NSB AS
Annual report 2004

The President and CEO's article

NSB is on course

The NSB-Group delivers its best operating result since 1998. However, the result itself is not satisfactory, but 2004 still represents a turning point after years with weak financial performance. There are considerable improvements in the rail passenger traffic area, the Norwegian part of freight operations and a positive development for the Group's other operations.

The core business areas have delivered in accordance with strategies and plans. The result of the passenger train operations has materially improved. The negative traffic development has turned around and the cost level has been reduced. The Norwegian part of operations in the CargoNet-Group has a strong result improvement, while the Swedish part is not developing in the same positive way. Measures are already in place. Bus operations within Nettbuss AS have a result which is at the same level as the year before. The company has stabilized operations in Norway and expanded in Sweden during 2004. The real estate operations have a better level of profitability due to increased gains on sale of property. For the Group one can generally conclude the following: increased traffic safety with the result of fewer injuries, considerable improved punctuality and regularity, better customer satisfaction and better reputation. The sum of all this is better profitability.

The Group's result before tax for 2004 is 170 MNOK compared to 112 MNOK the year before. The result for 2003 includes a gain on the sale of the Airport Express Train. Corrected for this gain the result before tax shows an improvement of 299 MNOK compared to 2003.

The Group's operating result has improved by 266 MNOK from 2003. The profitability is still not at a satisfactory level. During the course of the year, NSB has continued the systematic work to make operations more effective to attain a higher level of competitiveness in the different markets. This work continues with full force also in the years to come.

At the end of 2004, it is the *improved result* that one can be the most satisfied with. The most interesting is of course the question about what we did in the years from 2001 to 2004 to attain these results, which justify that we now can say that NSB is on course. The important foundation was implemented through the Board's strategic choice in making passenger transport with train and bus and freight transport on rail – to the core business of the NSB-Group. The support functions were to be put out in the open market for competitive bidding.

All parts in the organization has worked hard and concentrated on essentials for a transport company: safety, punctuality, customer satisfaction and of course profitability. There are no short cuts to success for NSB. We have to live up to the customers expectations every day that the train or the bus will run according to schedule, and that the transport is secure and comfortable. An obvious decisive factor for NSB was the fact that we learned to understand the customers and their needs. We chose the simple and customer-friendly solutions. That has meant good results.

We are satisfied with the NSB Group being on course at the end of 2004, but we still have a long way to go. We do not look back. We now put our focus on 2005, -6, -7 and -8. We want to win the competition regardless if it is on rails or the road. To meet the competition that all parts of the Group will be exposed for, the task is to make customers satisfied and a competitive cost level. This will add to a healthy economy which enables the Group further development.

Einar Enger, President and CEO

NSB AS
Annual report 2004

Report of the Board of Directors – NSB Group

2004 – a positive turning point
2004 represents a turning point for NSB. There are considerable improvements in passenger train operations as well as a positive development for the Groups other operations. The negative traffic development for passenger trains has turned, and punctuality, availability and customer satisfaction show positive progress.

Improvement in Group result of 299 MNOK
In 2004, the Group result before tax is 170 MNOK compared to 112 MNOK the year before. The result for 2003 included a gain on the sale of the Airport Express Train. Corrected for that gain the result shows an improvement of 299 MNOK.

- The result of the passenger train operation is improved due to increased cost efficiency and positive traffic development
- Freight train operation shows a result that is at the same level as last year
- Bus operation also has a result which is at the same level as last year
- Real estate operation has improved its level of profitability due to increased gains on sale of properties

The Groups operating result has improved compared to 2003. Profitability is still not at a satisfactory level. During the course of the year, NSB has continued the systematic work to make operations more effective to attain a higher level of competitiveness in the market. Further positive effects are expected in the years to come.

Traffic safety
Traffic safety, both in the passenger- and freight train operations, has had a positive development in 2004. There was no major railroad accident and no passengers perished or were seriously injured due to faults by NSB or its subsidiaries. Since 2003, there has been a reduction in people involved in serious accidents within railroad operations. This includes both passenger- and freight train operations. There has however been an increase in injuries overall from 61 in 2003 to 86 in 2004. This is caused by more injuries related to accidents where rail crosses roads and an increase in reported minor injuries.

In the bus operation neither passengers nor employees perished in 2004. 6 people perished in traffic accidents where Nettbuss was involved, but was not responsible for the accident.
NSB systematically and purposefully works to improve traffic safety. Measures that reduces risk is mainly aimed towards increased attention, better training and information to employees that have critical tasks within safety and towards improved technical systems. The technical systems are improved in a manner to minimize human errors.

Implementation of risk analysis and following up on already resolved measures have also been important in 2004. All variances from the safety audits after the Åsta and Lillestrøm accidents have been closed during the course of the year.

Punctuality
Punctuality shows a strong positive development. The number of trains on time is at the highest level since measuring started during the 1970s. For the year, on average, 90 % of all NSB trains were on time at the arrival at the final destination compared to 87 % the year before.

The goal is that at least 90 % of all trains should be on time. For all of NSB's local trains and regional trains in eastern Norway this means that the trains will arrive no later than three minutes behind schedule. For other regional trains it means arrival no later than five minutes behind schedule.

Punctuality for regional trains operating in southern Norway is 91 %, which is the best result since measuring started. For regional trains punctuality improved by five points to 88 %, and for local trains in the Oslo area punctuality improved to 89 % from 86 % last year.

The major construction on the new double track on the Drammen line has caused problems with punctuality in the Oslo area. Additional cooperation with the Norwegian National Rail Administration has been implemented to reduce the number of technical faults on the rail infrastructure.

Regularity increased, and 99,3 % of all scheduled passenger departures and arrivals were carried out. NSB systematically works to improve punctuality and regularity.

Continued restructuring within NSB
Processes to reduce cost and making it easier to be a customer of NSB continue at full force.

NSB Anbud AS has been established in connection with future rail passenger traffic tenders. The company has delivered NSB's tender for operations on the Gjøvik line.

Nature of business and ownership
NSB is Norway's largest transport group. The parent company, NSB AS is owned by the Kingdom of Norway represented by the Ministry of Transport. The Group's headquarter is in Oslo while the operations are spread throughout most of Norway and in certain parts of Sweden.

The company's activity is railroad transportation, other transport, as well as other connected operations.

The Group is divided into several areas of operations:

- NSB AS takes care of Group functions and passenger train operation.
- The Nettbuss Group runs the Bus operation which includes passenger operations as well as special transports.
- The Freight train operation consists of the CargoNet Group which includes its subsidiary CargoNet AB (previously RailCombi AB).
- Included in the Real estate operation is the ROM-Group and NSB Eiendom AS.
- Included in Support functions are the workshop and maintenance functions of the Mantena-Group and NSB Trafikkservice AS, as well as the administrative support functions of Finse Forsikring AS and the Arrive-Group.

Owner control and corporate governance
On 7. December 2004, the Oslo Stock Exchange presented a recommendation regarding ownership control and corporate governance. The recommendation is for companies listed at the stock exchange and clarifies the roles of share owners, board of directors and company administration. Even though NSB AS is not listed on the stock exchange the NSB Group will adapt to the recommendation with adjustments for governments ownership.

Some of the points in the recommendation have already been implemented by the companies in the NSB-Group. The rest of the recommendation with necessary adjustment will be implemented during 2005.

General Assembly and the Board
The General Assembly consists of the government represented by the Ministry of Transport. The Board consists of eight members of whom 3 are elected by and among the employees.

Goals and strategies
The Board has established the following strategic goals for the Group:

- No damage to people or the environment
- The NSB-Group shall have satisfied customers
- The NSB-Group shall have a return on capital employed in accordance with demands from its owner

To attain these goals the following Group strategies have been chosen:

- Continued development of competence on operations and resource planning to secure competitiveness and winning in the marketplace
- Secure good basis quality and communication
- Strive for continuous improvement in traffic safety
- Making things simple for the customer
- Secure resource effectiveness and flexibility
- Gradually implement competitive tenders for non-core parts of the operation

Passenger train operation
There was a positive development in the financial result of the Passenger train operation in 2004, but continued improvement is still needed. The operating result is -34 MNOK compared to -153 MNOK the year before.

This year has shown a growth in the number of passengers. A total of 46,5 mill. passengers traveled with NSB in 2004, which is a 3 % increase from 2003. Measured in passenger kilometers, the growth was 8 %. Local traffic in the Oslo area did show a small increase for the year, after strong growth in the second half of 2003. The local traffic outside the Oslo area also has a positive development.

