gap in the world economy (potential growth being lower than actual growth) has gradually narrowed to the extent that some resources are under pressure, not least the labour force. The correlation between unemployment and inflation (the Phillips curve) has been a theme over the last couple of years. In the United States in particular, the very low unemployment rate (close to 4 per cent) is expected to lead to rising wage pressure and hence rising inflation, but development has been sluggish.

The threat of deflation – that has largely characterised the ECB's policy and the European economy since the financial crisis broke – is no longer part of the debate and, although inflation is still slightly lagging behind the ECB's target, its direction of travel was correct in 2017. The recovery has obviously been assisted by the extremely loose monetary policy, with the resulting negative interest rates and huge bond purchases by the ECB.

In addition, the financial markets were obviously influenced by the newly elected US President, Donald Trump, elections in several major European countries (Holland, France and Germany), as well as the EU-UK negotiations on the terms for Brexit.

The US Federal Reserve raised interest rates three times in 2017 and by a total of 0.75 per cent. At the same time, there was a trimming of the Federal Reserve's balance sheet, which had begun to rise significantly after the financial crisis. In Europe, the ECB did not change the interest rate during 2017, but it did initiate a normalisation of monetary policy. This was in the form of a plan to wind up the bond purchase programme (APP) in 2018.

Long-term interest rates were quite stable, despite the otherwise increasing growth on both sides of the Atlantic. In Europe, the 10-year swap rate moved within a narrow range of 0.7-1.0 per cent, while the fluctuations were moderately higher in the US.

In 2017, A/S Øresund's debt increased by DKK 46 million.

At the end of 2017, the company's interest-bearing net debt amounted to DKK 11.2 billion.

Financial strategy
A/S Øresund's objective is to maintain an active and comprehensive financial management that minimises the long-term financial costs with due regard for financial risks. Among other things, financial risks are minimised by having exposure to DKK and EUR only, while optimisation of the loan portfolio is achieved through the use of swaps and other derivative financial instruments.

The company raised loans via the Nationalbanken throughout 2017. Such on-lending continues to remain very attractive compared to alternative funding sources.

The company's cautious approach to credit risk meant that the company did not suffer financially in 2017 because of financial counterparties' insolvency.

The company's real rate exposure of approximately 1/3 of the total net debt gave rise to inflation indexation, which was significantly above the results for 2016. Broadly, inflation has tripled from the extremely low levels of around 0.5 per cent to approximately 1.5 per cent at year end. The reason is that Danish inflation (and inflation generally in all the major economies) has finally begun to rise. Not up to the level that economists, and the central banks especially, would like, but significantly nonetheless. Oil prices increased in the second half of the year in particular, rising from under USD 45/barrel to over USD 60/barrel at year end. Meanwhile wage pressures are also finally beginning to emerge, in part as a result of the low unemployment rate.

The duration of A/S Øresund's debt is slightly shorter due to the natural run-off on the portfolio. At year-end 2017, it was therefore just over 9 years, corresponding to the company's benchmark for the duration of the nominal part of the portfolio.

Financial ratios 2017

	DKK million	**% per annum**
Borrowing 2016	2,533	
- of which on-lending from Nationalbanken	2,533	
Gross debt (fair value)	13,135	
Net debt (fair value)	12,647	
Interest-bearing net debt	11,236	
Real rate (before value adjustment)		0.60
Interest expenses	188	1.69
Value adjustment	-261	-2.35
Total financing expenses *)	-73	-0.66

*) Note: The amount excludes the guarantee commission, which totals DKK 16.5 million.

Profitability

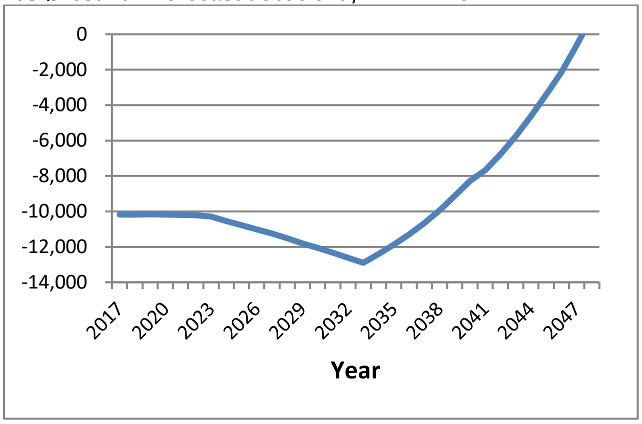
The investment in the Øresund fixed link's landworks will be repaid partly through payment from Banedanmark for use of the Øresund rail line and partly through dividend payments from Øresundsbro Konsortiet I/S of which A/S Øresund owns 50 per cent.

A/S Øresund has also been affected by the above-mentioned changes in the 2016 Budget where the annual fee for the railway companies' use of the fixed links will be gradually reduced over the coming years. In addition, A/S Øresund is obliged to pay the Danish state's rail contribution to Øresundsbro Konsortiet I/S until 2024. The profitability calculations are based on an assumed real rate of 3% on the part of the debt that is not hedged, whereas the interest-hedged debt is included in the agreed interest rate terms.

Moreover, as a consequence of the joint taxation with the Group's other companies, A/S Øresund will obtain a cash flow benefit. This is because joint taxation with A/S Storebælt means that A/S Storebælt can immediately offset A/S Øresund's tax loss against paying the proceeds of the tax savings to A/S Øresund. A/S Øresund can thus forward the use of its tax loss over time.

The repayment period for A/S Øresund is now calculated at 50 years, which is 1 year less than last year due to lower financing expenses. The repayment period for A/S Øresund is sensitive to changes in the finances of the Øresund project and in the joint taxation and dividend policy of the Group.

A/S Øresund – forecast debt trend, DKK million



See more about Øresundsbro Konsortiet I/S' repayment period on page 9.

Events after the balance sheet date

There are no events after the balance sheet date that are of significance to the Annual Report for 2017.

Outlook for 2018

Economic and financial developments in 2018, and thus the company's expectations for the financial result for the year, are subject to some uncertainty.

Projections for the Danish economy point towards a modest increase in growth level through 2018, along with a moderate rise in inflation. The level of interest rate in 2018 is expected to rise slightly compared to 2017.

According to the budget for 2018, drawn up at the end of 2017, the result before financial value adjustments and tax is expected to be zero of which the share of the result from Øresundsbro Konsortiet I/S is a profit of approximately DKK 570 million.

Road

Traffic on the Øresund motorway

The Øresund motorway continues to play a central role in the development of Amager and is an indispensable link between Copenhagen and the wider world via the airport and Øresund Bridge. It plays very much into the daily management of the critical infrastructure facilities that have a very high traffic density.

As a result, accessibility, convenience and safety for road users is continually in focus when carrying out maintenance and reinvestments on this stretch of road. This includes activities being transferred to low-traffic times of day wherever possible. Extensive upgrades may, however, also be carried out in the daytime to make the impact as brief as possible. Such activities are always based on thorough analyses of traffic flow and clear communication to neighbours, road users and other partners.

Traffic on the Øresund motorway increased by approximately 3.3 per cent on the year, which means that some 85,651 vehicles now drive west of Ørestad and around 71,466 vehicles per day east of Ørestad.

Climate protection

In 2012, the coastal dyke between Kalvebod Bridge and Kongelunden on West Amager was raised. Vestamager Pumpediglag's board, of which A/S Øresund is part, has initiated work to finalise the last part of the dyke around south/western Amager at Ullerup, so that this part of Amager and Sund & Bælt's facilities will be better protected from flooding in storm situations. Regulatory processing and approvals were finalised in 2017 and the work will be implemented in 2018.

Partnership with the Nature Agency on extreme rainfall

An agreement has been reached with the Nature Agency that A/S Øresund, in normal situations, brings water from its catchment systems to that part of West Amager located on the south side of the Øresund motorway. The objective is a desired improvement in the natural habitat. The system was also designed so that it can function as a relief for A/S Øresund's drainage system in extreme rainfall situations. The project is being implemented with funding from The Danish Agri-Fish Agency and began in the autumn of 2017. The work will be completed at the start of 2018.

Key figures, DKK million

Road	**2017**	**2016**
Operating income	1.5	2.0
Operating expenses	-26.9	-26.5
Depreciation	-78.9	-1.1
Operating loss (EBIT)	-104.3	-25.6
Net financials	-69.6	-78.9
Loss before financial value adjustments	**-173.9**	**-104.5**

Traffic development, %

	2017	**2016**
Øresund Bridge	1.4	5.1

Railway

Øresund line's acquisition, maintenance and reinvestments
Traffic on the Øresund line's rail section increased by 24.6% compared to 2016 and totalled 111,165 trains. The increase in the number of passenger trains is due to the lifting of the border controls between Sweden and Denmark. Freight traffic in 2017 increased by 1.9% compared to 2016 and totalled 8,679 freight trains.

The Øresund railway comprises both an 18km railway line from Copenhagen Central Station to and including Kastrup Station at Copenhagen Airport, and a 6km freight line from Ny Ellebjerg to Kalvebod Bridge. As part of the *Act on Sund & Bælt Holding A/S* and the *Railway Act*, responsibility for maintenance and reinvestments of the Øresund railway was transferred to A/S Øresund on 1 September 2015. As part of the acquisition of the Øresund railway, work went ahead on a comprehensive overview of the state of the rail technology facilities. The large volume of traffic contributes to increased wear on the track and catenary system. During 2016-17 the replacement of rails, track parts and catenary components was completed, and this has contributed to improving the maintenance level.

Punctuality
The framework conditions for the operational impact of trains on the Øresund railway in 2017 were set at a maximum of 540 delayed passenger trains (excluding signalling system failure, which is a matter for Banedanmark). At year end, 497 delayed passenger trains were recorded, which corresponds to approximately 92 per cent of the maximum permitted number of delayed passenger trains, Punctuality improved during 2017. The reason can be ascribed to the many improvements to the track and catenary systems carried out in 2017. Analyses of the reasons for the identified faults with a view to prevention and improvement are regularly carried out.

Capacity on the Øresund line
At the beginning of 2017, ID checks at Kastrup Station for passengers travelling to Sweden were lifted.

In 2017, the company took part in discussions with Banedanmark and the Ministry for Transport, Building and Housing to examine the potential for increasing capacity on certain sections of the line. This should be viewed within the context of the establishment of the Fehmarnbelt fixed link.

Key figures, DKK million

Railway	**2017**	**2016**
Operating income	79.6	99.0
Operating expenses	-68.8	-56.3
Depreciation	-257.1	-192.2
Operating loss (EBIT)	-246.3	-149.5
Net financials	-135.5	-146.8
Loss before financial value adjustments	**-381.8**	**-296.3**

Øresundsbro Konsortiet I/S

In 2017, Øresundsbro Konsortiet I/S posted a profit before value adjustment of DKK 1,070 million, which is an increase of DKK 50 million over the previous year. The improvement reflects an increase in turnover of DKK 62 million, lower expenses and depreciation of DKK 21 million net and increased interest expenses of DKK 33 million.

Road revenue increased by DKK 60 million compared to 2016 and amounts to DKK 1,406 million.

Total vehicle traffic rose by 1.7% compared to 2016. July set a record for the number of vehicles in one day and the number of vehicles in one month. An average of 20,631 vehicles drove across the Øresund Bridge per day. A total of 7,530,255 vehicles crossed the bridge in 2017, which surpasses the previous record from 2016.

Lorry traffic rose by 4.8% compared to 2016. The market share for lorry traffic across Øresund remains at 53%.

Passenger car traffic rose by 1.3% compared to 2016. Leisure traffic rose by 5.6% compared to 2016, commuter traffic fell by 1.6% and other passenger car traffic rose by 0.2%. The number of BroPas contracts increased by approximately 96,450 compared to 2016 and now stands at 497,000.

Train traffic increased by 2.7% compared to 2016 and now totals 11.4 million passengers.

EBIT came in at a profit of DKK 1,390 million, which is an improvement of DKK 84 million over 2016. After value adjustment, the result for the year is a profit of DKK 1,468 million.

Equity at 31 December 2017 was positive at DKK 1,519 million. The Board of Directors proposes that a dividend of DKK 1,070 million be paid to the owners for the year.

The repayment period has increased by 1 year to 33 years from the opening in 2000. Thus, the debt on the Øresund Bridge will be repaid in 2033.

The EU Commission's ruling on the complaint on state aid to Øresundsbro Konsortiet I/S has been brought before the General Count of the European Union by the plaintiff.

Øresundsbro Konsortiet I/S publishes an independent report on corporate social responsibility and sustainable development, which is found at www.oresundsbron.com/samfundsansvar (Danish only).

Further details about the Øresund Bridge are available from Øresundsbro Konsortiet I/S' Annual Report at www.oresundsbron.com

Through A/S Øresund, Sund & Bælt owns 50 per cent of Øresundsbro Konsortiet I/S, which is responsible for the Øresund Bridge's operations

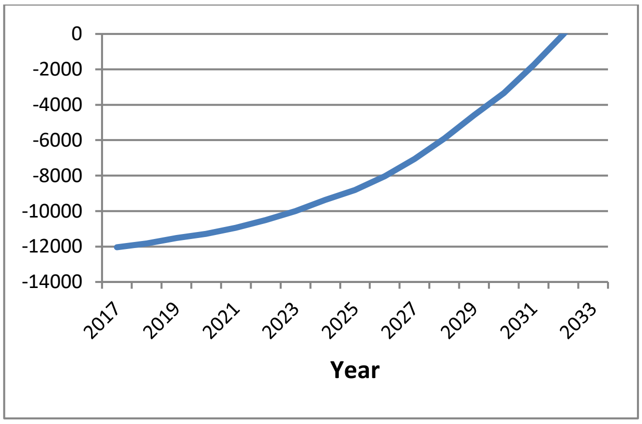
Key figures, DKK million

Øresundsbro Konsortiet	**2017**	**2016**
Operating income	1,927.7	1,866.0
Operating expenses	-263.5	-279.4
Depreciation	-274.7	-280.3
Operating profit (EBIT)	1,389.5	1,306.3
Net financials	-319.3	-286.6
Profit before financial value adjustments	1,070.2	1,019.7
Financial value adjustments	398.0	-210.5
Profit for the year	**1,468.2**	**809.2**
Group share of profits	**734.1**	**404.6**

Percentage traffic growth

	2017	**2016**	**2015**
Øresund Bridge	1.4	5.1	1.8

Expected debt development, DKK million



Environment and climate

One of Sund & Bælt's fundamental values is to support sustainable development and to contribute to meeting the objectives that society has set out with regard to the climate and the environment. This is achieved through a proactive approach to preventing and minimising the impact from the Group's activities on the surrounding world.