On the longer routes in southern Norway, the regional trains have had on average of 9 % increase in the number of travelers. The number of travelers increased on all routes on the regional trains in eastern Norway. In total, the number of customers on the regional trains increased by 10 %.

Customer satisfaction has further improved compared to last year and is at its highest level ever. Customers experience improved punctuality, better information and easier access to tickets. In line with the introduction of new local trains, customer satisfaction has also increased with NSB's different types of trains and compartment comfort.

The 150-anniversary offer on mini-price tickets has been successful. 840.000 mini-price tickets were sold in 2004. This offer will continue in 2005 with an adjusted price. More mini-price tickets will be offered on trains with excess capacity.

The introduction of the NSB-comfort class has received positive reviews from customers.

In December 2004, NSB entered into an agreement to buy 34 % of the shares in the Swedish passenger train company Tågkompaniet AB. The partly owned company, LINX AB, was liquidated at the end of the year. NSB has started up its own operations which covers traffic between Oslo and Gothenburg in Sweden.

The Board will emphasize that additional measures are needed to improve the result for 2005, which includes continued improvement in customer satisfaction and profitability.

Bus operations
Nettbuss AS is owned 100 % by NSB AS. The Nettbuss-Group consists of the parent company Nettbuss AS which controls the operating units Nettbuss Lillestrøm and Nettbuss Vest. In addition, at the end of the year the parent company has 16 subsidiaries and 16 sub-subsidiaries. The core activity is fixed route services under contract with local authorities, tour services, express bus routes and special transports. The activities are also supported by maintenance operations. After the purchase of Orusttrafiken in 2002, the Nettbuss-Group has become a considerable operator in the Swedish public transportation market.

Operations in the Group have had a positive development in 2004. A considerable part of the improvement compared to 2003 is due to restructuring of the express bus routes. Profitability has also improved because of renegotiation of existing contracts and new contracts with local authorities. The operating result is 74 MNOK for 2004 compared to 71 MNOK in 2003. The Group's total income is 2 730 MNOK compared to 2 502 MNOK in 2003.

In 2004, the Nettbuss Group transported 84,6 mill. passengers compared to 74,6 mill. in 2003. The TIMExpress lines transported 2,7 mill. passengers in 2004, which is at the same level as 2003.

Customer satisfaction still shows that the Nettbuss-Group deliver high quality in their products within bus, express bus and tour activities.

On 1.7.2004, Nettbuss sold shares in the company Norgesbuss AS, and the ownership was reduced from 39 % to 19 %. At the same time the company increased its ownership in Eurolines Scandinavia ApS from 15 % to 100 %. Other minor acquisition of companies has also been completed.

Nettbuss was an active participator in bidding for tenders in 2004 and won tenders in the counties of northern Vestfold and Grenland, and will start operations during 2005. Nettbuss lost bids for tenders in Oslo and Akershus. Nettbuss also participated in tenders in Sweden, and won in Stenungsund, Orust as well as the express lines in Gothenburg.

Freight train operation
2004 was an important year for the restructuring of the freight train operation. The wagon load system in Norway was closed down at the end of 2003. At the same time, the core product "combined network" was further developed. Together with market growth this lead to a considerable increase in the number of transported container units and growth in income.

At the same time as the restructuring in Norway starts to show results, profitability in Sweden has a negative development. New contracts for train traction have lead to a considerable cost increase and uncovered inefficiency in the production model. Operations in Sweden have a considerable restructuring job ahead, which among other things includes a tighter integration with the Norwegian part of operations and restructuring of production.

Operating result for the freight train operations is -38 MNOK compared to -40 MNOK in 2003.

The restructuring of the freight train operation continues in 2005, with a special focus on the subsidiary CargoNet AB (previously RailCombi AB), to make it profitable.

Real estate operations
The real estate operations has a positive operating result of 232 MNOK compared to 71 MNOK the year before. The reason for this is mainly due to more gains on sale of properties, including a gain on selling some of the shares in Oslo S Utvikling AS in Bjørvika.

The real estate operations consist of a total rental area of about 735 000 square meters.

The Norwegian National Rail Administration and NSB signed in 2002 an intentional agreement on sale of train stations with reservation regarding Parliament approval. The agreement expired on 1. July 2004 without the agreement being carried out. The properties are now run and developed by the NSB-Group.

To increase profitability in the real estate operation the focus in 2005 will be to split the operation into smaller property portfolios and to develop individual economic targets. Preparation for competitive bidding on the current management agreement for the properties continues. The development of the Bjørvika area will continue.

Support functions
Most of the support functions, including the workshop and maintenance functions, are divided into separate limited companies. The workshop and maintenance functions are maintained in the wholly owned subsidiary Mantena AS with its subsidiary MiTrans AS. NSB Trafikkservice AS takes care of cleaning the trains and has strong focus on efficiency to become more cost competitive.

Economic development
The NSB-Group shows a result for the year of 90 MNOK which is 60 MNOK less than last year which included a gain on the sale of the Airport Express Train of 241 MNOK. The operating result is 266 MNOK compared to 0 MNOK the previous year.

The parent company NSB AS shows a result before tax for the year of 137 MNOK compared to 30 MNOK the year before. Group contributions from subsidiaries is included in the profits with 338 MNOK compared to 141 MNOK the year before. The operating result has improved by 120 MNOK.

The Group's net cash flow for the year is 812 MNOK, compared to 379 MNOK the year before. The change is mainly due to an improvement in net cash flow from operation and financing activities.

Including this year's result, owner's equity in the parent company is 6525 MNOK compared to 6388 the year before, a 55 % equity ratio compared to 56 % the year before. Other owner's equity for the parent company is 989 MNOK. For the NSB-Group, owner's equity is 5816 MNOK compared to 5731 MNOK the year before, which is a 45 % equity ratio and it's the same as the year before. The difference between owner's equity in the parent company and the Group is mainly due to eliminated real estate gains in Group accounting.

1699 MNOK of the long-term interest bearing debt matures in 2005.

The Board suggests the following allocation of this years result for the parent company NSB AS:

Allocated to other owner's equity	137 MNOK
Total allocated	137 MNOK

57 MNOK has been given to NSB Eiendom AS as Group contribution. This contribution increases the value of the company and has been posted to the share value on the parent's balance sheet. After this transaction the parent company owner's equity is 6525 MNOK.

The accounts have been submitted under the assumption of continued operations.

Financial risk
In order to optimize interest rate terms, NSB obtain loans in foreign currency. Such loans are converted to Norwegian kroner through currency swap agreements. NSB does not take currency risk in its financial management. In daily operations, NSB is not exposed to currency risks since income and expenses mainly are in NOK.

NSB is exposed to changes in the Norwegian Interbank Offered Rate (NIBOR) on all loans that are based on floating interest rates. The parent company uses interest rate hedging instruments to reduce the interest rate risk and to achieve the desired structure for its debt. Guidelines regulating what portion of total outstanding debt that is subject to interest rate fixing during a 12 month period, and duration for the loan portfolio have been established.

NSB places its surplus liquidity in short-term Norwegian bonds and Commercial Papers. Changes in the interest rate can affect the value of the portfolio, but papers are normally held until maturity. Limits of exposure towards certain sectors (state, county, bank, etc.) and specific counterparties have been established based on a credit evaluation. Counterparties in currency and interest swaps are normally required to have a minimum rating.

In order to reduce refinancing risk internal guidelines regulate what portion of the total loan portfolio should mature within a twelve month period. The current rules state that loans which mature in the next twelve month period should be covered through excess liquidity and committed credit facilities. The NSB-Group has a goal of having a free liquidity of at least 500 MNOK.

Work environment
Absence due to sickness for the year is 9 % compared to 10,3 % the year before. This is an improvement of 1 %. Absence due to sickness is about 1 % higher than the national average. There are variations among the various operations of the Group. NSB has entered into an agreement as an IA-company, and focuses on measures to especially reduce the long-term sick absence.

Employee inquiries have been held with satisfactory results, and the results will be followed up systematically.

External environment

The quality on the environmental work shall support the Group's economical goals and contribute to increased customer and employee satisfaction. The company's strategic target for its influence on the external environment is: "No damages to the environment as a result of the company's operation".

To attain this goal, NSB will focus on developing competent and environmental conscious employees make use of environmental friendly and prospective material/products in its operations, and to reduce noise and polluting discharges, and to clean up pollution in the ground at the Group's properties. An energy economizing project has been established to substantially reduce energy consumption when operating trains.