Key figures for selected environmental indicators

	2017	2016	Trend
Waste volume (tonnes)	472	580	↘
Water consumption (m^3)	8,917	11,320	↘
Water discharge (m^3)	2.8 million	2.5 million	→
Electricity consumption (kWh)	10.4 million	10.8 million	→
Electricity production, Sprogø Offshore Wind Farm (kWh)	55.9 million	57.1 million	↘

Read more about Sund & Bælt's environmental work and impact for 2017 at www.sundogbaelt.dk/en/our-social-responsibility

A good working environment

Sund & Bælt wishes to be an attractive workplace where the spotlight is trained on health, safety and well-being. The aim, therefore, is to maintain and continually improve a safe and healthy working environment where occupational accidents are the exception.

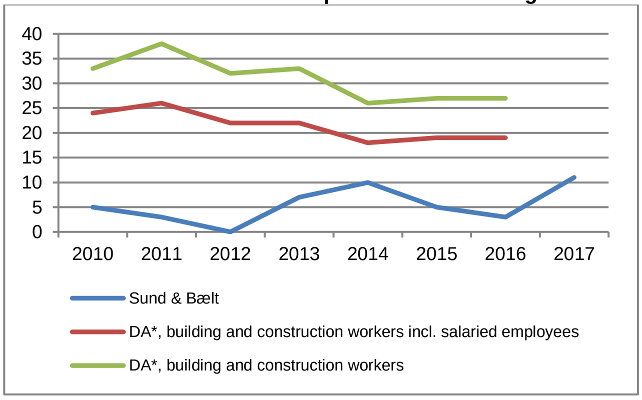
The overall framework for the working environment is defined in the working environment policy. The working environment management system, which transforms the working environment policy into reality, is DS/OHSAS 18001 certified. Although management is responsible for ensuring that employees have a good working environment, they cannot do so alone. Therefore, management, employees and the working environment organisation work in partnership to meet the requirements drawn up in the working environment management system.

There is additional focus on working conditions on the road and rail facilities. The risk factors in this respect are wind, weather and, not least, traffic – and they require the utmost attention. In preparation for this, everyone who works at, and moves around on, Sund & Bælt's facilities has to pass a mandatory pre-entry safety course so that they are familiar with the design of the facilities and the regulations that pertain to promoting safe and working environmentally prudent behaviour.

Accidents and 'near-misses' are reported by both employees and Sund & Bælt's partners. Subsequent analysis of the reports is carried out to avoid repetitions and to bring about improvements in both behaviour and the design of the facilities.

In 2017, Sund & Bælt and its contractors worked around 650,000 hours on the road and railway, at Sprogø Offshore Wind Farm, in workshops and in offices - and the company succeeded in maintaining a low number of occupational accidents

Number of industrial accidents per 1 million working hours



Traffic safety on the road link

One of Sund & Bælt's objectives is that it must be at least as safe to drive on the Øresund motorway as it is on other motorways in Denmark. Sund & Bælt takes a proactive approach to traffic safety, i.e. by preventing accidents through analysis and screening all incidents. In 2017, there were three accidents on the Øresund motorway.

Read more about Sund & Bælt's working environment and traffic safety at www.sundogbaelt.dk/en/our-social-responsibility

Corporate Governance

A/S Øresund is 100 per cent owned by Sund & Bælt Holding A/S. Through its 100 per cent ownership of Sund & Bælt Holding A/S, the Danish state is the company's supreme authority and exercises its ownership in accordance with the legislative guidelines set out in the publication, "The state's ownership policy".

The two-tier management structure consists of a Board of Directors and a Management Board, which are independent of each other. No individual is a member of both boards.

A/S Øresund endeavours to ensure that the company is managed in accordance with the principles of sound corporate governance at all times.

NASDAQ Copenhagen's corporate governance recommendations correspond to the recommendations from the Committee for Corporate Governance updated in November 2014. A/S Øresund generally complies with NASDAQ Copenhagen's corporate governance recommendations. Exceptions to the recommendations are owing to the Group's special ownership structure where the Danish state is the sole shareholder. The exceptions to the recommendations are:

- In connection with elections to the Board of Directors, the shareholder assesses the necessary expertise that the Board should possess. There is no nomination committee.
- No formal rules exist regarding board members' age and number of board positions a member of the board may hold. This, however, is considered by the shareholder in connection with the elections of new members.
- The shareholder determines the remuneration of the Board of Directors while the Board of Directors decides the salaries of the Management Board. Performance-related remuneration or bonuses for the Management Board and Board of Directors are not employed. No remuneration committee has, therefore, been established.
- Members of the Board of Directors elected by the Annual General Meeting stand for election every second year. According to the recommendations, members should stand for election every year.
- No Board of Directors committee has been established.

A/S Øresund meets the diversity requirements at senior management levels. There is a 33/67% distribution between the genders among board members.

The company has set up an Audit Committee which, as a minimum, meets half-yearly. The members of the Audit Committee comprise Ruth Schade (Chair) and Peter Frederiksen.

The Board of Directors held four meetings during the year and all members were considered independent in 2017.

In relation to significant concurrent positions held by the senior management outside the company, please refer to the section *Board of Directors, Board of Management and Senior Executives.*

The recommendations from the Committee for Corporate Governance are available at www.corporategovernance.dk/english

CSR – Corporate Social Responsibility

Statutory statement regarding Corporate Social Responsibility, c.f. section 99a of the Danish Financial Statements Act.
As regards the company's formal compliance with section 99a of the Danish Financial Statements Act concerning a statement on social responsibility, please refer to the parent company's management report 2017 under CSR – Corporate Social Responsibility, Corporate Governance, Environment and Climate, Employees and Targets for CSR work in 2018.

Statutory statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act.
There is gender balance at top management level, and no target figures have been set for this. Moreover, as the company has no employees, no policy has been established for increasing the underrepresented gender at other management levels.

The annual report for Sund & Bælt Holding A/S is available at www.sundogbaelt.dk/en/publications

Read more about Sund & Bælt's corporate social responsibility at www.sundogbaelt.dk/en/our-social-responsibility

Risk management and control environment

Certain events may prevent the Group from achieving its objectives in whole or in part. The likelihood that such events will occur is an element of risk of which the company is well aware. Some risks can be managed and/or reduced by the company itself while others are external events over which the companies have no control. The company has identified and prioritised a number of risks based on a holistic approach. As part of the work with these issues, the Board of Directors receives a report on an annual basis.

The greatest risk to accessibility is a prolonged interruption to a traffic link caused by a ship colliding with a bridge, terrorist activity or the like. The likelihood of such incidents is remote, but the potential consequences are significant. The potential financial losses for the company from such events, including operating losses for up to two years, are, however, covered by insurances.

A/S Øresund's objective is to ensure that safety on the links should be high and at least as high as on similar Danish facilities. So far, this objective has been met and the proactive safety work continues. The work is supported by regularly updated risk analyses.

In partnership with the relevant authorities, A/S Øresund maintains a comprehensive contingency plan, including an internal crisis management programme for handling accidents etc. on the company's traffic facilities. The programme is tested regularly through exercises.

Long-term traffic development is a significant factor in the debt's repayment period, c.f. notes 19 and 20 where the calculations and uncertainty factors are described. In addition to the general uncertainties that are inherent in such long-term forecasts, there is a special risk related to adjustment to prices introduced by the authorities, e.g. in the form of EU directives. The introduction of road taxes may also impact on the bridge's market position.

Development in long-term maintenance and reinvestment costs is subject to some uncertainty too. A/S Øresund works proactively and systematically to reduce such factors and it is unlikely that these risks will have a major effect on the repayment period.

Work on holistic risk management has defined and systemised a number of risks linked to the company's general operations. These include the risk of computer breakdowns or a failure of other technical systems, unauthorised access to computer systems, delays to, and cost increases for, maintenance work etc. These risks are handled by day-to-day management and the line organisation.

A/S Øresund's risk management and internal controls in connection with the accounts and financial reporting are intended to minimise the risk of material error. The internal control system contains clearly defined roles and areas of responsibility, reporting requirements and procedures for attestation and approval. Internal controls are examined by the auditors and reviewed by the Board of Directors through the Audit Committee.

Key figures and financial ratios

(DKK million)

	2013	2014	2015	2016	2017
Operating income	107	107	113	101	81
Operating expenses	-32	-26	-42	-78	-97
Depreciation	-80	-80	-200	-192	-334
Operating profit/loss (EBIT)	-5	1	-130	-169	-350
Net financials before value adjustment	-279	-225	-246	-226	-205
Loss before value adjustment	-284	-224	-376	-395	-555
Value adjustments, net	538	-904	556	-460	261
Profit from jointly managed company (Øresundsbro Konsortiet I/S) *)	1,039	56	567	405	734
Profit/loss before tax	1,293	-1,072	747	-450	440
Tax	-465	277	-178	99	-99
Profit/loss for the year	828	-795	569	-351	341
Capital investment for the year	4	3	9	13	14
Capital investment at the end of the year	5,961	5,883	5,688	5,579	5,260
Bond loans and bank loans	13,033	13,164	12,905	13,449	13,043
Net debt (fair value)	12,494	13,083	12,302	12,957	12,647
Interest-bearing net debt	11,446	11,145	10,956	11,190	11,236
Equity	-6,096	-6,892	-6,257	-6,608	-6,267
Balance sheet total	9,228	8,969	8,525	8,416	8,203
Financial ratios, per cent.:					
Profit ratio (EBIT)	-4.7	0.9	-117.7	-167.3	-431.5
Rate of return (EBIT)	-0.1	0.0	-1.6	-2.0	-4.3
Return on facilities (EBIT)	-0.1	0.0	-2.3	-3.1	-6.6

NB: The financial ratios have been stated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2015". Please refer to definitions and concepts in note 1 Accounting Policies.

*) The result from Øresundsbro Konsortiet I/S for 2017 includes an income of DKK 398 million relating to value adjustments. The result before value adjustments amounts to a profit of DKK 1,070 million.

Comprehensive income statement 1 January – 31 December

(DKK million)

Note		2017	2016
	Income		
4	Operating income	81.1	101.0
	Total income	**81.1**	**101.0**
	Expenses		
5	Other operating expenses	-97.2	-77.5
7-9	Depreciation and amortisation of intangible fixed assets and property, plant and equipment	-333.6	-192.3
	Total expenses	**-430.8**	**-269.8**
	Operating loss (EBIT)	**-349.7**	**-168.8**
	Net financials		
	Financial income	28.2	85.8
	Financial expenses	-233.1	-311.5
	Value adjustment, net	261.1	-460.3
10	**Net financials, total**	**56.2**	**-686.0**
	Loss before inclusion of share of results in jointly managed company and tax	**-293.5**	**-854.8**
11	Share of results in jointly managed company	734.0	404.6
	Profit/loss before tax	**440.5**	**-450.2**
12	Tax	-98.7	99.0
	Profit/loss for the year	**341.8**	**-351.2**
	Other comprehensive income	0.0	0.0
	Tax on other comprehensive income	0.0	0.0
	Comprehensive income	**341.8**	**-351.2**
	Proposed profit appropriation:		
	Retained earnings	341.8	-351.2

Balance sheet 31 December – Assets

(DKK million)

Note	Assets	2017	2016
	Non-current assets		
	Property, plant and equipment		
7	Road link	1,263.1	1,340.4
8	Rail link	3,996.8	4,238.8
9	Operating plant	1.2	0.4
	Total property, plant and equipment	**5,261.1**	**5,579.6**
	Other non-current assets		
11	Participating interest in associated company	759.5	25.4
13	Deferred tax	118.9	488.2
	Total other non-current assets	**878.4**	**513.6**
	Total non-current assets	**6,139.5**	**6,093.2**
	Current assets		
	Receivables		
14	Receivables	556.2	488.4
	Securities	488.0	602.5
15	Derivatives	1,018.9	1,231.6
16	Prepayments and accrued income	0.1	0.1
	Total receivables	**2,063.2**	**2,322.6**
	Total current assets	**2,063.2**	**2,322.6**
	Total assets	**8,202.7**	**8,415.8**

Balance sheet 31 December – Liabilities

(DKK million)

Note	Equity and liabilities	2017	2016
	Equity		
17	Share capital	5.0	5.0
17	Retained earnings	-6,271.5	-6,613.3
	Total equity	**-6,266.5**	**-6,608.3**
	Liabilties		
	Non-current liabilities		
18	Bond loans and amounts owed to credit institutions	11,200.4	10,696.8
	Total non-current liabilities	**11,200.4**	**10,696.8**
	Current liabilities		
18	Current portion of non-current liabilities	1,743.9	2,590.2
	Credit institutions	98.6	161.7
21	Trade and other payables	184.7	144.9
15	Derivatives	1,241.6	1,430.5
	Total current liabilities	**3,268.8**	**4,327.3**
	Total liabilities	**14,469.2**	**15,024.1**
	Total equity, provisions and liabilities	**8,202.7**	**8,415.8**

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Statement of changes in equity 1 January – 31 December

			(DKK million)
	Share capital	**Retained earnings**	**Total**
Balance at 1 January 2016	5.0	-6,262.1	-6,257.1
Profit/loss for the year and comprehensive income	0.0	-351.2	-351.2
Balance at 31 December 2016	**5.0**	**-6,613.3**	**-6,608.3**
Balance at 1 January 2017	5.0	-6,613.3	-6,608.3
Profit/loss for the year and comprehensive income	0.0	341.8	341.8
Balance at 31 December 2017	**5.0**	**-6,271.5**	**-6,266.5**

Cash flow statement 1 January – 31 December

(DKK million)

Note		2017	2016
	Cash flow from operating activities		
	Loss before net financials	-349.7	-168.8
	Adjustments		
7-9	Amortisation, depreciation and writedowns	333.6	192.3
12	Joint taxation contribution	-22.8	10.0
	Cash flow generated from operations (operating activities) before change in working capital	**-38.8**	**33.5**
	Change in working capital		
14	Receivables, prepayments and accrued income	-650.3	-352.9
21	Trade and other payables	1,070.6	283.6
	Total cash flow from operating activity	**381.5**	**-35.8**
	Cash flow from investing activity		
7-9	Purchase of property, plant and equipment	-15.1	-13.7
	Total cash flow from investing activity	**-15.1**	**-13.7**
	Free cash flow	**366.4**	**-49.5**
	Cash flow from financing activities		
	Raising of loans	2,519.3	2,363.8
	Reduction of liabilities	-2,546.6	-2,122.5
	Interest received	0.0	-0.1
	Interest paid	-276.0	-328.3
18	**Total cash flow from financing activities**	**-303.3**	**-87.1**
	Change for the period in cash at bank and in hand	**63.1**	**-136.6**
	Cash at bank and in hand at 1 January	-161.7	-25.1
	Cash at bank and in hand at 31 December	**-98.6**	**-161.7**

Liquid assets comprise bank loans and overdrafts.