Equal rights
The share of female employees in NSB AS in 2004 is 29,9 %, a decline from 30,2 % in 2003. The share of females declines despite a recruiting share of 56,2 %. The number of females leaving is higher than the number recruited, mainly among train personnel and sales and marketing staff.

There are no females in leadership positions in the Group staff. The share of females in the passenger train operations leader group is 40 %, and the Board of NSB AS has a share of 25 %. Chairman of the Board is a female.

Average time spent at work for both male and females at NSB has decreased compared to 2003, and more so for females. This is mainly due to part-time employment of own choice.

Average salary for females has increased in 2004, but not as much as for males. This is due to women holding positions with lower seniority.

NSB does not discriminate on any grounds.

The Board emphasizes that the administration initiates measures to increase the share of female employees throughout the Group. No specific measures concerning equal rights have been initiated in 2004.

Future challenges
NSB faces a big challenge regarding bidding for tenders for passenger train operations.

NSB is for the first time facing tenders on certain lines. The 7th of February 2005 was the deadline for submitting a tender for the Gjøvik line, and it's expected that the Ministry of Transport will announce the winner in June 2005. The goal is that the winner takes over operation of passenger transportation on this line from June 2006.

After the Gjøvik line, the Ministry of Transport, plans to put rail passenger transportation out for tenders on the Bergen line and the Vossa line which is part of the total Bergen line package, and the Southern Norway line respectively, as well as the Jæren line and Arendal line as a part of the Southern Norway line package. Today these lines represent about 1/3 of NSBs total passenger train operations.

To be able to meet the competition, NSB will continue the process to make operations and support functions more efficient. The passenger train offer is at the same time made more attractive, both through better punctuality and accessibility, introduction of new rolling stock on the local lines, and renewed offers on mini-price and comfort class tickets. At the beginning of 2005 NSB will start offering passenger train transportation with modern rolling stock between Oslo and Gothenburg.

In bus operations there are narrow margins both in tour services, express bus routes and contract routes. The short time agreements with the counties on contract routes are a challenge. Bus operations in Norway are being consolidated while a careful expansion on profitable tenders is carried out in Sweden.

Within freight train operation there is extra attention on improving operations in Sweden. Operations in Norway and Sweden will be integrated, and the production system in Sweden readjusted according to the principles of combined transports which already are in use in Norway.

In the first half of 2005, the Parliament will discuss a White Paper on development of NSB. It's crucial that the NSB-Group can compete on equal terms and have the same broad transport offer on rail and road as the companies NSB expects to compete with on the future tenders for passenger transport.

The Board wants to emphasize that the Government must develop the railroad infrastructure so that the train will be adequately competitive. The Parliaments resolution in the National Transport Plan 2006-2015 for an extra funding of 10.000 MNOK for further development of the railroad infrastructure is important to quickly get a necessary standard- and capacity and to catch up on prior years investment lag.

The Board thanks the Group's employees for their contribution to the improved results in 2004.

Oslo, 18. February 2005

Nøkkeltall

NSB Group

Principal financial figures (NOK million)	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**	**1996**
Sales and other operating income	6 296	6 176	6 073	5 595	5 622	5 633	5 145	4 821	4 993
Operating profit/loss	266	-	108	108	-304	20	332	328	480
Profit/loss for the year	90	150	6	-33	-325	-1 081	122	149	198
Assets	12 898	12 715	13 769	13 101	12 968	17 517	17 163	15 478	12 215
Interest-bearing loans	3 624	3 640	4 447	4 197	6 584	11 452	10 898	9 575	6 780
Equity	5 816	5 731	6 045	6 079	3 978	3 463	3 354	2 954	2 806
Net cash flow provided by operating activities	1 330	708	378	636	-91	154	23	811	842
Net cash flow used in investing activities 1)	-43	-162	-1 392	-1 143	3 960	1 154	905	4 582	3 745
Financial key ratios (%)									
Operating margin 2)	4,8 %	4,4 %	3,2 %	4,5 %	-1,9 %	2,4 %	5,9 %	6,0 %	9,1 %
Earnings on capital employed 3)	3,9 %	3,3 %	2,1 %	3,0 %	-1,2 %	1,1 %	2,7 %	3,3 %	6,9 %
Return on equity 4)	1,6 %	2,5 %	0,1 %	-0,7 %	-8,5 %	-31,7 %	3,9 %	5,2 %	
Equity ratio	45,1 %	45,1 %	43,9 %	46,4 %	30,7 %	19,8 %	19,6 %	19,1 %	23,0 %
Other key figures									
Passenger traffic									
Rail passengers (million) 6)	46	45	49,8	53,5	54,9	54,1	47,3	44,7	40,7
Rail passengers-km (million) 7)	2 290	2 204	2 477	2 677	2 811	2 895	2 612	2 561	2 447
Freight									
Tons hauled by train- total (million) 5)	8	7	8	8,2	8,0	8,3	7,5		
Tons-km hauled by train - total (million) 5)	2 199	2 091	2 190	2 451	2 328	2 456	2 421		
Stations and travel agencies									
Staffed stations	73	74	90	105	132	137	138	142	143
Travel agencies	0	-	-	-	-	34	34	38	38
Rolling stock (units)									
Electric locomotives	73	73	86	90	90	92	92	95	101
Diesel locomotives	30	30	25	35	35	59	71	71	64
Electric multiple units	146	131	126	135	126	130	118	119	119
Diesel multiple units	32	32	32	28	23	15	15	15	15
Passenger carriages	290	231	297	393	415	689	688	688	718
Freight wagons 9)	2 176	2 462	1 713	2 182	2 409	2 503	2 735	3 314	3 525
Airport Express multiple units	0	-	16	16	16	16	16		
Buses	2 327	2 179	1 624	1 366	1 372	1 536	1 443	1 285	
Trucks	52	67	34	29	20	234	216	206	
Personnel									
Employees at end of year 8)	*10 432*	*10 364*	*9 138*	*9 694*	*10 029*	10 797	10 853	10 982	11 029
Man-years at end of year 8)	*8 798*	*8 783*	*7 818*	*8 199*	*8 379*	9 267	9 775	10 011	10 122

1) Investments in tangible fixed assets and facilities under construction
2) Operating margin before interest=(pre-tax profit/loss + finance costs) divided by total income
3) Earnings on capital employed=(pre-tax profit/loss + finance costs) divided by average capital employed
(assets - short-term interest-free debt)
4) Pre-tax profit/loss divided by average equity
5) Totals for 1998 included leased wagons not included in the statistics for previous years.
6) Of which 3.9 million rode the Airport Express Train in 2002 (2001: 4.1 mill, 2000: 4.0 million passengers).
7) Of which Airport Express Train passenger km-totalled 213 million in 2002 (2001: 220 mill, 2000: 216 mill,
1999: 221 mill, 1998: 55 million)
8) The average number of man-years completed for 2001 are calculated by an average of number of employees per 1. January 2001 and 31. December 2001. For 2002, the calculation is based on weighting actual man-years throughout the year. The number of man-years and employees for 2002 are therefore not directly comparable to last years numbers.
9) These numbers include Railcombi AB for 2003 and 2004.