Notes

Note 1 Accounting policies

General
The annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of companies with listed debt instruments (Class D companies). Additional Danish disclosure requirements for annual reports are laid down in the IFRS order issued pursuant to the Danish Financial Statements Act and NASDAQ Copenhagen.

The accounting policies are in accordance with those applied in the Annual Report 2016.

The company has elected to use the so-called Fair Value Option under IAS 39. Consequently, all financial assets and liabilities (loans, placements and derivatives) are measured at fair value and changes in the fair value are recognised in the comprehensive income statement. Loans and cash at bank and in hand are measured at fair value on initial recognition in the balance sheet whereas derivative financial instruments are always measured at fair value, c.f. IAS 39.

The rationale for using the Fair Value Option is that the company consistently applies a portfolio approach to financial management, which means that the anticipated exposure to financial risks is managed through different financial instruments, both primary and derivative financial instruments. Accordingly, when managing financial market risks, the company does not distinguish between, for example, loans and derivatives, but solely focuses on the total exposure. Using financial instruments to manage financial risks could, therefore, result in accounting inconsistencies were the Fair Value Option not used. Hence this is the reason for exercising it.

It is the company’s opinion that the Fair Value Option is the only principle under IFRS that reflects this approach as the other principles lead to inappropriate inconsistencies between otherwise identical exposures depending on whether the exposure relates to loans or derivative financial instruments or requires comprehensive documentation as in the case of hedge accounting. As derivative financial instruments, financial assets and loans are measured at fair value, recognition in the financial statements will produce the same results for loans and related derivatives when hedging is effective. Thus, the company will achieve accounting consistency. Loans without related derivative financial instruments are also measured at fair value in contrast to the main rule laid down in IAS 39 pursuant to which loans are measured at amortised cost. This will naturally lead to volatility in the profit/loss for the year as a result of value adjustments.

The annual accounts are presented in DKK, which is also the company’s functional currency. Unless otherwise stated, all amounts are disclosed in DKK million.

In order to assist users of the Annual Report, some of the disclosures required under IFRS are also included in the Management Report. Similarly, information that is not considered material to the financial reader is omitted.

New accounts adjustment
The new and revised IFRS standards and interpretations implemented in 2017 have not resulted in any changes in accounting policies.

The following amendments to existing and new standards and interpretations have not yet come into force and are not applicable in connection with the preparation of the Annual Report for 2017: IFRS 9, 15 and 16. The new standards and interpretations will be implemented when they become effective.

The implementation of IFRS 9 changes, among other things, the classification and measurement of financial assets and liabilities. The company does not currently use hedge accounting which is why the introduction of the new regulations on hedge accounting are not expected to have any effect. Only to a limited extent does the company have financial assets in the form of debt instruments, which is why it is expected that the new regulations concerning provision for future credit losses will not have a significant effect. According to IFRS 9, a company can continue to recognise financial liabilities at fair value (fair value option). According to IFRS 9, the impact of changes attributable to changes in own credit risk are recognised in other comprehensive income instead of currently in the income statement. On the basis of preliminary analysis, it is deemed that the guarantees provided by the Danish state for the Group’s infrastructure companies will not significantly change the credit risk.

The effect of IFRS 15 is expected to be insignificant as revenue from road traffic and issuer fees are included when passage has been undertaken.

The implementation of the other standards and interpretations are not expected to have any financial effect on the Sund & Bælt Group's results, assets and liabilities or equity in connection with financial reporting.

Consolidation
Øresundsbro Konsortiet I/S is recognised in the accounts as a joint venture using the equity method at 50 per cent, in that it is a jointly managed company.

Operating income
Income from sales of services is included as the services are supplied and if the income can be reliably calculated and is expected to be received.

Income is measured excluding VAT, taxes and discounts relating to the sale.

Impairment of assets

Property, plant and equipment, investments and intangible fixed assets are subject to an impairment test when there is an indication that the carrying amount may not be recoverable (other assets are covered under IAS 39). Impairment losses are recognised by the amount by which the carrying amount of the asset exceeds the recoverable amount, i.e. the higher of an asset's net selling price or its value in use. Value in use is the present value of expected future cash flows from the asset using a pre-tax discount rate that reflects the current market return. In determining impairment, assets are grouped in the smallest group of assets that generate separate identifiable cash flows (cash-generating units). See also note 20: Profitability.

Impairment losses are recognised in the comprehensive income statement.

Tax on the year's result

The company is covered by the Danish regulations concerning compulsory group taxation of the Sund & Bælt Group's companies. The subsidiaries are included in the Group taxation from the time they are included in the consolidation in the consolidated accounts and until such time when they may be omitted from the consolidation. With effect from 1 January 2016, the subsidiaries Sund & Bælt Partner A/S and BroBizz A/S, are included in the compulsory joint taxation with the other companies in the Sund & Bælt Group following the abolition of the special legislation for the infrastructure companies in the Sund & Bælt group.

The parent company, Sund & Bælt Holding A/S, is the administrating company for joint taxation and therefore settles all corporation tax payments with the tax authorities.

Balances under corporation tax legislation’s interest deduction limitation rules are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to these balances are recognised in the balance sheet while deferred tax assets are recognised only if the criteria for recognition of deferred tax assets are met.

Current Danish corporation tax is duly apportioned through payment of the joint taxation contribution between the jointly taxed companies in relation to their taxable incomes. In conjunction with this, companies with tax losses receive joint taxation contribution from companies that have been able to use such losses against their own taxable profits.

Tax for the year, which comprises the year’s joint taxation contribution and changes in deferred tax – including the change in the tax rate - is included in the comprehensive income statement with the proportion attributable to the year’s results and directly in the equity with the proportion attributable to the items directly in the equity.

Current tax and deferred tax

Tax owed and joint tax contribution receivable are included in the balance sheet under balances with affiliated companies.

Deferred tax is measured in accordance with the balance-sheet oriented liability method of all interim differences between the carrying value and the tax value of assets and liabilities. In cases where the computation of the tax value can be carried out on the basis of the various taxation rules, the deferred tax is measured on the basis of the management's planned utilisation of the asset or the disposal of the liability.

Deferred tax assets, including the tax value of tax losses entitled to be carried forward are recognised under other non-current assets at the value at which they are expected to be used, either through the setting-off of tax on future earnings or by the offsetting of deferred tax liabilities, within the same legal tax entity and jurisdiction.

Balances under corporation tax legislation’s interest deduction limitation rules are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to these balances are recognised in the balance sheet while tax assets are recognised only if the criteria for deferred tax assets are met.

Adjustment of deferred tax is carried out relating to eliminations made of unrealised intra-group profits and losses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised inflation indexation, foreign exchange gains and losses on cash at bank and in hand, securities, payables, derivatives and transactions in foreign currencies as well as realised gains and losses relating to derivative financial instruments.

The fair value adjustment at the balance sheet date equals total net financials which, in the comprehensive income statement, are split into financial income, financial expenses and value adjustment. Financial income and expenses comprise interest income, interest expenses and realised inflation indexation from payables and derivatives. Foreign exchange gains and losses and foreign currency translation for financial assets and liabilities are included in the value adjustment.

Financial expenses for financing assets in progress are recognised in the cost of the assets.

Financial assets and liabilities

Initial recognition of financial assets and liabilities takes place on the trading date.

Cash at bank and in hand, which includes bank deposits, are recognised at fair value on initial recognition in the balance sheet as well as on subsequent recognition. Differences in the fair value between balance sheet dates are included in the income statement under Financial income and expenses. On initial recognition, all cash at bank and in hand items are classified as assets measured at fair value.

Holdings and returns on treasury shares are set off against equivalent bond loans issued and are therefore not recognised in the consolidated accounts' comprehensive income statement and balance sheet.

Loans are initially and subsequently measured at fair value in the balance sheet. On recognition, all loans are classified as financial liabilities at fair value through comprehensive income. Irrespective of the scope of interest rate hedging, all loans are measured at fair value with value adjustments being recognised regularly in the income statement, calculated as the difference in fair value between the balance sheet dates.

The fair value of loans is calculated as the market value of future known and expected cash flows discounted at relevant rates, as there are no quotations available for unlisted bond issuers and bilateral loans. The discounting rates used are based on current market rates considered to apply to the company as a borrower.

Real rate loans consist of a real rate plus an allowance for inflation indexation. The expected inflation is recognised in the determination of the fair value on the real rate loans and is determined from the equilibrium inflation from the so-called "break-even" inflation swaps where a fixed inflation rate payment is exchanged against realised inflation, which is unknown at that time. Danish equilibrium inflation is calculated by a spread to Europe's "break-even" inflation swaps with HICPxT as reference index. Discounting follows from the general principles referred to above.

The fair value of loans with related structured financial instruments is determined collectively and the fair value of any options for payment of interest or instalments on the loans are measured using generally accepted standard valuation methods (locked formulas) with the volatility of reference rates and foreign currencies being included.

Loans that contractually fall due after more than one year are recognised as non-current liabilities.

Derivative financial instruments are recognised and measured at fair value in the balance sheet and on initial recognition in the balance sheet, they are measured at cost. Positive and negative fair values are included in Financial Assets and Liabilities respectively, and positive and negative values on derivatives are only set off when there is the right and intention to settle several financial instruments collectively.

Derivative financial instruments are actively used to manage the debt portfolio and are therefore included in the balance sheet as current assets and current liabilities respectively.

Derivative financial instruments include instruments where the value depends on the underlying value of the financial parameters, primarily reference rates and currencies. All derivative financial instruments are OTC derivatives with financial counterparties. There are no listed quotations for such transactions. Derivative financial instruments typically comprise interest rate swaps and currency swaps, forward exchange contracts, currency options, FRAs and interest rate guarantees and swaptions. The market value is determined by discounting known and expected future cash flows using relevant discount rates. The discounting rate is determined in the same way as loans and cash at bank and in hand, i.e. based on current market interest rates that are expected to be available to the Group as borrower.

As with real rate loans, inflation swaps contain an allowance for inflation indexation. The expected inflation is recognised in the determination of the fair value on the inflation swaps and is determined from the equilibrium inflation from the so-called "break-even" inflation swaps, where a fixed inflation rate payment is exchanged against realised inflation, which is unknown at that time. Danish equilibrium inflation is calculated by a spread to Europe's "break even" inflation swaps with HICPxT as reference index. Discounting follows from the general principles referred to above.

For derivative financial instruments with an option for cash flows, e.g. currency options, interest rate guarantees and swaptions, fair value is determined using generally accepted valuation methods (locked formulas) where the volatility of the underlying reference rates and currencies are included. Where derivative financial instruments are tied to several underlying financial instruments, total fair value is calculated as the sum of the individual financial instruments.

According to IFRS 13, financial assets and liabilities, which are recognised at fair value, should be classified in a 3-layer hierarchy for valuation methodology. Level 1 of the fair value hierarchy includes assets and liabilities recognised at quoted prices in active markets. At level 2 assets and liabilities are valued using active quoted market data as input to generally accepted valuation methods and formulas. Finally, level 3 includes assets and liabilities in the balance sheet that are not based on observable market data, and therefore require separate comment.

Foreign currency translation
On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the rates at the date of payment are recognised in the comprehensive income statement as financial income and financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the rates at the date at which the receivable or payable arose is recognised in the comprehensive income statement as financial income and financial expenses.

Non-monetary assets and liabilities in foreign currencies, which have not been revalued to fair value, are translated at the time of transaction to the rate of exchange at the transaction date.

Translation of financial assets and liabilities are recognised in value adjustments and translation of receivables, payables etc. are assigned to financial income and expenses.

Property, plant and equipment
On initial recognition, property, plant and equipment are measured at cost. Cost comprises the purchase price and any expenses directly attributable to the acquisition until the date when the asset is available for use. Subsequently, the assets are measured at cost less depreciation and impairment losses.

During the construction period, the value of the road and rail links was determined using the following principles:

- Expenses related to the links are based on concluded contracts, and contracts are capitalised directly
- Other direct expenses are capitalised as the value of own work
- Net finance expenses are capitalised as construction loan interest
- EU subsidies received are set off against the cost price

Significant future one-off replacements/maintenance work are regarded as separate elements and depreciated over the expected useful life. Ongoing maintenance work is recognised in the comprehensive income statement as the costs are incurred.

Depreciation
Depreciation on the road and rail links commences when the construction work is finalised and the facilities are ready for use. The facilities are depreciated on a straight-line basis over the expected useful lives. For the road and rail link, the facilities are divided into components with similar useful lives.

- The main part of the links comprises structures designed with minimum expected useful lives of 100 years. The depreciation period for these parts is 100 years.
- Mechanical installations, crash barriers and road surfaces are depreciated over useful lives of 20-50 years.
- Software and electrical installations are depreciated over useful lives of 10-20 years
- Technical rail installations are depreciated over 25 years

Other assets are recognised at cost and depreciated on a straight-line basis over the assets' expected useful life:

Other plant, machinery, fixtures and fittings	5 years
Buildings for operational use	25 years

Amortisation and depreciation are recognised as a separate item in the comprehensive income statement

The depreciation method and the expected useful lives are reassessed annually and are changed if there has been a major change in the conditions or expectations. If there is a change to the depreciation period, the effect on depreciation going forward will be recognised as a change of accounting estimates and judgements.

The basis of depreciation is calculated on the basis of residual value less any impairment losses. The residual value is determined at the time of acquisition and is reassessed annually. If the residual value exceeds the carrying amount, depreciation will be discontinued.

Profits and losses in respect of disposal of property, plant and equipment are stated 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 comprehensive income statement under other operating gains or expenses.

Other operating expenses
Other operating expenses include expenses relating to technical, traffic-related and commercial operations of the links. These comprise, inter alia, expenses for operation and maintenance of technical plant, financial management and fees to the parent company.

Operating leases
Operating leases are recognised in the comprehensive income statement on a straight-line basis over the leasing contract's leasing term unless another systematic method would give a better view of the leases during their term. Leasing contracts have been entered into with a leasing period of 1-5 years. Operating leasing comprises vehicles.

Participating interests in jointly managed company
Participating interests in the jointly managed company are measured in the balance sheet according to the equity method after which the proportion of the company's carrying value is recognised. Any losses on the participating interest are recognised under provisions in the balance sheet.

Securities
Listed securities are recognised under current assets and measured at fair value at the balance sheet date. Holdings of treasury shares are set off against equivalent issued bond loans.

Trade receivables
Trade receivables are measured at the amortised cost. Write-down is made for expected bad debt. Receivables also comprise accrued interest in respect of assets and costs paid concerning subsequent financial years.

Other receivables
Other receivables are measured at the current value of the amounts expected to be received.

Prepayments and accrued income
Prepayments and accrued income comprise expenses paid concerning subsequent financial years.

Cash at bank and in hand
Cash at bank and in hand comprise cash holdings and short-term bank deposits and securities which have a term of less than three months at the acquisition date, and which can readily be converted to cash and which only involve an insignificant risk of changes in value.

Other financial liabilities
Other financial liabilities are measured at amortised cost which usually corresponds to the nominal value.

Deferred income and accruals
Deferred income and accruals comprise accrued interest and payments received concerning income in subsequent years.

Cash flow statement
The consolidated cash flow statement for the company has been prepared in accordance with the indirect method based on the comprehensive income statement items. The company's cash flow statement shows the cash flow for the year, the year's changes in cash and cash equivalents as well as the company's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is calculated as the profit/loss for the year before net financials adjusted for non-cash income statement items, computed corporation taxes and changes in working capital. The working capital comprises the operating balance sheet items recognised in current assets and current liabilities.

Cash flow from investing activities comprises the acquisition and disposal of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities comprises the raising of loans, repayment of debt and financial income and expenses.

Cash at bank and in hand comprises cash and short-term marketable securities with a term of three months or less at the acquisition date less short-term bank loans. Unused credit lines are not included in the cash flow statement.

Segment information
According to International Financial Reporting Standards (IFRS), revenues, expenses, assets and liabilities per segment must be disclosed. A/S Øresund's assessment is that the company consists of a segment that is divided into the following activities, Road and Railway, as stated in the Management Report. Internal reporting and senior management's financial control take place on the basis of an overall segment.

The reported segment information has been prepared in accordance with the company's accounting policies.

The segment's revenues and expenses comprise items directly attributable to the individual activity and the items that can be allocated to the individual activity on a reliable basis. Allocated revenue and expenses mainly comprise the company's administrative functions, income taxes, etc.

Financial ratios
The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2015".

The following financial ratios provided under financial highlights are calculated as follows:

Profit ratio:	Operating profit (EBIT) in percentage of turnover.
Rate of return:	Operating profit (EBIT) in percentage of total assets
Return on facilities:	Operating profit (EBIT) in percentage of investment in road and rail link

Note 2 Significant accounting estimates and judgments

Determining the carrying amount of certain assets and liabilities requires an estimate on how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates which are significant for financial reporting are, for instance, made by computing depreciation of, and impairment losses on, road and rail links and by computing the fair value of certain financial assets and liabilities.

Depreciation of the road and rail links is based on an assessment of the main components and their useful lives. An ongoing estimate of the assets' useful life is undertaken. Any change in these assessments will significantly affect the profit/loss for the year but will not affect cash flows. For certain financial assets and liabilities, an estimate is made of the expected future rate of inflation when calculating the fair value.

A/S Øresund and Øresundsbro Konsortiet I/S' facilities are assessed as a cash generating unit in that the companies' road and rail facilities function as one entity.

The calculation of the fair value of financial instruments is based on estimates of the relevant discounting rate applicable to the company, the volatility of reference rates and currency for financial instruments with an option for cash flows and estimates of future inflation for real interest loans and swaps. To the extent possible, the estimates made of fair values and the need for impairment are based on tradeable market data and continuously adjusted to actual price indications, c.f. note 1.

With regard to the calculation of deferred tax, an estimate is made of the future use of tax losses carried forward, which is based on the expected future earnings of the company and the expected lifetime of the assets. In addition, an estimate is made of gains on net financials that can be used for recovery of the interest rate ceiling constraints within a 3-year period. As far as possible, the estimates are based on tradeable market data and continuously adjusted according to inflation and current price indications. See note 13.

Note 3 Segment information

Segment information is based on the company's internal reporting. The top management uses segment information in monitoring and assessing the financial performance with a view to making financial decisions to allocate resources to the operating segments.

The company reports internally as one segment but specifies operating activities: Road and Rail. The operating activities are reviewed in the Management Report. A specification of turnover is part of the segment reporting, which corresponds to the specification in note 4, Operating income.

Income and costs from operating activities comprise those items that are directly attributed to the individual activity as well as those items that can be allocated to the individual activity on a reliable basis. Allocated income and costs primarily comprise the company's administrative functions, tax on income, etc.

Turnover in respect of the "Railway" comprises fees from Banedanmark. This operating segment thus comprises the net turnover for one customer which amounts to more than 10 per cent of the company's total net turnover. There is no turnover in respect of the "Road". Operating income for the "Road" primarily comprises revenue from the use of fibre optic cables and the sale of antennae capacity.

The company's entire turnover is generated in Denmark and there are no transactions between the segments.

Apart from the fees from Banedanmark under "Rail facility", the company is not dependent on any specific major customers and has no transactions with individual customers that amount to 10 per cent of the company's net turnover or above.

Traffic
Traffic on the Øresund motorway increased by approximately 3.3% on the year. Approximately 85,651 vehicles per day now drive west of Ørestad and approximately 71,466 vehicles per day east of Ørestad.

Note 4 Operating income

Income from the rail link comprises fees from Banedanmark for use of the rail facilities. Rail fees are determined by the Minister of Transport and Building and Housing. Income is measured exclusive of VAT and other taxes.

Other income primarily comprises income from the use of fibre optic cables and the sale of antennae capacity

Specification of income	2017	2016
Revenue from the rail link	79.5	98.9
Other income	1.6	2.1
Total income	**81.1**	**101.0**

Note 5 Other operating expenses

Other operating expenses comprise expenses relating to the operation and maintenance of the facilities, financial administration and fees to the parent company of DKK 23 million.

Audit fees for 2017 are specified as follows	Statutory audit	Other assurance state-ments	Tax advice	Other	Total
PwC	0.2	0.1	0.0	0.1	0.4
Total audit fees	**0.2**	**0.1**	**0.0**	**0.1**	**0.4**

The fees for non-audit services provided by PwC to the company amount to DKK 0.2 million and consist of statements about the EMTN programme and XBRL reporting of interim and annual reports.

Audit fees for 2016 are specified as follows	Statutory audit	Other assurance state-ments	Tax advice	Other	Total
PwC	0.2	0.1	0.0	0.1	0.4
Total audit fees	**0.2**	**0.1**	**0.0**	**0.1**	**0.4**

Vehicle leasing is recognised in the income statement and is regarded as operating leasing. The notice periods for operating leasing payments are as follows:

	2017	2016
0-1 years	0.0	0.0
1-5 years	0.1	0.1
After 5 years	0.0	0.0
Leasing payments, total	**0.1**	**0.1**
Minimum leasing payments recognised in the profit for the year	0.1	0.1

Note 6 Staff expenses

Apart from the Management Board, the company has no employees.

The Management Board and the Board of Directors receive fees from Sund & Bælt Holding A/S, which are paid via the administration contribution. The Management Board’s share totals DKK 0.3 million (DKK 0.4 million in 2016).

Note 7 Road link

	Directly capitalised expenses	Value of own work	Financing expenses (net)	Total 2017	Total 2016
Original cost at 1 January	1,502.1	13.8	165.0	1,680.9	1,678.4
Additions for the year	0.8	0.0	0.0	0.8	2.7
Disposals for the year	-0.2	0.0	0.0	-0.2	-0.2
Reclassification	0.0	0.0	0.0	0.0	0.0
Original cost at 31 December	**1,502.7**	**13.8**	**165.0**	**1,681.5**	**1,680.9**
Depreciation at 1 January	306.6	2.6	31.3	340.5	340.0
Opening adjustment	0.0	0.0	0.0	0.0	0.0
Additions for the year	76.4	0.1	1.6	78.1	0.7
Disposals for the year	-0.2	0.0	0.0	-0.2	-0.2
Reclassification	0.0	0.0	0.0	0.0	0.0
Depreciation at 31 December	**382.8**	**2.7**	**32.9**	**418.4**	**340.5**
Balance at 31 December	**1,119.9**	**11.1**	**132.1**	**1,263.1**	**1,340.4**

Note 8 Rail link

	Directly capitalised expenses	Value of own work	Financing expenses (net)	Total 2017	Total 2016
Original cost at 1 January	4,963.9	0.0	487.4	5,451.3	5,441.8
Additions for the year	13.3	0.0	0.0	13.3	10.7
Disposals for the year	-4.8	0.0	0.0	-4.8	-1.2
Original cost at 31 December	**4,972.4**	**0.0**	**487.4**	**5,459.8**	**5,451.3**
Depreciation at 1 January	1,099.9	0.0	112.6	1,212.5	1,022.3
Additions for the year	238.2	0.0	17.1	255.3	191.4
Disposals for the year	-4.8	0.0	0.0	-4.8	-1.2
Reclassification	0.0	0.0	0.0	0.0	0.0
Depreciation at 31 December	**1,333.3**	**0.0**	**129.7**	**1,463.0**	**1,212.5**
Balance at 31 December	**3,639.1**	**0.0**	**357.7**	**3,996.8**	**4,238.8**

Note 9 Operating equipment

	2017	2016
Original cost at 1 January	0.7	0.4
Additions for the year	1.0	0.3
Disposals for the year	-0.1	0.0
Original cost at 31 December	**1.6**	**0.7**
Depreciation at 1 January	0.3	0.2
Additions for the year	0.1	0.1
Depreciation at 31 December	**0.4**	**0.3**
Balance at 31 December	**1.2**	**0.4**

Note 10 Financial income and expenses

The company recognises changes in the fair value of financial assets and liabilities through the comprehensive income statement, c.f. accounting policies. The difference in fair value between the balance sheet dates constitutes the total financial income and expenses distributed on value adjustments and net financing expenses where the latter comprises interest income and expenses.

Net financing expenses comprise accrued nominal/real coupon rates, realised inflation indexation and amortisation of premiums/discounts while VAT; premiums and expected inflation indexation are included in the value adjustments.

Value adjustments comprise realised and unrealised gains and losses on financial assets and liabilities and foreign exchange gains and losses.

	2017	2016
Financial income		
Interest income, financial instruments	28.2	85.8
Total financial income	**28.2**	**85.8**
Financial expenses		
Interest expenses, loans	-233.0	-310.8
Other items, net	-0.1	-0.7
Total financial expenses	**-233.1**	**-311.5**
Net financing expenses	**-204.9**	**-225.7**
Value adjustments, net		
- Securities	-0.5	-1.6
- Loans	193.7	-192.2
- Currency and interest rate swaps	67.9	-266.5
- Currency options	0.0	0.0
Value adjustments, net	**261.1**	**-460.3**
Total financial income and expenses	**56.2**	**-686.0**
Of which financial instruments	**96.1**	**-180.7**

Commission to the Danish State of DKK 16.5 million (DKK 15.8 million in 2016) is included under Interest expenses, loans.

Net financing expenses were DKK 22 million lower in 2017 compared to 2016 and this is primarily related to a number of early on-lending repayments expiring in 2017 at an effective rate that was significantly higher than the market rate at which the loans were refinanced. The Danish rate of inflation was significantly higher in 2017, which resulted in increased inflation indexation, which had a reverse effect.