Profit and loss account 1 January - 31 December

Figures in MNOK	Note nr.:	PARENT COMPANY 2004	PARENT COMPANY 2003	GROUP 2004	GROUP 2003
Operating income:					
Transport revenue	2, 3	**3 340**	3 314	**7 154**	7 098
Gains on disposal of fixed assets		**0**	40	**165**	89
Other operating income		**236**	204	**923**	786
Total operating income		**3 576**	3 558	**8 242**	7 973
Operating expenses:					
Payroll and related costs	5, 6	**1 184**	1 187	**3 576**	3 493
Depreciation, amortization	11, 12	**372**	385	**909**	866
Other operating expenses		**2 054**	2 139	**3 491**	3 614
Total operating expenses	3	**3 610**	3 712	**7 976**	7 973
Operating profit/loss		**-34**	-154	**266**	0
Financial items:					
Financial income		**469**	408	**131**	350
Financial expenses		**206**	211	**227**	238
Net financial items	8	**263**	197	**-96**	112
Pre-tax profit/loss from ordinary activities		**229**	43	**170**	112
Taxes	20	**91**	13	**91**	-36
Minority interests		**0**	0	**11**	2
Net profit/loss for the year		**137**	30	**90**	150

Balance sheet at 31. December

Figures in MNOK	Note nr.:	PARENT COMPANY 2004	PARENT COMPANY 2003	GROUP 2004	GROUP 2003
Assets					
Intangible fixed assets	12	**0**	0	**195**	250
Tangible fixed assets	11	**4 775**	5 109	**8 772**	9 370
Fixed asset investments	14, 15, 16	**5 016**	5 131	**229**	265
Total fixed assets		**9 791**	10 240	**9 196**	9 885
Inventories	10	**0**	0	**293**	419
Trade receivables	8	**26**	128	**391**	641
Short-term receivables Group		**419**	256	**0**	0
Other short-term receivables	8	**555**	287	**907**	471
Investments in financial instruments	17	**1 001**	321	**1 330**	647
Liquid assets	9	**29**	238	**781**	652
Total current assets		**2 030**	1 230	**3 702**	2 830
Total assets		**11 821**	11 470	**12 898**	12 715
Equity and liabilities					
Deposits		**5 536**	5 536	**5 536**	5 536
Other equity		**989**	852	**280**	195
Total equity	22	**6 525**	6 388	**5 816**	5 731
Minority interests		**0**	0	**203**	222
Pension commitments	6	**13**	57	**73**	124
Deferred tax	20	**252**	161	**164**	77
Loans from financial institutions	16	**3 565**	3 564	**3 624**	3 640
Other long-term liabilities	18	**344**	368	**407**	815
Total long-term liabilities		**4 174**	4 150	**4 268**	4 656
Accounts payable		**96**	72	**439**	398
Short-term liabilities Group		**34**	46	**0**	0
Accrued Tax	20	**0**	0	**3**	4
Unpaid public taxes		**87**	130	**197**	276
Other current liabilities	19	**905**	684	**1 972**	1 428
Total current liabilities		**1 122**	932	**2 611**	2 106
Total liabilities		**5 296**	5 082	**7 082**	6 984
Total equity and liabilities		**11 821**	11 470	**12 898**	12 715

Oslo, 18. February 2005

Cash Flow Statement 1 January - 31 December

	PARENT COMPANY		GROUP	
Figures in MNOK	**2004**	2003	**2004**	2003
Cash flow from operations				
Pre-tax profit/loss	**229**	43	**170**	112
Gain/loss on sale of fixed assets	**0**	-40	**-207**	-93
Ordinary depreciation	**371**	385	**880**	843
Change in inventory	**0**	0	**29**	23
Write-downs	**0**	0	**126**	-106
Change in account receivable	**17**	382	**250**	514
Change in account payable	**-18**	-23	**41**	120
Conversion differences-foreign currency	**0**	0	**-5**	-11
Change in other accruals	**-316**	-482	**46**	-694
Net cash flow from operations	**283**	265	**1 330**	708
Cash flow from investment activities				
Sale of fixed assets	**0**	40	**831**	1 312
Purchase of tangible fixed assets/plant under construction	**-35**	-231	**-965**	-1 311
Sale of shares	**30**	0	**55**	40
Investments in subsidiaries	**-57**	1 353	**36**	-203
Net cash flow from investment activities	**-62**	1 162	**-43**	-162
Cash flow from financial activities				
New long-term debt	**437**	649	**0**	808
Repayment of long-term debt	**-187**	-1 358	**-424**	-800
Reduced net pension obligations	**0**	0	**-51**	295
New equity	**0**	200	**0**	200
Reduction of capital	**0**	-670	**0**	-670
Net cash-flow from financal activities	**250**	-1 179	**-475**	-167
Net cash flow for the period	**471**	248	**812**	379
Cash and cash equivalent balances at 01.01	**559**	311	**1 299**	920
Cash and cash equivalent balances at 31.12	**1 030**	559	**2 111**	1 299

ACCOUNTING PRINCIPLES

Generally
NSB was a public management company until 30. November 1996. On 1. December 1996 the company was transformed into NSB BA. NSB BA was on 1. July 2002 transformed into NSB AS (a limited liability company which assumes accounting continuity (going concern assumption)). The annual report is prepared in accordance with the Accounting Act and generally accepted Norwegian accounting principles.

Group accounts
The consolidated accounts show the economic result and the financial position when the parent company NSB AS and its ownership in subsidiaries and affiliated companies are presented as one economic unit.

Subsidiaries are companies where NSB AS directly or indirectly has a long-term ownership interest and/or determinative influence as long as ownership or share of the voting stock is more than 50 %.

The definition of the joint ventures and affiliated companies are where NSB AS, directly or indirectly, has a long-term ownership interest and material control through ownership between 20 % and 50 %.

Consolidation principles
Subsidiaries are consolidated using the purchase method of accounting. The subsidiaries prepare company accounts in accordance with the principles employed for the consolidated accounts. Foreign subsidiaries that use other principles as a result of legislation will be revised in accordance with the Group accounting principles when consolidated.

Joint ventures are consolidated using the gross method.

Affiliated companies are consolidated using the equity method.

Company accounts
Investments in subsidiaries and affiliated companies are valued using the cost method in the company account.

Goodwill
Goodwill acquired by investment in subsidiaries and associated companies is valued at original cost after deduction for planned amortization. Goodwill is specified and evaluated for each individual business purchase. The amortization plan shall mirror expected profile on future earnings (future cash flow) and its risk. Economic life of more than 5 years must be proven by a concession, agreement or other circumstances that justify a longer amortization plan. Amortization of goodwill is classified as ordinary depreciation.

Recalculation of accounts in foreign currencies
The spot price is used when recalculating accounts using foreign currencies when consolidating or through using the equity method of accounting. The recalculation difference is accounted for in owner’s equity. Income and expenses are recalculated using the periodic average exchange rate.

Minority interest
The Group account consists 100% of the balance and profit and loss account for subsidiaries with minority owners. The minority’s share of the result after tax and share of owner’s equity is presented on separate lines.

Group contributions
Received Group contributions are posted as financial income in the parent company. Group contributions in excess of earnings for the year are accounted as repayment for the acquisition cost. Group contributions between subsidiaries are accounted as equity transactions.

Accrual accounting

Incomes are posted when they are accrued. Expenses are matched with income so that the costs are charged in the same accounting periods as the associated income. Expenses related to income that are accrued in subsequent periods are capitalized and accrued in accordance with income.

Public purchase of services
Services that are commercially unprofitable but that the authorities consider socially essential are purchased at prices agreed upon between NSB and the authorities and classified as operating income. The purchase is made through annual negotiations.

Pension costs and pension commitments
Most of the companies within the Group have pension plans that entitle the employees agreed future pension benefits (defined-benefit plans). Benefits are based on the number of years in employment and the salary level at pensionable age. Secured pension agreements have also been entered into for top management. In addition, there are pension agreements that have contractual early retirement (AFP) and individual pension agreements and these are not secured.

The pension obligations are accounted for in the books based on assumptions on discount rate, expected future pay increases and pension adjustments.

Employees are through a tariff agreement entitled to contractual early retirement (AFP) from the age of 62 and this is accounted for based on calculated rights with assumptions on withdrawal propensity, expected future pay increases and pension adjustments.

Payroll tax related to pension costs is expensed based on paid pension premiums for secured collective pension agreements, while it is in agreement with periodic change in pension commitment for unsecured pensions.

Taxes
Posted tax includes both the taxes payable for the period and a change in deferred taxes/deferred tax assets. Change in deferred taxes/deferred tax assets are that part of the tax levied on the period's book profit but payable subsequently. Deferred taxes/deferred tax assets are calculated by making a full provision for all temporary differences including losses carried forward by the liability method with use of the tax rates and nominal figures obtaining on the date of the balance sheet.

Classification of balance sheet items
Assets related to the circulation of goods are classified as current assets, and correspondingly as short-term liabilities. Receivables and liabilities that are not related to the circulation of goods are classified as current assets or short-term liabilities if they are due within one year of the date of the closure of the accounts. Other assets are classified as fixed assets and other liabilities as long-term. Shares in other companies viewed as strategic investments are classified as fixed assets.

Transactions, receivables and liabilities in foreign currency
Transactions in foreign currency are converted at the exchange rate obtained at the time of the transaction. Assets and liabilities in foreign currency are valued at the rate obtained on the date of the balance sheet, taking into account hedging.

Accounts receivable/other receivables
Accounts receivable/other receivables are posted in the balance sheet after deduction for provision for assumed losses.