Note 11 Participating interest, Øresundsbro Konsortiet I/S

Øresundsbro Konsortiet I/S is a jointly managed company by A/S Øresund and SVEDAB AB. It is a shared ownership both legally and in terms of voting rights. Furthermore, the two owners are jointly and severally liable for the jointly managed company's liabilities, and the owners are not able to transfer rights or liabilities between each other without the prior consent of the other party.

Øresundsbro Konsortiet I/S is based in Copenhagen/Malmö and the Sund & Bælt Group's ownership interest is 50%.

	2017	2016
Value of participating interest at 1 January	25.5	-379.1
Share of profit for the year	734.0	404.6
Participating interest at 31 December	**759.5**	**25.5**
Carried forward to provisions at 1 January	0.0	379.1
Amount carried forward for the year	0.0	-379.1
Carried forward to provisions at 31 December	**0.0**	**0.0**
Value of participating interest at 31 December	**759.5**	**25.5**

Key figures from jointly managed company		
Operating income	1,927.7	1,866.0
Operating expenses	-263.5	-279.4
Depreciation	-274.7	-280.3
Net financials	-319.3	-286.6
Value adjustment	398.0	-210.5
Profit for the year	1,468.1	809.2
Current assets	1,634.9	1,878.4
- Of which cash and cash equivalents	77.8	1.0
Non-current assets	15,277.5	15,462.9
Equity	1,519.0	50.9
Current assets	5,390.5	4,128.7
- Of which short-term financial liabilities	5,218.3	3,542.2
Non-current liabilities	10,002.8	13,161.7
- Of which non-current financial liabilities	10,002.8	13,161.7
Contingent liabilities	84.2	103.6

Øresundsbro Konsortiet I/S's results for the year amount to a profit of DKK 1,468 million (2016: DKK 809 million).

The company's share of Øresundsbro Konsortiet I/S' results for the year of DKK 734.0 million (2016: DKK 404.6 million) is recognised in the income statement as Share of result in jointly managed company.

Note 12 Tax

	2017	2016
Tax paid	-22.8	10.0
Change in deferred tax	-74.2	89.0
Adjustment deferred tax, previous year	-1.7	0.0
Total	**-98.7**	**99.0**
Tax on year's results is made up as follows:		
Computed 22.0 per cent tax on year's results	-96.9	99.0
Other adjustments	-1.8	0.0
Total	**-98.7**	**99.0**
Effective tax rate	22.4	22.0

Current tax corresponds to tax payable and is paid via joint taxation.

Note 13 Deferred tax

As a result of accounting capitalisation of financing expenses during the construction period, the carrying value of the road and rail links is higher than the tax value.

Deferred tax will be offset as the underlying assets and liabilities are realised, including that the companies in the joint taxation under Sund & Bælt Holding A/S achieve positive taxable income. The company managed the construction of the fixed link across Øresund and during the construction phase, the company realised a tax loss in that the income base could only be realised when the link was ready for use. The use of the company's loss carried forward extends over a period longer than five years, but since the main components of the company's property, plant and equipment have an estimated service life of 100 years, it is deemed prudent to recognise the tax value of the losses carried forward without impairment.

The Sund & Bælt Group recognises interest deduction restrictions through interest cap regulations under deferred tax. The management believes that the restrictions under the interest cap can be recovered within 3 years.

	2017	2016
Balance at 1 January	488.2	667.0
Deferred tax for the year	-74.1	89.0
Adjustment of deferred tax, previous year	-1.7	0.0
Effect of changed tax rate	0.0	0.0
Other adjustments	-293.5	-267.8
Balance at 31 December	**118.9**	**488.2**
Deferred tax relates to:		
Property, plant and equipment	-126.5	-119.6
Property, plant and equipment, Øresundsbro Konsortiet I/S	-154.3	-42.0
Reduced net financing expenses	100.8	351.9
Tax loss	298.9	297.9
Total	**118.9**	**488.2**

Difference during the year

	1 Jan 2016	Recognised in year's results 2016	31 Dec 2016	Recognised in year's results 2017	31 Dec 2017
Intangible fixed assets and property, plant and equipment	-115.6	-4.0	-119.6	-6.9	-126.5
Intangible fixed assets and property, plant and equipment, Øresundsbro Konsortiet I/S	101.6	-143.6	-42.0	-112.3	-154.3
Reduced net financing expenses	415.1	-63.2	351.9	-251.1	100.8
Tax loss	265.9	32.0	297.9	1.0	298.9
Total	**667.0**	**-178.8**	**488.2**	**-369.3**	**118.9**

Utilisation of the deferrable interest rate deduction restrictions for 2016 was not finally allocated between the joint taxation companies at the time of the 2016 financial reporting and was therefore settled in 2017 and recognised as an adjustment for previous years. For 2017, the company received DKK 96.1 million and DKK 210.6 million for 2016.

Note 14 Receivables

The book value of receivables represents the expected realisable value. There are no significant receivables due that are not impaired.

Receivables also comprise accrued interest in respect of assets, receivables in respect of affiliated companies and other receivables.

	2017	2016
Trade receivables and services	8.6	10.8
Members	306.8	273.3
Accrued interest financial instruments (see note 18)	239.9	202.7
Other receivables	0.9	1.6
Total at 31 December	**556.2**	**488.4**
Accrued interest:		
Payables	0.0	0.2
Interest rate swaps	224.9	187.6
Currency swaps	15.0	14.9
Accrued interest, total	**239.9**	**202.7**

Note 15 Derivatives

The fair value adjustment of financial assets and liabilities is recognised in the comprehensive income statement.

	2017		2016	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps	374.7	-1,241.6	457.4	-1,430.5
Currency swaps	644.2	0.0	774.2	0.0
Forward exchange contracts	0.0	0.0	0.0	0.0
Total derivatives	**1,018.9**	**-1,241.6**	**1,231.6**	**-1,430.5**

	2017		2016	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Gross value derivatives	1,018.9	-1,241.6	1,231.6	-1,430.5
Accrued interest	239.9	-67.6	202.5	-65.5
Gross value recognised in the balance sheet	**1,258.8**	**-1,309.2**	**1,434.1**	**-1,496.0**
Offsetting options by default [1)]	-101.6	101.6	-291.9	291.9
Collateral	-1,129.8	289.3	-1,142.1	381.4
Net value, total	**27.4**	**-918.3**	**0.1**	**-822.7**

[1)] Note: Offsetting options include netting of derivative contracts that allow for the offsetting of positive and negative market values into one overall net settlement amount.

Note 16 Prepayments and accrued income

	2017	**2016**
Prepaid expenses	0.1	0.1
Total prepayments and accrued income	**0.1**	**0.1**

Note 17 Equity

The entire share capital is owned by Sund & Bælt Holding A/S, Copenhagen, which is 100% owned by the Danish state. The company is included in the consolidated accounts for Sund & Bælt Holding A/S, which represent the smallest and largest group.

	2017	**2016**
Share capital	5.0	5.0
Retained earnings at 1 January	-6,613.3	-6,262.1
Profit for the year	341.8	-351.2
Opening adjustment	0.0	0.0
Retained earnings at 31 December	**-6,271.5**	**-6,613.3**
Total equity	**-6,266.5**	**-6,608.3**

The share capital comprises 50,000 shares at a nominal value of DKK 100.

The share capital has remained unchanged since 1992.

Capital management

The Board of Directors regularly evaluates the need to adjust the capital structure, including the need for cash funds, credit facilities and equity.

On the basis of the estimated operating results for the company and for Øresundsbro Konsortiet I/S, equity is expected to be restored within a time frame of 24-26 years, calculated from end 2017. For further details, please refer to the finance section of the Management Report.

Without special notification of each individual case, the Danish state guarantees the company's other financial liabilities. Øresundsbro Konsortiet I/S's debt is underwritten jointly by the Danish and Swedish state.

Note 18 Net debt

2017				2016			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Fair value hierarchy**	**Level 1**	**Level 2**	**Level 3**
Bonds	488.0	0.0	0.0	Bonds	602.5	0.0	0.0
Derivatives, assets	0.0	1,018.9	0.0	Derivatives, assets	0.0	1,231.5	0.0
Financial assets	**488.0**	**1,018.9**	**0.0**	**Financial assets**	**602.5**	**1,231.5**	**0.0**
Bond loans and debt	-12,724.8	-219.5	0.0	Bond loans and debt	13,066.9	220.1	0.0
Derivatives, liabilities	0.0	-1,241.6	0.0	Derivatives, liabilities	0.0	1,430.5	0.0
Financial liabilities	**-12,724.8**	**-1,461.1**	**0.0**	**Financial liabilities**	**13,066.9**	**1,650.6**	**0.0**

2017

Net debt spread across currencies	**EUR**	**DKK**	**Other currencies**	**Net debt**
Cash at bank and in hand	503.4	0.0	0.0	503.4
Bond loans and amounts owed to credit institutions	-219.5	-12,838.9	0.0	-13,058.4
Currency and interest rate swaps, net	-2,528.5	2,305.8	0.0	-222.7
Currency exchange contracts, net	0.0	0.0	0.0	0.0
Accrued interest, net	-63.8	194.5	0.0	130.7
Total (notes 14, 15, 18, 21)	**-2,308.4**	**-10,338.6**	**0.0**	**-12,647.0**

Other currencies comprise:	**GBP**	**JPY**	**NOK**	**SEK**	**USD**	**Total**
Bond loans and amounts owed to credit institutions	0.0	0.0	0.0	0.0	0.0	0.0
Currency and interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

The above are included in the following accounting items:

	Deriva- tives assets	**Deriva- tives liabilities**	**Total**
Interest rate swaps	374.7	-1,241.6	-866.9
Currency swaps	644.2	0.0	644.2
Forward exchange contracts	0.0	0.0	0.0
Total (note 15)	**1,018.9**	**-1,241.6**	**-222.7**

Accrued interest	**Receiv- ables**	**Other payables**	**Total**
Debt	0.0	-41.6	-41.6
Interest rate swaps	224.9	-67.6	157.3
Currency swaps	15.0	0.0	15.0
Total (note 14, 21)	**239.9**	**-109.2**	**130.7**

Net debt totals DKK 10,314 million based on the nominal principal sum and there is an accumulated difference of DKK 2,333 million compared to the net debt at fair value. This reflects the difference between the fair value and the contractual amount at maturity.

Recognition of financial liabilities at fair value (or in the aggregate) was not affected by changes in the company's credit rating during the year which, due to the guarantee from the Danish state, has maintained a high credit rating.

2016

Net debt spread across currencies	EUR	DKK	Other currencies	Net debt
Cash at bank and in hand	604.9	0.0	0.0	604.9
Bond loans and amounts owed to credit institutions	-220.1	-13,231.0	0.2	-13,450.9
Currency and interest rate swaps, net	-2,864.8	2,665.9	0.0	-198.9
Currency exchange contracts, net	0.0	0.0	0.0	0.0
Accrued interest, net	-61.8	149.7	0.0	87.9
Total (notes 14, 15, 17, 22)	**-2,541.8**	**-10,415.4**	**0.2**	**-12,957.0**

Other currencies comprise:	GBP	JPY	NOK	SEK	USD	I alt
Bond loans and amounts owed to credit institutions	0.0	0.0	0.0	0.2	0.0	0.2
Currency and interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.2**	**0.0**	**0.2**

The above are included in the following accounting items:

	Derivatives assets	Derivatives liabilities	Total
Interest rate swaps	457.4	-1,430.5	-973.1
Currency swaps	774.2	0.0	774.2
Forward exchange contracts	0.0	0.0	0.0
Total (note 15)	**1,231.6**	**-1,430.5**	**-198.9**

Accrued interest	Receivables	Other payables	Total
Debt	0.2	-49.3	-49.1
Interest rate swaps	187.6	-65.5	122.1
Currency swaps	14.9	0.0	14.9
Total (note 14, 21)	**202.7**	**-114.8**	**87.9**

Net debt totals DKK 10,265 million based on the nominal principal sum and there is an accumulated difference of DKK 2,692 million compared to the net debt at fair value. This reflects the difference between the fair value and the contractual amount at maturity.

Recognition of financial liabilities at fair value (or in the aggregate) was not affected by changes in the company's credit rating during the year which, due to the guarantee from the Danish state, has maintained a high credit rating.

Reconciliation of changes in financial liabilities	Current debt	Non-current debt	Derivat-ives assets	Derivatives liabilities	Total
Early 2017	-2,590.2	-10,696.8	1,231.5	-1,430.5	-13,486.0
Cash flow	2,593.9	-2,224.8	-262.4	180.1	286.8
Paid interest - reversed	-47.4	-289.5	257.3	-180.1	-259.7
Amortisation	-1.9	118.8	-47.9	0.0	69.0
Inflation indexation	0.0	0.0	-15.8	-23.1	-38.9
Currency adjustment	0.0	1.7	-1.9	-2.3	-2.5
Fair value adjustment	45.5	146.5	-155.9	228.0	264.1
Transfer beginning/end of the year	-1,743.9	1,743.9	14.0	-14.0	0.0
End 2017	**-1,744.0**	**-11,200.2**	**1,018.9**	**-1,241.9**	**-13,167.2**

The difference between the cash flow in the reconciliation and the cash flow statement is due to the guarantee commission to the state of approx. DKK 11 million.

Note 19 Financial risk management

Financing

A/S Øresund's financial management is conducted within the framework determined by A/S Øresund's Boards of Directors and guidelines from the guarantor, the Danish Ministry of Finance/Danmarks Nationalbank.

The Board of Directors determines an overall financial policy and an annual financing strategy, which regulates borrowing and liquidity reserves for specific years and sets the framework for A/S Øresund's credit, foreign exchange, inflation and interest rate exposure. Financial risk management is also supported by operational procedures.