Fixed assets and depreciation
Tangible fixed assets are valued at purchase cost minus scheduled depreciation. If actual value is considerable lower than book value and the fall in value is not regarded as temporary, the fixed asset is written down to actual value.

Capitalized loan costs
Capitalized loan costs are calculated on the basis of uncompleted investments with an interest equal to average borrowing rate. The costs of the loan are calculated over the entire investment period and capitalized as a part of that investment.

Stock of spare parts
Spare parts regarded as part of the fixed asset are capitalized and depreciated over the lifetime of the fixed asset.

Upgrading of rolling stock
An upgrading that increases the rolling stock's real value is activated along with the rolling stock and depreciated accordingly. Upgrades that influences the life of the rolling stock is affected through the depreciation plan.

Maintenance
Maintenance and repairs on rolling stock are expensed as they accrue. No provisions are made for future periodic maintenance costs.

Environmental pollution
Accruals for known clean-up costs due to operations in the past have been made.

Immaterial assets
Immaterial assets are activated and depreciated if it's concluded that the asset will contribute to increase future economic advantages (future cash flow) and the acquisition cost is identifiable. Development of computer programs/systems, preliminary-projects and a continuing adaptation and further development of existing projects will normally be expensed as maintenance.

Inventory
Inventory consists of consumables and components. The component stock consists of individual components and spare parts for rolling stock. Both purchased components and revised components are capitalized. The inventory is incorporated in the balance sheet at purchase price and, for revised components, at accrued costs for repair and upgrading. Provisions are made for dead stock on the basis of physical stock-taking, stock turnover and existing plans for phasing out of rolling stock. Consumables and components are valued at average original cost or actual value whichever is lower.

Leasing contracts
A leasing contract is classified as either financial or operational in accordance with the real content of the agreement. If most of the financial risk and control related to the underlying lease object has been transferred to the lessee, the agreement is classified as financial and appurtenant assets and obligations are capitalized. Other contracts are classified as operational.

Uncertain commitments and contingent assets
Best estimates are employed for accounting of uncertain commitments and contingent assets. The estimate is based on probable outcome and management's best quantification of the uncertain commitment /contingent asset.

Use of estimates
In certain cases, preparation of the annual accounts in accordance with general accepted accounting principles demands use of estimates and assumptions that affect reported figures related to assets, liabilities, expenses, incomes and notes. The result of the estimates may subsequently be found to diverge from the actual figures.

Cash flow statement
The indirect method is used to prepare the cash flow statement.

Notes for the annual report 2004

1. Material transactions for the year
2. Business areas
3. Transport revenue
4. Uncertain commitments and contingent assets
5. Personnel expenses, remuneration, staffing
6. Pension funds and pension commitments
7. Financial items
8. Short-term receivables
9. Liquid assets
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13. Transfer of title
14. Shares in subsidiaries, associated companies and joint venture
15. Receivables with maturity later than one year
16. Interest-bearing debt and redemption structure
17. Financial market risk
18. Other long-term debt
19. Other short-term debt
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21. Mortgages and guarantees
22. Change in equity

1. MATERIAL TRANSACTIONS DURING THE YEAR

In 2004, the Group sold 16,67% of the shares in Oslo S Utvikling AS with a gain. The Group has also realized a gain on the sale of the property Oslo Atrium through the affiliated company Oslo S Utvikling AS. Total gain for the Group is 123 MNOK.

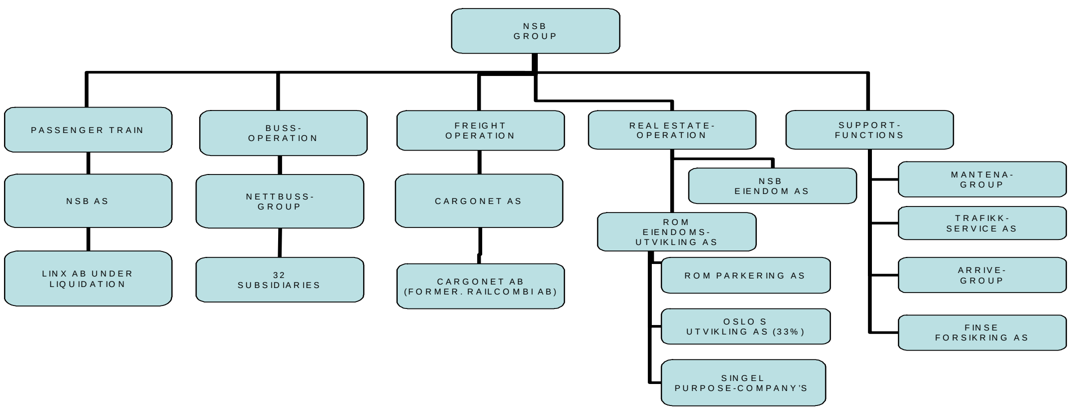
2. BUSINESS AREAS

Group Figures in MNOK	**Passenger traffic (rail)**		**Bus**		**Freight traffic (rail)**		**Real estate**		**Support functions**		**Total**	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003	**2004**	2003	**2004**	2003
Operating income	**3 534**	3 503	**2 730**	2 502	**1 381**	1 412	**372**	248	**225**	308	**8 242**	7 973
Operating expenses	**2 181**	2 159	**2 441**	2 257	**1 186**	1 216	**288**	310	**971**	1 165	**7 067**	7 107
Internal allocations	**-1 015**	-1 112	**51**	53	**-106**	-150	**233**	254	**837**	955	**0**	0
Depreciation	**372**	385	**267**	227	**126**	86	**85**	121	**59**	47	**909**	866
Operating profit/loss	**-34**	-153	**74**	71	**-38**	-40	**232**	71	**33**	51	**266**	0
Assets	**6 413**	6 338	**1 985**	1 910	**715**	709	**2 681**	2 678	**1 104**	1 080	**12 898**	12 715
Interest-free debt	**1 032**	821	**414**	393	**240**	264	**501**	64	**578**	564	**2 765**	2 106
Investments	**1 131**	231	**416**	505	**24**	38	**280**	458	**56**	79	**1 907**	1 311

Companies are placed in the Business area (BA) where they have their main activity.

- Included in passenger traffic (rail) are the operations of NSB AS and Linx AB (equity method of accounting).
- The Nettbuss-Group is included in the bus BA.
- The CargoNet-Group is included in the freight traffic (rail) BA.
- ROM eiendomsutvikling-Group and NSB Eiendom AS are included in the real estate BA.
- Included in support functions are the workshop- and maintenance companies Mantena AS, MiTrans AS and NSB Trafikkservice AS, as well as the administrative support functions represented by Finse Forsikring AS and the Arrive-Group.

NSB operates in Norway and Sweden. Operations are run according to business areas (which slightly differ from the organizational structure);



3. TRANSPORT REVENUE

Transport revenue includes public purchase of services of 1.500 MNOK (1.400 MNOK) for the parent company and 1.900 MNOK (1.800 MNOK) for the Group.

4. UNCERTAIN COMMITMENTS AND CONTINGENT ASSETS

PARENT COMPANY

Severance – reorganization obligation
NSB AS was formed with an obligation to refund severance pay for employees that are dismissed due to redundancy before 1. January 2005. NSB was however compensated by the State with a limited calculated amount, and this is included as a reorganization obligation in other long-term debt on the balance sheet.

Work related injuries
Compensation for work related injuries that occurred from 1. January 1990 until the formation of NSB BA 1. December 1996 is covered by the company through its daily operations. Accruals have been made to account for this obligation based on expectation of cases that have not yet been reported and for cases that are currently being handled.

Environmental pollution
As a train operator, workshop operator and real estate owner, NSB AS has a considerable responsibility for pollution that occurs due to operations. A quantification of known obligations are accrued for in the accounts. As the clean-up projects progresses, the accrual is reversed based on actual cost.

Pension rights and obligations towards the railroad sickness insurance fund
There is an obligation for membership in the railroad sickness fund for full time regular employees in NSB AS. Retired employees are also members of this fund. Each member pays a membership fee, while NSB AS pays an employer share to the operations of the sickness insurance fund. The sickness fund will be terminated in 2006 and new and more adequate arrangements will be established. Accruals have been made for liquidation costs for the sickness insurance fund.

GROUP

Polluted ground – land sold
On some occasions, creosote pollution has been discovered when selling land. When NSB BA was formed the pollution was known, but not the extent, and there were no accruals made because of this since NSB BA was not the polluter. The claim towards the Norwegian National Rail Administration is currently being assessed by the Ministry of Transport. Estimated clean-up costs and expected reimbursements are included in the account.

Polluted ground – developmental land
The examination of the ground indicates latent environmental obligations. When identifying developmental projects, costs are taken into consideration when ground is made ready for use, including costs related to polluted soil, and these costs are included in the cost of the project. For this reason no accruals have been made relating to polluted ground.

Preserved buildings – maintenance obligations
If preserved buildings are used commercially, running maintenance is included as a natural part of maintenance. If preserved buildings are not used commercially, accruals are made for future maintenance obligations if future tenants or owners will not cover maintenance cost.

Legal disputes
The NSB-Group is implicated in disputes where some of the cases will be tried in a court of law. In the cases where it appears to be a probable possibility of- and a quantified risk of loosing, accruals will be made.

5. PERSONNEL EXPENSES, REMUNERATION, STAFFING

PERSONNEL EXPENSES

	PARENT COMPANY		GROUP	
	2004	2003	2004	2003
Salary and other benefits	**998**	953	**2 956**	2 858
Payroll taxes	**161**	202	**498**	513
Pension costs	**65**	95	**177**	211
Other contributions/restructuring	**-40**	-62	**-55**	-87
Sum	**1 184**	**1 188**	**3 576**	**3 493**

The President and CEO has a pension contract under the rules of the Norwegian Public Service Fund (SPK) with additions so that at retirement the total pension will be 66% of the salary at that point. The President and CEO can apply for his early pension at age 60. If the President and CEO has held the post for at least five years at the time of his departure, he will be guaranteed full pension rights at age 62. The President and CEO has no rights to receive pension for the periods in which severance pay is disbursed. The pension will be coordinated with earnings in prior employee arrangements. The President and CEO has an agreement for severance pay for 6 + 18 months if leaving as a result of the Board's wish. The President and CEO has no bonus arrangements. In 2004, The President and CEO's salary is 1,85 MNOK (1,8 MNOK in 2002) as well as a company car 0,1 MNOK (0,1 MNOK) and a pension premium of 1,1 MNOK (1,4 MNOK).

FEES FOR BOARD AND AUDITOR

	PARENT COMPANY		GROUP	
	2004	2003	2004	2003
Board	**846**	899	**2 716**	2 813
Auditing	**692**	679	**4 908**	3 893
Other services-Auditor	**100**	115	**1 651**	2 142

The General Assembly at NSB AS has approved a fee for the Chairman of the Board of 220 TNOK, Vice Chairman of 130 TNOK and the rest of the members 110 TNOK each. For the subsidiaries fees are paid for board members that are not employed inside the NSB-Group.

STAFFING

	PARENT COMPANY		GROUP	
	2004	2003	2004	2003
Number of man-years (Average)	**2571**	2640	**8 798**	8 783
Number of employees (Average)	**2992**	3167	**10432**	10364

The numbers are based on weighting actual number of man labour years throughout the year.

6. PENSION FUNDS AND PENSION COMMITMENTS

The parent company's pension arrangements are with the Norwegian Public Service Pension (SPK), and the Government guarantees the pension payment. The contributions are age-, disabled-, spousal-, and children pension and are coordinated with the National Insurance scheme contribution. This year's pension expense and calculation of the pension obligation in the SPK are according to actuary principles for contribution plans.

Individual pension agreements are financed through daily operation.

When calculating commitments and expenses, these assumptions have been used:

FINANCIAL ASSUMPTIONS	**2004**	**2003**
Discount rate	6,0 %	6,0 %
Expected yield	5,5 %	6,0 %
Pay adjustment	3,0 %	3,3 %
Pension indexing	2,9 %	2,9 %
Average employment tax	14,1 %	5,1-14,1%

PENSION EXPENSE

	PARENT COMPANY		GROUP	
	2004	2003	2004	2003
Pension earnings this year	77	102	185	208
Interest expense	136	149	234	242
Expected return on pension funds	-148	-133	-247	-217
Effects on result-estimation differences		-22	5	-22
Total pension expense	**65**	**96**	**177**	**211**

PENSION FUNDS AND COMMITMENTS ON THE BALANCE SHEET

Short-term receivable (comp. under liq.)			0	9
Long-term receivables - funds	10	0	63	68
Long-term debt - commitments	-23	-57	-75	-124
TOTAL	**-13**	**-57**	**-12**	**-47**

STATUS ALL ARRANGEMENTS 31. DECEMBER

Estimated value pension assets	2639	2509	4348	3691
Estimated accrued pension commit.	-2607	-2600	-4494	-3874
Estimated differences not booked	-45	34	134	136
TOTAL STATUS ALL ARRANGEMENTS	**-13**	**-57**	**-12**	**-47**

STATUS SECURED ARRANGEMENTS WITH NET PENSIONS ASSETS

Estimated value pension assets	23	0	1311	951
Estimated accrued pension commit.	-12	0	-1333	-580
Estimated differences not booked	-2	0	85	84
TOTAL STATUS	**9**	**0**	**63**	**455**

STATUS SECURED ARRANGEMENTS WITH NET PENSION COMMITMENTS

Estimated value pension assets	2616	2509	3037	2740
Estimated accrued pension commit.	-2595	-2598	-3161	-3231
Estimated differences not booked	-43	34	49	52
TOTAL STATUS	**-22**	**-55**	**-75**	**-439**

STATUS UNSECURED ARRANGEMENTS

Estimated accrued pension commit.		-2		-63
Estimated differences not booked				
TOTAL STATUS	**0**	**-2**	**0**	**-63**

NUMBER OF PERSONS COVERED BY THE PLANS

	PARENT COMPANY		GROUP	
	2004	2003	2004	2003
Norwegian Public Service Pension	4387	4481	6567	6764
Other funds	14	23	4297	6027
TOTAL	**4401**	**4504**	**10864**	**12791**

7. FINANCIAL ITEMS

(Figures in MNOK)	PARENT COMPANY 2004	PARENT COMPANY 2003	GROUP 2004	GROUP 2003
Interest income	**118**	247	**37**	83
Group contributions	**338**	141	**0**	0
Gain on sale of shares	**0**	14	**43**	241
Other financial income (incl. agio)	**13**	6	**50**	26
Total financial income	**469**	408	**131**	350
Total financial expense	**206**	211	**227**	238
Net financial items	**263**	197	**-96**	112

8. SHORT-TERM RECEIVABLES

Other receivables consist of items like accrued income, group contributions and other short-term receivables that are not related to the circulation of goods.

9. LIQUID ASSETS

The parent company has tax withholding funds of 49 MNOK (48 MNOK), while the Group has 128 MNOK (123 MNOK).

10. INVENTORY

(Figures in MNOK)	PARENT COMPANY 2004	PARENT COMPANY 2003	GROUP 2004	GROUP 2003
Spare parts and components	**0**	0	**277**	280
Other materials used	**0**	0	**17**	139
Total	**0**	**0**	**293**	**419**

11. TANGIBLE FIXED ASSETS

PARENT COMPANY (Figures in MNOK)	MACHINES AND EQUIPM.	TRANSPORTATION MATERIEL	PROPERTY AND BUILD.	PLANT UNDER CONSTRUCTION	TOTAL
Book value 01.01.	222	3 906	0	981	5 109
Acquisitions this year	22	371	0	388	782
Disposals this year	-1	0	0	-743	-744
This years depreciation	-66	-306	0		-372
Book value 31.12.	**177**	**3 971**	**0**	**626**	**4 775**
-of which capitalised finance costs	0	42	0	0	42
Depreciation period	3 - 15 yrs	15 - 20 yrs	10-30 yrs		
Depreciation plan	linear	linear	linear		
Annual rent of non-capitalised fixed assets	0	4	0	0	0

GROUP (Figures in MNOK)	MACHINES AND EQUIPM.	TRANSPORTATION MATERIEL	PROPERTY AND BUILD.	PLANT UNDER CONSTRUCTION	TOTAL
Book value 01.01.	636	5 108	2 450	1 176	9 370
Transfers from inventory	0	0	111	0	111
Acquisitions this year	85	782	299	506	1 672
Disposals through sale of operations	0	0	-361	0	-361
Disposals this year	-8	-154	-116	-899	-1 177
This years depreciation	-171	-544	-126	0	-841
This years write-down	-2	0	0	0	-2
Book value 31.12.	**540**	**5 192**	**2 257**	**783**	**8 772**
-of which capitalised finance costs	0	42	0	0	42
Depreciation period	3 - 15 yrs	15 - 20 yrs	10-30 yrs		
Depreciation plan	linear	linear	linear		
Annual rent of non-capitalised fixed assets	1	125	0	0	0

Evaluation of fixed assets after AL § 7-13.3

The profitability for passenger train operation has improved considerably in 2004. On the basis of the development in the last few years a collective assessment of commercial long-distance trains defends book value. There are however big variations between some of the lines and the Southern Norway line's future earning power is at a level that hardly enables NSB as an operator to defend a continued offer on commercial basis.