The overall objective is to achieve the lowest possible financing expenses for the infrastructure facilities over their useful lives with due regard for an acceptable risk level as acknowledged by the Board of Directors. A long-term perspective has been applied in the balancing of economic performance and the risks associated with financial management.

The following describes A/S Øresund's funding in 2017 as well as the key risks.

Funding

All loans and other financial instruments employed by A/S Øresund are underwritten by the Danish state. In general, this means that A/S Øresund can achieve capital market terms equivalent to those available to the State, even if A/S Øresund does not have an explicit rating from the international credit rating agencies.

The adopted financial strategy seeks to maximise funding flexibility in order to take advantage of developments in the capital markets. However, all loan types must adhere to certain criteria partly because of the demands from the guarantor and partly because of internal guidelines set out in A/S Øresund's financial policy. In general, A/S Øresund's loan transactions should consist of common and standardised loan constructions that, as far as possible, limit the credit risk. The loan transactions do not contain any special terms that require disclosure with reference to IFRS 7.

In certain cases, lending itself can profitably occur in currencies in which A/S Øresund cannot expose themselves to currency risks (see below). In such cases, the loans are translated through currency swaps into acceptable currencies. Thus, there is no direct link between the original loan currencies and A/S Øresund's currency risk.

A/S Øresund has established a standardised MTN (Medium Term Note) loan programme in the European bond market with a maximum borrowing limit of USD 1 billion of which USD 37 million has been utilised. Thus, an available credit limit of USD 963 million remains.

Since 2002, the company has had access to on-lending, which is a direct loan from Danmarks Nationalbank on behalf of the State to the company based on a specific government bond, and subject to the same conditions under which the bond is traded in the market.

In 2017, funding requirements were mainly covered by on-lending from Danmarks Nationalbank, which was a particularly attractive source of funding. A/S Øresund raised on-lending to a nominal value of DKK 2.5 billion.

The extent of A/S Øresund's funding in any individual year is largely decided by the size of the repayments on the existing debt (refinancing) and the impact from operations. In 2018, such refinancing will amount to approx. DKK 1.7 billion and the expected net borrowing requirements will be around DKK 1.8 billion. This is beyond what is needed for the financing of any extraordinary repurchase of existing loans and the debt issued to cover collateral demands.

The company has the flexibility to maintain a liquidity reserve of up to 6 months' liquidity consumption with the objective of reducing the risk of borrowing at times when the general loan terms in the capital markets are temporarily unattractive.

Financial risk exposure

A/S Øresund is exposed to financial risks inherent in the funding of the infrastructures and linked to financial management as well as operational decisions, including bond issuance and loans from credit institutions, the use of derivatives and deposit of liquid funds for liquidity reserve, receivables from customers and trade payables.

Risks relating to these financial risk exposures primarily comprise:

- Currency risks
- Interest rate risks
- Inflation risks
- Credit risks
- Liquidity risks

Financial risks are identified, monitored and controlled within the framework approved by the Board of Directors as determined in A/S Øresund's financial policy and strategy, operational procedures and in accordance with the guidelines from the Danish Ministry of Finance/Danmarks Nationalbank, which has issued guarantees for the companies' liabilities.

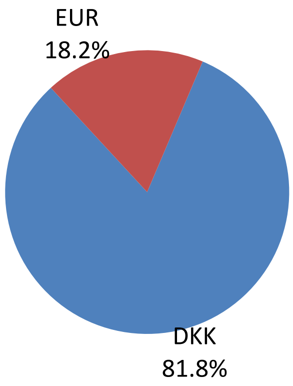
Currency risks

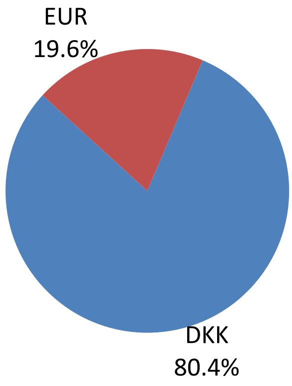
The company's exposure to currency risks primarily relates to the part of the net debt denominated in currencies other than the base currency (DKK). Financial derivatives and liquid funds are recognised in the disclosure of the currency risk measured at fair value.

Currency exposure at fair value in DKK million 2017 and 2016

Currency	Fair value 2017
DKK	-10,339
EUR	-2,308
Total 2017	**-12,647**

Currency	Fair value 2016
DKK	-10,415
EUR	-2,542
Total 2017	**-12,957**





The Danish Ministry of Finance has stipulated that the company may have currency exposures to DKK and EUR. The company's currency risks are managed within the limits of the composition of the currency allocation and can be distributed with no constraint between DKK and EUR.

Based on the stable Danish fixed exchange rate policy and the relatively narrow fluctuation band vis-a-vis EUR +/- 2.25 per cent in the ERM2 agreement, exposure to EUR is not considered to represent any substantial risk. The currency distribution between DKK and EUR will, over the coming years, depend on the exchange rate and interest rate relationship between the two currencies.

The proportion of other currencies comprise AUD, JPY, NOK, SEK and USD and are attributed to the hedging of bond loans in these currencies where premium/discounts in the currency swap result in an exposure based on market-to-market values although the cash flows are completely hedged.

Foreign exchange sensitivity for A/S Øresund amounted to DKK 10 million in 2017 (DKK 16 million in 2016) calculated as Value-at-Risk.

Value-at-Risk for foreign exchange sensitivity expresses the maximum loss as a result of an unfavourable development in the exchange rate within one year, with a 95 per cent probability. Value-at-Risk has been calculated based on historical volatility and correlations within one year in the currencies that pose a risk.

Interest rate and inflation risks

A/S Øresund's financing expenses are exposed to interest rate risks because of the ongoing funding for the refinancing of debts maturing, refixing of interest rates on floating rate debt and deposit of liquidity from operations and investments. The uncertainty arises as a consequence of fluctuations in market interest rates.

A/S Øresund's interest rate risk is actively managed by several lines and limits, and the combination of these limits the interest rate risk on the net debt.

For A/S Øresund, the following framework for 2017 was applied in the interest rate risk management:

- Interest rate refixing risk may not exceed 45 per cent of the net debt
- Duration target on net debt is 9.0 years (variation limit: 8.0-10.0 years)
- Limits for interest rate exposure with fluctuation bands.

The company's interest rate risk is actively managed through the use of interest rate and currency swaps and other derivatives.

Floating rate debt or debt with a short remaining maturity imply that the loan must have the interest rate reset at market interest rates within a given time frame, which typically involves higher risks than fixed rate debts with long maturity when fluctuations in the current interest expenses form the basis of the risk management.

By contrast, financing expenses are usually a rising function of the maturity, and the choice of debt allocation is thus a question of balancing financing expenses and risk tolerance.

The debt allocation between fixed and floating rate nominal debt and real rate debt in conjunction with the maturity profile (maturity on the fixed rate debt) and the currency distribution comprise the uncertainty on the financing expenses.

Besides representing an isolated balancing of financing expenses and interest refixing risk on the net debt, the company's risk profile is also affected by linkages to the operations. This means that a balancing of risk is targeted across assets and liabilities with the aim of achieving a lower risk by combining the debt mix so that there is a positive correlation between operating revenue and financing expenses. This relationship was evident in the downturn that followed the financial crisis, when a sluggish trend in traffic revenues was offset by lower financing expenses.

Typically, floating rate debt and real rate debt have a positive correlation with general economic growth because monetary policy will often seek to balance the economic cycle by hiking interest rates when economic growth and inflation are high – and vice versa.

The economic relationship between operating revenue and financing expenses justifies some proportion of floating rate debt. Developments in road traffic revenue, which is the primary income source, are particularly dependent on economic conditions and low economic growth typically entails low traffic growth, and thus a less favourable development in revenue. This revenue risk can, to a certain extent, be offset by a high proportion of floating rate debt in that adverse economic trends normally lead to lower interest rates, notably at the short end of the maturity spectrum.

Fixed rate debt may, on the other hand, serve as a hedge against stagflation, with low growth and high inflation, which cannot be passed on to the tolls for crossing the bridge.

Furthermore, the company has a strategic interest in real rate debt where the financing expenses comprise a fixed real rate plus indexation dependent upon general inflation. The reason is that operating income, by and large, can be expected to follow inflation developments as rail revenue is normally indexed. Real rate debt, therefore, represents a very low risk and functions as a hedge of operating revenue and the company's long-term project risk.

Based on the overall financial management objective - to attain the lowest possible financing expenses within a risk level approved by the Board of Directors – the company has established a strategic benchmark for the debt portfolio's interest rate allocation and the nominal duration.

This benchmark serves as an overall guideline and a financial framework for the debt management and implies that the company's target a real rate debt allocation of 25-45 per cent and for 2017, the duration on the nominal debt was set at 9.0 years for A/S Øresund. The calculation of the duration will be assessed without discounting.

Maximum variation limits for the interest rate allocation and duration target are established.

The basis for determining the strategic benchmark in the debt management is economic model simulations that estimate the outcome and expected earnings development of the company's' assets and liabilities on a large number of relevant portfolio combinations with different interest rate allocations and maturity profiles and consists of a balancing of financing expenses with revenue risk.

Besides the above-mentioned strategic elements, the interest rate risk is also managed on the basis of the expectations for short-term interest rate developments and an isolated balancing of financing expenses and interest rate refixing risk on the nominal debt.

For A/S Øresund, the target for the duration on the nominal debt was 9 years in 2017 and the actual duration was between 9.2 years and 9.8 years and was predominately overweighted in relation to the benchmark. The existing interest rate hedging on the nominal debt was extended in tandem with the debt refinancing and the maturing fixed rate exposure.

For A/S Øresund, the duration on the strategic benchmark for 2018 is maintained at 9.00 years and the target for the real rate debt ratio remains unchanged.

The long-term interest rates were fairly stable in 2017. The company is exposed to interest rates in DKK and EUR, and interest rates on long maturities have risen by 0.15-0.30 percentage points.

The development in interest rates has led to an unrealised gain of DKK 263 million for A/S Øresund.

The management of the interest rate risk aims at attaining the lowest possible longer-term financing expenses with no specific regard for the annual fluctuations in the fair value adjustment. The fair value adjustment has, however, no impact on the company's economy, including the repayment period.

The yield exposure on the net debt is based on the nominal value (the notional) split in time buckets at the earliest of the time to maturity or the time to the next interest rate refixing. Thus, the floating rate debt is included in the next financial year and shows the cash flow exposure to the interest refixing risk.

The company's use derivatives to adjust the allocation between floating and fixed rate nominal debt and real rate debt, including, primarily, interest rate and currency swaps, FRAs and interest rate guarantees.

Yield exposure disclosed in nominal notional amounts 2017

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Cash at bank and in hand	298	186	0	0	0	0	484	488
Bond loans and other loans	-1,953	-900	-500	-650	0	-6,522	-10,525	-12,986
Interest rate and currency swaps	-632	79	500	0	-372	252	-173	-50
Forward exchange contracts	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Credit institutions	-99	0	0	0	0	0	-99	-99
Net debt	**-2,386**	**-635**	**0**	**-650**	**-372**	**-6,270**	**-10,313**	**-12,647**
Of this, real rate instruments:								
Real rate debt	0	0	0	0	0	0	0	0
Real rate swaps	0	0	0	0	0	-4,533	-4,533	-5,480
Real rate instruments total	**0**	**0**	**0**	**0**	**0**	**-4,533**	**-4,533**	**-5,480**

Yield exposure > 5 years is allocated as follows:

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-762	-621	-2,904	-1,983
Of which real rate instruments	-1,415	-1,919	-687	-512

Yield exposure disclosed in nominal notional amounts 2016

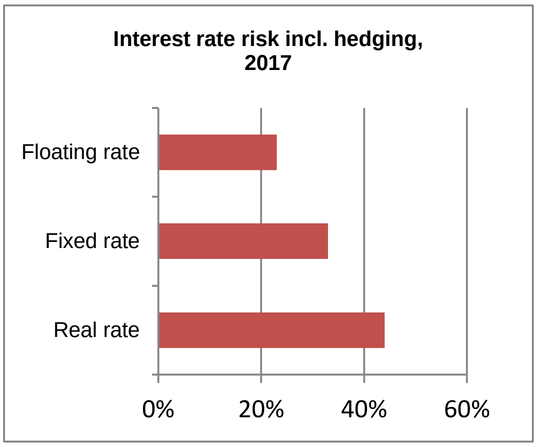
Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Cash at bank and in hand	0	595	0	0	0	0	595	603
Bond loans and other loans	-2,723	-1,730	-600	0	-450	-5,062	-10,565	-13,336
Interest rate and currency swaps	1,326	0	80	0	0	-1,539	-133	-62
Forward exchange contracts	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Credit institutions	-162	0	0	0	0	0	-162	-162
Net debt	**-1,559**	**-1,135**	**-520**	**0**	**-450**	**-6,601**	**-10,265**	**-12,957**
Of this, real rate instruments:								
Real rate debt	0	0	0	0	0	0	0	0
Real rate swaps	0	0	0	0	0	-4,493	-4,493	-5,585
Real rate instruments total	**0**	**0**	**0**	**0**	**0**	**-4,493**	**-4,493**	**-5,585**

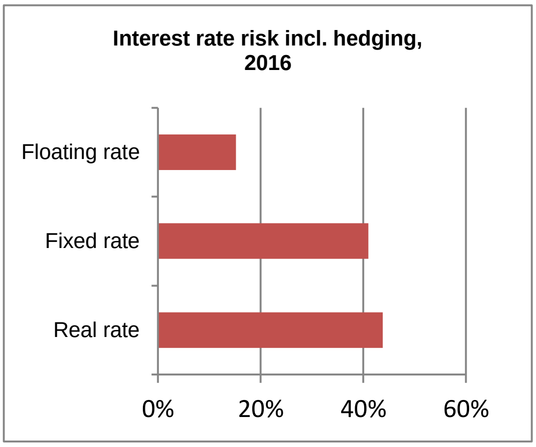
Yield exposure > 5 years is allocated as follows:

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-1,133	-601	-2,891	-1,976
Of which real rate instruments	-1,413	-1,898	-677	-505

The fixed-rate nominal debt beyond five years is primarily exposed to yield exposure in the 10, 15 and 20-year yield segment.

Interest rate allocation 2017	Interest rate allocation in per cent	2016
23.0	Floating rate	15.2
33.0	Fixed rate	41.0
44.0	Real rate	43.8
100.0	**Total**	**100.0**





The yield exposure is distributed with an allocation of 110.3 per cent to interest rates in DKK and -10.3 per cent in EUR. As regards real rate debt, this is exposed to the Danish Consumer Price Index (CPI).

The financing expenses' sensitivity to an interest rate or inflation rate change of 1 percentage point can be estimated at DKK 20 million and DKK 45 million respectively, and the impact will be symmetrical since there is no optionality in the hedging of the variable interest rate and with the current inflation level, the lower limit from a sold "floor" on the inflation indexation (principal EUR 190 million) is not effective.

When interest rates change, this affects the market value (fair value) of the net debt and, in this respect, the impact and risk are greater on fixed rate debt with long maturities. This is primarily owing to the discounting effect and offsets the alternative cost or gain relating to fixed rate debt obligations in comparison to financing at current market interest rates.

The duration denotes the average remaining maturity on the net debt. A long duration implies a low interest rate refixing risk since a relatively small proportion of the net debt needs to be reset to the current interest rate.

The duration also expresses the interest rate sensitivity on the net debt stated at market value

2017 Duration (years)	BPV	Fair value		2016 Duration (years)	BVP	Fair value
7.9	5.6	-7,167	Nominal debt	8.5	6.3	-7,372
12.2	6.7	-5,480	Real interest debt	13.1	7.3	-5,585
9.7	12.3	-12,647	Net debt	10.5	13.6	-12,957

Basis point value (BPV) expresses the rate sensitivity to a parallel shift in the yield curve of 1 bp.

A/S Øresund's duration totalled 9.7 years at the end of 2017 of which 7.9 years relate to the nominal debt and 12.2 years to the real rate debt. Rate sensitivity can be calculated at DKK 12.3 million, when the yield curve is shifted in parallel by 1bp. This will imply a positive fair value adjustment in the income statement and balance sheet when interest rates rise by 1bp, and vice versa.

The fair value adjustment's sensitivity to an interest rate change of 1 percentage point can be calculated as a fair value loss of DKK 1,393 million with an interest rate fall and a fair value gain of DKK 1,172 million with an interest rate rise.

The calculated sensitivity to interest rate changes on the fair value adjustment takes account of the convexity of the debt portfolio.

The sensitivity calculations have been made on the basis of the net debt on the balance sheet date, and the impact is similar in result and balance sheet as a result of the accounting policies where financial assets and liabilities are recognised at fair value.

Credit risks

Credit risks are defined as the risk of losses arising as a result of a counterparty not meeting its payment obligations. Credit risks arise in connection with the deposit of excess liquidity, receivables from derivative transactions and trade receivables.

The credit policy for the deposit of excess liquidity has continuously been tightened with increased requirements for rating, credit limits and maximum duration.

The company has, to the greatest possible extent, limited excess liquidity and has only had deposits in banks with high credit ratings or invested liquidity in German government bonds for pledging collateral. There have been no incidents of overdue payments as a result of credit events.

The company’s derivative transactions are regulated by an ISDA master agreement with each counterparty, and it is explicitly set out that netting of positive and negative balances will apply.

The credit risk on financial counterparties is managed and monitored on a daily basis through a specific line and limit system which has been approved by the Board of Directors in respect of the company’s financial policy and determines the principles for calculating these risks and limits for acceptable risks. The allocation of limits for acceptable credit exposures is determined on the basis of the counterparty’s long-term rating by either Standard and Poor’s (S&P), Moody’s Investor Service (Moody’s) or Fitch Ratings.

The credit risk is limited to the greatest possible extent by diversifying the counterparty exposure and reducing the risk exposure to individual counterparties. The financial counterparties must adhere to high standards for credit quality and agreements are only entered into with counterparties that have a long-term rating above A3/A-. At year end, the rating requirement was relaxed to BBB/Baa2, provided that a number of strict collateral requirements were met and that the counterparty is resident in a country with a minimum AA/Aa2 rating.

The company has entered into collateral agreements (CSA agreements) with the majority of the financial counterparties and since 2005 has only entered into derivative contracts that are regulated by such agreements. The CSA agreements are two-way and imply that both the company and the counterparty must pledge collateral in the form of government bonds or mortgage bonds with high credit quality when the balance is in favour of one of the parties. The parties have title of right to the collateral with mandatory return of income and securities in the absence of bankruptcy.

Credit exposure is effectively limited by low threshold values for unhedged receivables and greater collateral is required for counterparties with lower credit quality, i.e. with a requirement for supplementary collateral for lower ratings.

The bonds, provided as collateral, must have a minimum rating of Aa3/AA-.

The company is not covered by EMIR's central clearing obligation for derivative transactions.

The IFRS accounting standard stipulates that the credit risk is calculated gross excluding netting (the offsetting of positive and negative balances for each counterparty), even though such agreements exist. Net exposure is given as additional information and constitutes a better measure of the company's actual credit risk.

Credit risks on financial assets recognised at fair value distributed on credit quality, 2017
Total counterparty exposure (market value)

Rating	Deposits	Derivatives without netting	Derivatives with netting	Collateral	Number of counterparties
AAA	488	0	0	0	1
AA	0	120	84	87	3
A	0	1,092	970	1,042	3
BBB	0	0	0	0	1
Total	**488**	**1,212**	**1,054**	**1,129**	**8**

Credit risks on financial assets recognised at fair value distributed on credit quality 2016
Total counterparty exposure (market value)

Rating	Deposits	Derivatives without netting	Derivatives with netting	Collateral	Number of counterparties
AAA	603	0	0	0	1
AA	0	195	105	92	3
A	0	1,211	1,102	1,076	3
BBB	0	0	0	0	1
Total	**603**	**1,406**	**1,207**	**1,168**	**8**

A/S Øresund has 8 financial counterparties, including Germany as bond issuer, while the business volume with the remaining 7 counterparties is related to derivative transactions of which all counterparties are covered by collateral agreements.

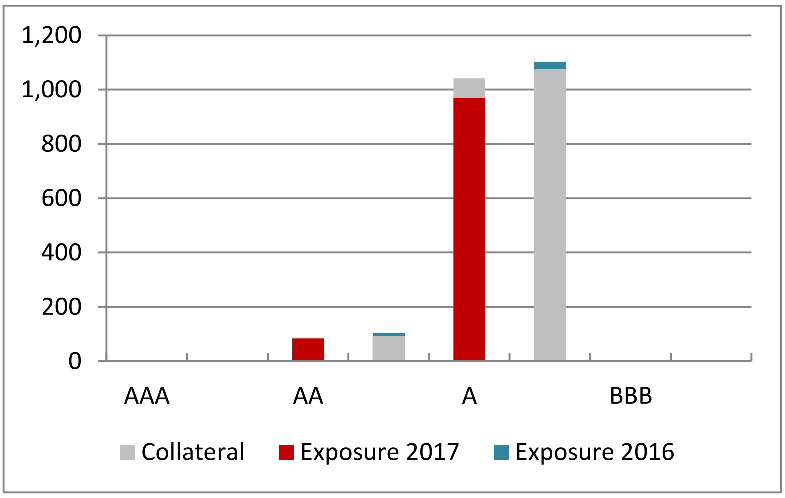
The credit exposure is primarily concentrated in the A rating category and largely covered by collateral agreements.

Counterparty exposure to counterparties with collateral agreements totals DKK 1,054 million and collateral amounts to DKK 1,129 million. There is no exposure to counterparties without collateral.

A/S Øresund has pledged collateral for DKK 289 million to hedge outstanding exposure from derivative transactions in favour of two counterparties.

The amounts related to credit risks and collateral are stated at market value at the balance sheet date.

Distribution of counterparty exposure on rating categories 2017 and 2016



Liquidity risk

Liquidity risk is the risk of losses arising if A/S Øresund has difficulties meeting its financial liabilities, both in terms of debt and derivatives.

The guarantee provided by the Danish state, and the flexibility to maintain a liquidity reserve of up to 6 months' liquidity consumption imply a limited liquidity risk for A/S Øresund. In order to avoid substantial fluctuations in the refinancing for individual years, the objective is for the principal payments to be evenly dispersed.

Unexpected cash outflow can arise from demands for collateral as a result of market value changes on derivative transactions.

Maturity on debt as well as liabilities and receivables from financial derivatives, A/S Øresund, 2017

Maturity	**0-1 years**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**
Principal amount							
Debt	-1,730	-900	-500	-650	0	-6,745	-10,525
Derivative liabilities	0	0	0	0	0	-1,586	-1,586
Derivative receivables	0	0	0	0	0	1,413	1,413
Assets	298	186	0	0	0	0	484
Total	**-1,432**	**-714**	**-500**	**-650**	**0**	**-6,918**	**-10,214**
Interest payments							
Debt	-306	-301	-266	-265	-247	-1,624	-3,009
Derivative liabilities	-120	-112	-96	-101	-105	-414	-948
Derivative receivables	122	119	99	99	99	548	1,086
Total	**-304**	**-294**	**-263**	**-267**	**-253**	**-1,490**	**-2,871**

Maturity on debt as well as liabilities and receivables from financial derivatives 2016

Maturity	**0-1 years**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**
Principal amount							
Debt	-2,500	-1,730	-600	0	-450	-5,285	-10,565
Derivative liabilities	-6	0	0	0	0	-1,544	-1,550
Derivative receivables	5	0	0	0	0	1,412	1,417
Assets	0	595	0	0	0	0	595
Total	**-2,501**	**-1,135**	**-600**	**0**	**-450**	**-5,417**	**-10,103**
Interest payments							
Debt	-367	-279	-275	-251	-252	-1,822	-3,246
Derivative liabilities	-110	-111	-109	-109	-108	-561	-1,108
Derivative receivables	182	100	99	99	99	606	1,185
Total	**-295**	**-290**	**-285**	**-261**	**-261**	**-1,777**	**-3,169**

Debt, derivative liabilities and receivables, as well as financial assets, are recognised in the liquidity projection and repayments and principal amounts are entered at the earliest due date. Interest payments are recognised at agreed terms and implicit forward interest rates and inflation form the basis for the variable interest payments and inflation indexation. Repayments, principal amounts and interest payments are disclosed for the net debt and neither refinancing nor cash flows from operating activities is included, c.f. IFRS 7.

Note 20 Profitability

The investment in the Øresund fixed link's landworks will be repaid in part through payment from Banedanmark for use of the Øresund rail line and in part through dividend payments from Øresundsbro Konsortiet I/S of which A/S Øresund owns 50 per cent.

A/S Øresund has also been affected by the above-mentioned changes in the 2016 Budget where the annual payment for the railway companies' use of the fixed links will be gradually reduced over the coming years. In addition, A/S Øresund is obliged to pay the Danish state's rail contribution to Øresundsbro Konsortiet I/S until 2024 on a gradual basis. As a basis for calculating the repayment period in the long-term profitability calculations, the company applies a real rate of 3.0% on the part of the debt that is not hedged, whereas the interest-hedged debt is included in the agreed interest rate terms.

Moreover, as a result of the joint taxation with the Group's other companies, A/S Øresund obtains a cash flow advantage. This is because joint taxation with A/S Storebælt means that A/S Storebælt can immediately offset A/S Øresund's tax loss against paying the proceeds of the tax savings to A/S Øresund. A/S Øresund can thus forward the use of its tax loss over time.

The repayment period for A/S Øresund is now calculated at 50 years, which is 1 year less than last year, primarily due to lower financing expenses. The repayment period for A/S Øresund is sensitive to changes in the economics of the Øresund project and in the joint taxation and divided policy of the Group.

Note 21 Trade and other payables

	2017	2016
Trade payables	15.9	10.6
Members	38.1	0.0
Debt, Øresundsbro Konsortiet I/S	0.0	0.0
Commission payable	17.0	16.4
Accrued interest financial instruments (see note 19)	109.2	114.8
Other payables	4.3	3.1
Total	**184.5**	**144.9**
Accrued interest		
Loans	41.6	49.3
Interest rate swaps	67.6	65.5
Currency swaps	0.0	0.0
Total	**109.2**	**114.8**

Note 22 Contractual obligations, contingent liabilities and collateral

The company's contractual obligations comprise operating and maintenance contracts with expiry dates up to 2019 at an overall balance of DKK 9.9 million (DKK 13.6 million in 2016). At year end, work under contracts amounted to DKK 42.6 million (DKK 18.7 million in 2016).

Operating leasing comprises contracts with a maturity of between 1-2 years. The leasing liability totals DKK 0.1 million (DKK 0.1 million in 2016) of which DKK 0.1 million falls due in 2018.

In October 2014, the EU Commission ruled on the complaint concerning state subsidies to Øresundsbro Konsortiet I/S. The Commission found that Øresundsbro Konsortiet I/S is covered by the rules on state subsidies, and that the specific state subsidy in the form of state guarantees and, in Denmark's case, the special tax rules, are compatible with the EU Treaty. In February 2015, Scandlines Øresund etc. took the EU Commission's decision on Danish state subsidies to Øresundsbro Konsortiet I/S to the General Court of the European Union. The case also includes the tax regulations to which the Sund & Bælt Group is subject. At present, it is not possible to estimate the financial consequences.