12. GOODWILL

(Figures in MNOK)	GROUP 2004	GROUP 2003
Book value 01.01	250	601
Acquisitions this year	17	41
Disposals this year	0	-371
This years amortization, write-down	-73	-21
Book value 31.12	195	250

Economic life and amortization plan for goodwill is determined of each separate acquisition. Additional goodwill in 2004 is from small transactions in Nettbuss. The amortization period is determined through future expected cash flow related to identified added value and the amortization plan is longer than 5 years. Activated goodwill connected to the establishment of CargoNet AS has been written down in 2004 due to the result in its operations.

13. TRANSFER OF TITLE

At the company formation in 1996, NSB BA took over property from the Government, held by the public enterprise NSB. The work on title transfer is not yet complete and is expected to take several years.

14. SHARES IN SUBSIDIARIES, AFFILIATED COMPANIES AND JOINT VENTURES

The table only shows the parent company's directly owned investments. The Group also consists of indirectly owned companies and ownership interests.

(Figures in MNOK) SHARES IN SUBSIDIARIES	ACQUISITION DATE	REGISTERED OFFICE	VOTES AND PROFITS %	EQUITY	PROFIT/ LOSS	CAP. VALUE 31. DEC.
Nettbuss AS	01.12.1996	Oslo	100	451	28	**398**
ROM eiendomsutvikling AS	18.12.1998	Oslo	100	567	99	**440**
Arrive AS	01.07.2001	Oslo	100	22	7	**21**
NSB Trafikkservice AS	01.10.2001	Oslo	85	1	0	**1**
Finse Forsikring AS	01.12.2001	Oslo	100	49	0	**50**
CargoNet AS	01.01.2002	Oslo	55	241	-24	**295**
Mantena AS	01.01.2002	Oslo	100	267	22	**250**
NSB Eiendom AS	01.01.2002	Oslo	100	212	27	**61**
BaneStasjoner AS	02.01.2002	Oslo	100	0	0	**0**
TOTAL				**1 810**	**159**	**1 516**

As of 1. January 2004 the shares in MiTrans AS were sold to Mantena AS at book value.
NSB Forsikring AS changed its name to Finse Forsikring AS on 26. March 2004.

(Figures in MNOK) SHARES IN ASSOCIATED COMPANIES	ACQUISITION DATE	REGISTERED OFFICE	ACQUI. COSTS	VOTES AND PROFITS %	BAL. VALUE 01. JAN	CHANGES THIS YEAR	SHARE OF PROFITS	CAP. VALUE 31. DEC.
Oslo S Parkering AS	01.04.1997	Oslo	12	25 %	9	0	7	**9**
Linjearkitekter AS	01.09.2000	Oslo		30 %	0	0	0	**0**
Linx AB (under liquidation)	12.05.2000	Gothenburgh		50 %	5	0	0	**5**
TOTAL					**14**	**0**	**7**	**14**

(Figures in MNOK) **ASS. COMPANIES AND JOINT VENTURES**	OWNERSHIP SHARE %	BAL. VALUE 31. DEC.
Fjord Tours AS	41 %	**1**
Others	-	**1**
TOTAL		**2**

Linx AB has been liquidated as of 31. December 2004. Estimated liquidation costs are included in 2004.

15. RECEIVABLES WITH MATURITY LATER THAN ONE YEAR

Receivables with maturity later than one year OF 3.453 MNOK (3.593 MNOK) are receivables against subsidiaries in the parent company.

16. INTEREST BEARING DEBT AND REDEMPTION STRUCTURE

In November 2003, NSB AS signed a Multicurrency revolving credit facility for 1.000 MNOK with Norwegian and international banks. The credit is valid for five years and its interest is based on NIBOR (Norwegian Interbank Offered Rate). As of 31. December 2004, no funds have been drawn on this credit.

In June 1998, NSB AS launched two bond issues tradable on the European capital market. The total value of the issues is 650 MNOK, have fixed interest and mature in 2007. The issues are quoted on the Luxembourg stock exchange. A long-term loan program (EMTN program) with a framework of 750 million Euros was established in 1999.

The weighted average maturity for the parent company's interest bearing debt is 2,8 years as of 31. December 2004.

The average duration, including the effect of interest-secured-instruments, is 1,7 years as of 31. December 2003.

All loans in the NSB-Group are handled through the parent company NSB AS.

NSB AS has a satisfactory credit rating with Standard & Poor's (AA/A-1+) and Moody's (Aa2/Prime-1).

(Figures in MNOK)	PARENT COMPANY		GROUP	
Interest-bearing debt per loan type	**2004**	**2003**	**2004**	**2003**
Bonds	650	650	650	650
Borrowing under the EMTN programme	2914	2914	2914	2914
Sertificate (Norwegian)	0	0	0	0
Other loans from credit institutions	0	0	60	76
Total interest-bearing debt	3564	3564	3624	3640

NSB AS has as of 31.12.04, interest-bearing debt of 1684 MNOK and 15 MNOK for the Group that matures in 2005.

The long-term interest bearing debt has the following redemption structure:

(Figures in MNOK)

YEAR	PARENT COMPANY	GROUP
2005	1 684	1 699
2006	0	14
2007	650	664
2008		18
2011	1230	1 230
	3 564	3 624

Overview of bond loans/loans under the EMTN programme.

BELØP	INTEREST	MATURITY
CHF 150 mill	3,75 %	2005
CHF 100 mill	1,19 %	2005
USD 25 mill	6,91 %	2005
USD 22 mill	1,16 %	2005
350 mill kr	5,75 %	2007
300 mill kr	5,85 %	2007
EUR 150 mill	4,63 %	2011

17. FINANCIAL MARKET RISK

Currency risk

In order to exploit the benefit of better interest terms in other lending markets, NSB issues loans in foreign currency. Such loans are converted to Norwegian kroner through currency swap agreements. NSB does not take currency risk in its financial management.

Interest rate risk
NSB is exposed to changes in NIBOR on all loans that are based on the floating interest rates. The parent company uses interest rate hedging instruments to reduce the interest rate risk and achieve the desired structure for its debt.

Status for currency- and interest rate hedging instruments as of 31. December 2004.

AMOUNT	NSB PAYS		NSB RECEIVES		INSTRUMENT	MATURITY
MNOK 754	NOK	6,83 %	CHF	Fixed: 3,75%	Interest and currency swap ag.	2005
MNOK 232	NOK	6,71 %	USD	Fixed: 6,76%	Interest and currency swap ag.	2005
MNOK 536	NOK	NIBOR 6mnths	CHF	Fixed: 1,185%	Interest and currency swap ag.	2005
MNOK 162	SEK	STIBOR 6mnths	USD	LIBOR 3 mnths	Interest and currency swap ag.	2005
MNOK 100	NOK	5,92 %	NOK	NIBOR 6 mnths	Interest swap agreement	2007
MNOK 200	NOK	NIBOR 6 mnths	NOK	5,75 %	Interest swap agreement	2007
MNOK 200	NOK	6,04 %	EUR	Fixed: 4,625%	Interest and currency swap ag.	2009
MNOK 310	NOK	6,83 %	EUR	Fixed: 4,625%	Interest and currency swap ag.	2010
MNOK 410	NOK	6,20 %	EUR	Fixed: 4,625%	Interest and currency swap ag.	2011
MNOK 310	NOK	NIBOR 6 mnths	EUR	Fixed: 4,625%	Interest and currency swap ag.	2011

Bonds and Commercial Papers
NSB places its surplus liquidity in short-term quoted Norwegian bonds and Commercial Papers. As of 31. December 2004 the investments were 1.330 MNOK, of which NSB Forsikring AS placed 328 MNOK.

18. OTHER LONG-TERM DEBT

For both the parent company and the Group, long-term debt mainly consists of environment-, restructuring-, and reorganization/severance accruals, as well as long-term debt in the subsidiaries that are not included in the Group’s loan program.

When NSB BA was established, the Parliament granted a restructuring grant. As of 31. December 2004 the remainder of these obligations are limited to early retirement of 8 MNOK.

Estimated cost for the clean-up of known environmental pollutions has been done on the basis of investigation followed by a quantification of clean-up costs. As of 31. December the allocation for the parent company is 155 MNOK (10 MNOK) while for the Group it is 188 MNOK (57 MNOK).

Also included are estimated costs of 127 MNOK (275 MNOK) for severance/restructuring accruals for employees at NSB AS that have been dismissed before 1. January 2005.

The expenses above are reported under other operating expenses.

19. OTHER SHORT-TERM DEBT

Included in short-term debt are mainly periodic items.

	PARENT COMPANY		GROUP	
Figures in MNOK	**2004**	2003	**2004**	2003
Unearned revenue	**34**	87	**236**	137
Accrued expenses	**702**	530	**1 198**	1 014
Other long-term debt	**169**	67	**538**	277
Total	**905**	684	**1 972**	1 428

20. TAXES

(Figures in MNOK)	PARENT COMPANY		
Specification of temporary differences	**2004**	2003	Change
Current assets/Short-term liabilities	**286**	362	-76
Fixed assets/Long-term liabilities	**1 614**	1 449	165
Total differences	**1 900**	1 811	89
Forwardable deficit	**-997**	-1 236	239
Basis for deferred tax	**903**	575	328
of which 28 % deferred tax	252	161	91

Analysis of tax	**2004**	2003
Pre-tax profits	**229**	42
Change in temporary differences	**-89**	-561
Permanent differences	**101**	2
Forwardable deficit	**-241**	0
Taxable income	**0**	-517
Change in deferred tax	**91**	13
Tax cost for the year	**91**	13

Total tax cost for the year	**2004**	2003
Tax on regular income	**64**	13
Tax on permanent differences	**27**	0
Tax cost for the year	**91**	13
Actual tax rate	**39,7 %**	

(Figures in MNOK)	Group		
Specification of temporary differences	**2004**	2003	Change
Current assets/Short-term liabilities	**1 030**	**1 225**	-195
Fixed assets/Long-term liabilities	**692**	**477**	215
Total differences	**1 722**	**1 702**	20
Forwardable deficit	**-1 138**	**-1 422**	284
Basis for deferred tax	**584**	**280**	304
of which 28 % deferred tax	**164**	**77**	88

Analysis of tax	**2003**	**2003**
Tax payable	**3**	**5**
Change in deferred tax	**88**	**-41**
Tax cost for the year	**91**	**-36**

Analyse av årets skattekostnad	**2004**
28 % of the result before tax	**48**
Tax on permanent differences	**50**
Tax effects on changes in ownership	**-12**
Group items with no tax effect	**2**
Other differences	**3**
Tax cost for the year	**91**
Actual tax rate	**53,5 %**

21. MORTGAGES AND GUARANTEES

	PARENT COMPANY		GROUP	
(Figures in MNOK)	2004	2003	2004	2003
Total guarantee obligations	16	20	29	75
Total secured mortgages	0	0	60	93
Total secured mortgages	0	0	96	114

NSB AS has given a guarantee for the regulation of pension commitments with a cessation of Nettbuss AS so that the transfer agreement of 1974 can be used. The consequence is that Nettbuss

AS cannot approve changes to their pension plan that affects the commitment without approval by the board of NSB AS.

The parent company has given a guarantee for a leasing agreement CargoNet has with HSBC Rail (UK) Ltd. The leasing agreement applies to rental of 6 locomotives and expires in the summer of 2005 with a possibility to extend for another two years.

22. CHANGE IN EQUITY

The company's paid-in-capital, which is owned by the State, consists of capital stock of 3.685 MNOK (3.685 MNOK), and additional-paid-in-capital of 1.850 MNOK (3.685 MNOK). The capital stock consists of 3.685.500 shares each having a value of 1.000 NOK and the same voting power.

	PARENT COMPANY		GROUP	
(Figures in MNOK)	**2004**	**2003**	**2004**	**2003**
Equity at 01.01	**6388**	6827	**5731**	6045
Correction beginning balance	**0**	0	**0**	9
Foreign currency translation	**0**	0	**-5**	-4
Capital increase	**0**	200	**0**	200
Capital decrease	**0**	-669	**0**	-669
Profit/Loss 01.01 - 31.12.	**143**	30	**90**	150
Equity 31.12	**6531**	**6388**	**5816**	**5731**

Important events in 2004

Important events in 2004

8. January:

In connection with the 150 year anniversary for the Norwegian railroad, NSB offers mini-price tickets for NOK150. The campaign turns into a great marketing success with about 840.000 tickets sold.

1. March:

Change in the value added tax law for passenger traffic.

28. April:

Mantena's locomotive repair shop reopens after rebuilding.

13. May:

The Board decides to liquidate LINX at the end of 2004. LINX is owned 50% by NSB and 50% by SJ and has operated on the line Oslo-Stockholm and Oslo-Gothenburg-Copenhagen.

June:

In a hearing, NSB gives its statement on changes to the railroad law including regulations. The Parliament presents the National Transport Plan with a considerable increased frame work.

1. June:

NSB introduces no smoking trains on all departures due to changes in the law about smoking which were implemented the same day.

10. June:

The Board decides to sell shares in Norgesbuss AS.

14. June:

NSB implements one-person serviced train sets on the local trains operating between Porsgrunn and Notodden.

25. June:

NSB’s local train type 92, which primarily is used around Trondheim and between Røros and Trondheim, are being redecorated. The first set is on its way to Trondheim, the rest of the 92-sets will be redecorated on a continuous basis.

1. July:

Reintroduction of the electricity tax.

2. July:

The Board approves an accessibility agreement on train, workshop facilities as well as vending machines on the Gjøvik line.

3. August:

The Ministry of Transport announces that the following train operators are pre-qualified to participate in the competitive bidding for operations on the Gjøvik line: Arriva Tog Norge AS, Connex Tog Norge AS, DSB Norge AS, Keolis Gjøvikbanen (applied on behalf of Keolis Nordic AB), Ofotbanen AS in joint venture with First plc, NSB AS and NSB Anbud AS (applied on behalf of NSB AS).

1. September:

Her Majesty Queen Sonja is present at the celebration of the railroad being 150 years old in Norway. The anniversary day is marked by a specially written musical about the history of the railroad, presented on the platform at the Old Eidsvoll Station. – A great performance is the Queen’s characterization afterwards.

4. September:

With His Majesty the King present, the railroad anniversary is marked by a gala performance at Oslo Spektrum for the employees at NSB, the National Rail Administration and other operations linked to the railroad.

22. September:

The ministry of Transport sends out their basis for competitive bids for the Gjøvik line.

20. October:

The travel operator Fjord Tours is by the newspaper Dagens Næringsliv announced as the “gazelle-company” which is Norway’s fastest growing tour operator. NSB is its largest owner with 41 %.

16. November:

All of NSBs training will be at Sundland in Drammen and the school will be called the NSB School. The Norwegian railroad school, which is owned and operated by the National Rail Administration, is located at Grorud.

16. November:

NSB will take over the passenger train operations to Gothenburg starting 1. January 2005. During the period 1.-8. January the train availability will be based on today’s schedule for LINX. At the transition to a new scheduling period from the 9. January, the availability will be three daily departures as well as the departures to/from Gothenburg is coordinated with the train offer on the line between Oslo and Halden.

1. December:

All of NSB’s trains which is run by a diesel locomotive Di4, Multiple Unit type 92 and type 93 which is run on the Nordlands line, Meråker line, Dovre line Trondheim-Dombås, the Røros line and Rauma line starts using the communication system, GSM-R, for emergency purposes.

3. December:

NSB enters into an option agreement to purchase 34 % of the shares in Svenska Tågkompaniet AB.

21. December:

The Government does not want to continue the agreement that gives employees employed by the Government a discount when travelling with NSB.

23. December:

The Norwegian Competition Authority changes its resolution of 19. July and finds that the rebates from Nettbuss Sør is not illegal. After a new evaluation, the Norwegian Competition Authority has come to the conclusion that the shut out effect of Nettbuss' rebates does not seem to be so strong that it leads to misuse of dominance.

23. December:

The agreement with the Government, through the Ministry of Transport, on purchases of railroad services for 2005 is signed. NSB and the negotiators at the ministry also agree on financing of the night trains next year.