A/S Øresund has entered into two-way collateral agreements (CSA agreements) with a number of financial counterparties and must pledge collateral in the form of government bonds for outstanding exposure from derivative contracts in the counterparties' favour. A/S Øresund has currently pledged collateral for DKK 289 million to hedge outstanding exposure from derivative transactions in favour of two counterparties.

The company is part of a Danish joint taxation agreement with Sund & Bælt Holding A/S as the administering company. According to corporate tax legislation, the company is jointly and severally liable, from and including 2013, with the other jointly taxed companies for corporation tax of DKK 42 million and from and including 1 July 2012 for any liabilities for holding tax on interest, royalties and dividend for the jointly taxed companies.

Otherwise, the company has not pledged any collateral.

Note 23 Related parties

Related parties comprise the Danish state, companies and institutions owned by it.

Related party	Registered office	Affiliation	Transactions	Pricing
Danish State	Copenhagen	100% ownership via Sund & Bælt Holding A/S	Guarantee for the company's debt. Guarantee commission	Determined by legislation. Accounts for 0.15% of the nominal debt
Sund & Bælt Holding A/S	Copenhagen	100% ownership of A/S Øresund	Management of operational tasks. Joint taxation contribution	Market price
A/S Storebælt	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	-	Market price
Sund & Bælt Partner A/S	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	-	Market price
A/S Femern Landanlæg	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	-	Market price
Femern A/S	Copenhagen	Subsidiary of A/S Femern Landanlæg	-	Market price
BroBizz A/S	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	-	Market price
Øresundsbro Konsortiet I/S	Copenhagen/Malmø	50% owned company	Purchase of treasury management	Market price
Banedanmark	Copenhagen	Owned by the Danish state	Payments for use of the rail link	Determined by the Minister of Transport, Building and Housing
Danish Road Directorate	Copenhagen	Ministry of Transport, Building and Housing	Maintenance tasks	Market price

In addition, the company's senior management are considered to be related parties, c.f. note 6.

Related party	Description	Amount 2017	Amount 2016	Balance at 31 Dec 2017	Balance at 31 Dec 2016
The Danish state	Guarantee commission	-16.9	-15.8	-16.9	-15.8
Sund & Bælt Holding A/S	Management of subsidiary's operatio	-23.4	-15.8	-3.6	-2.9
	Joint taxation contribution	34.4	276.1	-34.4	276.1
A/S Storebælt	Analysis	-0.9	-0.5	-0.2	0.0
Øresundsbro konsortiet I/S	Treasury management	-1.4	-1.8	0.0	0.0
Banedanmark	Payments for use of rail links etc.	79.5	98.9	8.3	10.3
	Maintenance tasks	-2.8	-13.3	-1.6	0.0
The Danish Road Directorate	Maintenance tasks	-1.8	-1.0	-0.4	0.0

Note 24 Events after the balance sheet date

No events occurred after the balance sheet date that are of significance to the Annual Report for 2017.

Note 25 Approval of the Annual Report for publication

At the meeting of the Board of Directors on 26 March 2018, the Board of Directors approved the Annual Report for publication.
The Annual Report will be presented to the shareholders of A/S Øresund for approval at the Annual General Meeting on 23 April 2018.

Statement by the Board of Directors and Management Board

The Board of Directors and Management Board have today considered and approved the annual report for the financial year 1 January – 31 December 2017 for A/S Øresund.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of issuers of listed bonds.

It is our view that the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017, as well as the results of the company's activities and cash flow for the financial year 1 January – 31 December 2017.

It is also our view that the Management Report gives a true and fair view of developments in the company's activities and financial conditions, the annual results and the company's overall financial position and a description of the significant risks and uncertainty factors to which the company is exposed.

It is recommended that the annual report be approved at the Annual General Meeting.

Copenhagen, 26 March 2018

Management Board

Mikkel Hemmingsen, CEO

Board of Directors

Peter Frederiksen, Chairman

Jørn Tolstrup Rohde, Vice-Chairman

Walter Christophersen

Claus Jensen

Ruth Schade

Lene Lange

Independent auditor's report

To the shareholder of A/S Øresund

Our opinion
In our opinion, the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

What we have audited
A/S Øresund's Financial Statements for the financial year 1 January to 31 December 2017 comprise the income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including summary of significant accounting policies ("financial statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence
We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, no prohibited non-audit services as referred to in Article 5 (1) of Regulation (EU) No 537/2014 have been carried out.

Election
We were first appointed auditors for A/S Øresund on 26 April 2016 for the financial year 2016. We are re-elected annually by an Annual General Meeting resolution for a continuous period of two years, up to and including the financial year 2017.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of loans and derivative financial instruments for fair valuei A/S Øresund has raised loans in international capital markets to finance the Øresund Fixed Link. A/S Øresund complies with certain regulations governing these loans, such as the State owner's guidelines for the issuing of loans and derivatives as well as the company's own internal guidelines. These regulations govern which loans and derivatives the company may use. A/S Øresund uses the so-called fair value option, which means that all loans and financial instruments are measured at fair value. The unrealised fair value adjustments are recognised in the income statement and can represent a significant amount. However, this impact on profit has no effect on cash flow and the loans' long-term payment period. The valuation models for determining fair value are complex and are primarily based on objective data, but A/S Øresund may use alternative but commonly recognised valuation models if this gives a	We evaluated and tested the design and operational effectiveness of the relevant internal controls for obtaining market data that form the basis for calculating fair values and tested the established controls to ensure appropriate recognised valuation models. We checked loans and derivative financial instruments for underlying agreements on a random basis. For derivative financial instruments, we examined controls for comparison of the applied fair values with fair values provided by external parties. We recalculated the fair value of loans and derivative financial instruments using alternative models as a random test.

more accurate valuation. We focused on the valuation of loans and derivative financial instruments since the management makes significant estimates from limited observable data as a basis for valuation. See notes 15, 18 and 19.	

Statement on the Management Report
The Management is responsible for the Management's Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Report and, in doing so, consider whether Management's Report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether the Management Report includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, the Management Report is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management Report.

Management responsibility for the financial statements
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen 26 March, 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Christian Fredensborg Jakobsen
State Authorised Public Accountant
mne16539

Jens Otto Damgaard
State Authorised Public Accountant
mne9231

Board of Directors, Management Board and Senior Executives

Board of Directors

Peter Frederiksen, Chairman (Born: 1963)
Director

Chairman since 2016
Joined the Board of Directors in 2016
Election period expires 2018
Areas of expertise: Many years' experience in senior management positions within transport and logistics companies in the private sector, including A. P. Møller-Mærsk. Has particular competence within management, strategy and analysis.

Board member of
- Sund & Bælt Holding A/S (Chairman)
- A/S Storebælt (Chairman)
- A/S Øresund (Chairman)
- Femern A/S (Chairman)
- A/S Femern Landanlæg (Chairman)
- Øresundsbro Konsortiet I/S (Vice-Chairman)
- A/S United Shipping & Trading Company
- Bunker Holding A/S
- Uni-Tankers A/S

Jørn Tolstrup Rohde, Vice-Chairman (born: 1961)
Director

Vice-Chairman since 2017
Joined the Board of Directors in 2017
Election period expires in 2019
Areas of expertise: Many years' experience in senior management positions within international production and logistical companies in the food industry in the private sector, including Carlsberg A/S. Has particular competence within management, strategy, finance, marketing and NGOs.

Board member of
- 3C Groups A/S (Chairman)
- Løgimose Meyers A/S (Chairman)
- Blue Ocean Robotics A/S (Chairman)
- Alfred Pedersen & Søn A/S (Chairman)
- Sund & Bælt Holding A/S (Vice-Chairman)
- A/S Storebælt (Vice-Chairman)
- A/S Øresund (Vice-Chairman)
- Femern A/S (Vice-Chairman)
- A/S Femern Landanlæg (Vice-Chairman)
- Øresundsbro Konsortiet I/S

Walter Christophersen (Born 1951)
Independent businessman

Joined the Board of Directors in 2011
Election period expires in 2019
Areas of expertise: Many years' experience from the private sector and with political work. Has particular competence within business, traffic and societal issues.

Board member of:
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- Femern A/S
- A/S Femern Landanlæg

Claus Jensen (Born: 1964)
Union President, the Danish Metal Workers' Union

Joined the Board of Directors in 2014
Election period expires in 2019
Areas of expertise: Management experience gained through various managerial positions at the Danish Metal Workers' Union. In-depth social and international understanding, thorough knowledge of labour market conditions and the collective bargaining system, strong negotiation skills, experience of management systems, staffing and organisational issues, in-depth knowledge of budgeting, accounting, insurance and pensions

Board member of
- CO-industri (Chairman)
- EUROPA Think Tank
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- Femern A/S
- A/S Femern Landanlæg
- Øresundsbro Konsortiet I/S
- Danish Confederation of Trade Unions, LO
- European Workers Participation Fund, EWPF
- IndustriALL – European Trade Union (Vice-Chairman)
- IndustriALL - Global
- Industrianställda i Norden, IN (Chairman)
- A/S A-Pressen
- Danish Academy of Technical Sciences, ATV
- The Economic Council of the Labour Movement, AE
- Arbejderbevægelsens Kooperative Finansieringsfond, AKF
- Arbejdernes Landsbank
- Arbejdsmarkeds Tillægspension, ATP
- CPH Vækstkomité
- Danmarks Nationalbank
- The Danish Growth Council
- The Danish Economic Council
- Det Blå Danmark
- Disruptionsrådet
- Folk & Sikkerhed
- Fonden Peder Skram
- Industriens Kompetenceudviklingsfond, IKUF
- Industriens Pensionsforsikring A/S
- Industriens Pension Service A/S
-

- Industriens Uddannelse- og Samarbejdsfond, IUS
- IndustriPension Holding A/S
- InnovationsFonden
- Interforcekomitéen
- LINDØ port of Odense A/S
- Markedsmodningsfonden
- Innovationsfonden
- Olympisk Idrætsforum
- Produktionspanel 4.0
- Ulandssekretariatet
- Young Enterprise/Fonden for Entreprenørskab
- Labour Court (Deputy Judge)
- Produktionsskolerne (Ambassador)
- Foreningen Norden (Ambassador)

Ruth Schade (Born: 1951)
Group Director

Joined the Board of Directors in 2016
Election period expires in 2018
Areas of expertise: Director of the Harboe Group with responsibility for business strategy, finance and corporate and contractual matters as well as investor relations.

Board member of
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg
- Femern A/S
- Maj Invest Holding A/S
- Fondsmæglerselskabet Maj Invest A/S
- Harboe Ejendomme A/S
- Skælskør Bryghus A/S
- Vejrmøllegård ApS
- Buskysminde A/S
- Lundegård A/S
- Rugbjerggård A/S
- Keldernæs A/S
- Visbjerggården A/S
- Danfrugt Skælskør A/S
- BG af 31. december 2010 A/S

Lene Lange (Born 1973)
Lawyer, Partner in LETT legal partnership

Joined the Board of Directors in 2016
Election period expires in 2018
Areas of expertise: Legal advice and project management, primarily in public-private partnerships, infrastructure projects, and production and processing plants. Management experience from position as VP Legal and Human Resources at Terma A/S, Director of Delacour Law Firm and Head of Department at LETT Law Firm.

Board member of
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg
- Femern A/S
- Compositelligence ApS
- PatentCo ApS

Management Board

Mikkel Hemmingsen
CEO

CEO of
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg

Board member of
- BroBizz A/S (Chairman)
- BroBizz Operator A/S (Chairman)
- Sund & Bælt Partner A/S (Chairman)
- Femern A/S
- Øresundsbro Konsortiet I/S

Financial glossary

Swaps
The exchange of payments between two counterparties – typically a company and a bank. A company may, for example, raise a fixed interest loan and subsequently enter a swap with the bank by which the company receives fixed interest corresponding to the interest on the loan and pays variable interest +/- a premium. The company's net obligation will be the payment of the variable interest +/- the premium. Such transactions are called swaps. In a currency swap, payments in two different currencies are exchanged. Interest rate and currency swaps may also be combined.

Denominated
... issued in ... A bond can be issued (denominated) in EUR, but carry interest related to an amount in DKK.

Cap/floor structure
A cap is an agreement that allows a borrower to choose the maximum interest rate payable over a set period. A floor is the opposite of a cap. A floor restricts the interest rates from falling below a certain level. Accordingly, if a cap/floor has been entered into, the maximum and minimum interest to be paid has been fixed (interest can only fluctuate within a certain interval).

Collar structure
Another term for a cap/floor structure. A zero-cost collar, for example, is purchase of a cap financed by the sale of a floor. If the market rates increase, a cap has been set for the amount of interest to be paid. By contrast, there is no benefit if interest rates fall below the floor.

Cap hedge
Hedging of significant interest rate increases on the variable rate debt against payment of a premium. Is used as an alternative to entering a fixed rate for the entire loan period.

Interest-bearing net debt
The interest-bearing net debt comprises financial assets and liabilities measured at amortised cost, excluding interest due and receivable under accruals and deferred income.

Fair value
Fair value is the accounting term for market value and expresses current purchase and selling rates on financial assets and liabilities. Changes in the fair value can be primarily attributed to developments in the level of interest rate, exchange rates and inflation.

Fair value adjustment
An accounting principle in financial reporting requiring the value of assets/liabilities to be determined at their market value (fair value) - i.e. the value at which an asset could be sold or a liability settled in the market. In the period between the raising and repayment of loans the fair value will change as interest rates change.

AAA or AA rating
International credit rating agencies rate companies according to their creditworthiness. Companies are usually rated with a short and a long rating that expresses the company's ability to settle its liabilities in the short-term and the long-term respectively. The rating follows a scale, with AAA being the best rating, AA the second best etc. The Danish state, which guarantees the liabilities of Storebælt and the Øresund fixed link, has the highest credit rating: AAA. The largest credit rating agencies are Moody's and Standard & Poor's.

Real rate
The nominal interest rate minus inflation.