NSB AS
Annual Report 2006

Report of the Board of Directors – NSB Group

Positive trends for NSB.

2006 was a positive year for NSB:

- Improvements in all areas of operations
- Improved reputation
- Increased volumes
- Profit better than last year and previous years
- First year with rate of return exceeding owners demands

Profit before tax is 767 MNOK. (last years number in brackets)

Profit before tax for 2006 is 767 MNOK (652 MNOK). The improvement of 116 MNOK is primarily due to:

- Improvements in the passenger train operations due to increased volume/ revenue, reduced maintenance costs and better net financial costs
- Increased volume and improved results in the Norwegian sector of the freight train operations
- Increased volume and more efficient buss operations
- Improved efficiency in the real estate operations
- Reduced costs in the support functions
- Improved net financial income

The improvement in financial results has been achieved in spite of the considerable increase in pension costs as a result of the adaptation to the Norwegian Accounting Standards Board's discussion document concerning the interpretation of IAS 19. The NSB Group's pension cost for 2006 was 454 MNOK (231 MNOK). This is an increase of 223 MNOK, or more than 96% from the previous year.

Traffic Safety

No passengers or employees perished in connection with the Group's operations in 2006. For the passenger and freight operations, this is the sixth consecutive operating year without a major rail accident with fatalities or were people where seriously injured.

For passenger traffic operations, 118 non-serious injuries occurred during the year, an increase of 28 from 2005. This increase is mainly due to more acts of violence on the trains, and accidents in connection with people boarding and leaving the trains. One person perished as a result of being hit by a train in 2006, without NSB being blamed for the incident.

In the freight train operations, there have been registered 9 staff injuries. This is a small increase from 7 injuries in 2005.

One Nettbuss employee perished in an unfortunate work-related accident at an internal parking facility In addition one person in an oncoming car perished in an accident where Nettbuss was involved.. This is a reduction from 3 fatalities in 2005 and 6 in 2004. Number of staff injuries shows a weak increase from 58 in 2005 to 65 in 2006.

NSB is systematically and purposefully working to improve traffic safety.. Measurements including increased attention, better training and information to employees who are critical to safety tasks, and improved technical systems, are put in place to reduce risk. To counteract the increased rate of random violence on the trains, work is now being done to procure and fit safety cameras on suburban trains.

Landslides cause an increasing amount of injuries. These circumstances are being evaluated by the Norwegian accident investigation board. The results of these evaluations are being closely monitored so as to be able to implement risk reducing measures as soon as possible.

The railway net still has weaknesses in regards to the technical barriers against collision. After weak progress in 2006, the National Rail Administration has given the work concerning the development of improved technical solutions a higher priority. The erecting of such barriers is crucial to the risk reduction for train collisions.

Reduction of punctuality caused by large downfall of snow and operational accidents.
87,5 percent of all trains were on schedule in 2006. This is a reduction compared to the rate of punctuality in 2005, which was at 92 percent. The reduction in punctuality is due to several factors. Large downfalls of snow were experienced in week three, six and nine. This led to problems for the National Rail Administration in connection with the clearing of the railway lines. This resulted in great delays. During the year, several accidents in the operation of the trains led to traffic problems. Of these accidents, a derailing of a freight train between Råde and Onsøy, and a bridge falling on the tracks by Loenga, had the biggest effect. A freight train also derailed between Dombås and Dovre, resulting in the closing of that stretch of the railway net for several days.

During 2006, a new set of regulations was introduced with regards to the visibility at unsecured crossings. This resulted in a reduction of speed on some stretches of the railway net, which further effected punctuality.

The target for punctuality is that at least 90 percent of all trains should be on schedule. For the local- and regional trains in eastern Norway, that means arriving at the final destination no more than three minutes behind schedule. For NSB regional trains, the target is no more than five minutes behind schedule.

Punctuality of the freight trains in Norway was at 84 percent, which is a reduction from 88 percent in 2005. The reasons for this reduction are mainly the same as for the NSB passenger traffic. Freight and passenger operations have the same target of 90 % punctuality.

Nature of Business and ownership
NSB is one of Norway's largest transport Groups. The parent company NSB AS is owned by the State of Norway, represented by the Ministry of Transport. The Group's headquarters is in Oslo, while operations are spread throughout most of Norway, and in certain parts of Sweden and Denmark.

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

The Group is divided into several areas of operations:

- Passenger train operations consist of NSB AS, subsidiary NSB Anbud AS and the partly owned Svenska Tågkompagniet AB.
- The bus operations include the Nettbuss Group, which is comprised of bus-based passenger transport as well as specialised transport.
- The freight train operation consists of NSB's part ownership in the CargoNet-Group, along with it's subsidiary CargoNet AB
- Included in the real estate operations are the ROM group and NSB Eiendom AS
- Included in support functions are maintenance functions for the trains, the Mantena Group, and NSB Trafikkservice AS, as well as the administrative support functions Finse Forsikring AS and the Arrive Group.

Corporate Governance.
The board consists of eight members, of whom 3 are elected by and among the employees. The board emphasizes that the Group has a corporate governance policy that clearly defines the differing roles of the stockholders, the board and the administrative management, beyond that of which is stated in laws and regulations. The NSB Group has implemented the Norwegian Code of Practise for Corporate Governance, with adaptation for the Group's and its subsidiaries structure of ownership.

A more detailed description of the owner control and corporate governance in the NSB Group is given in a separate attachment to the annual report.

Goals and strategies
The NSB Group's main goal is to create value for their owner and the community, through safety, efficient operations, and viable business development initiatives. The NSB Group shall:

- avoid injuries to people and damage to the environment
- be the leading land-based transport company in the Nordic region
- generate profits
- have satisfied customers
- have highly qualified and motivated employees

To achieve these goals the NSB Group shall continue to develop the company's leading position within the passenger train traffic in Norway and the Nordic region. In addition the NSB Group shall continue to develop CargoNets leading position within railway based combined transport, and with other products adapted to the market as found suitable.

Passenger train operations.
The operations showed a positive development in 2006. The operating profit was 291 MNOK (307 MNOK). The reduction in operating profit compared to last year is clearly influenced by this years pension cost of 249 MNOK (95), which is an increase of 154 MNOK or 164 % for the previous year. Total revenue from operations in 2006 was 3 938 MNOK (3 731 MNOK), which is an increase of 5,5 % from the previous year.

In total, 48,9 mill passengers travelled (47,3) with NSB passenger trains in 2006. This is an increase by 3,4 % compared to 2005. Measured in passenger kilometres, the growth is 3,2 %.

Customer satisfaction in the spring of 2006 showed a decrease compared to 2005. This is probably a result of the many delays during the first quarter. The KTI survey for the autumn of 2006 shows an improvement from the spring of 2006 for the local trains, which gives a customer satisfaction of the same level as that of 2005. At the same time, the customer satisfaction for the regional trains is sinking, which is unfortunate. This is especially unfortunate due to the fact that customer satisfaction is sinking related to the criteria of available routes, which is rated as the most important criteria for the customers. NSB passenger trains will in the future focus on the improvement of customer satisfaction on the regional trains.

From January 2006, there were changes in NSB's night train product. The night trains now have fewer beds and more seats. This change on the night train does not seem to have affected the total number of passengers on NSB's trains. This is with the exception of the Nordland Line, where we have experienced a reduction. In total, the changes made on the night trains have led to an improvement of profitability for this product.

Buss operations.
Nettbuss AS is a 100 % owned subsidiary of NSB AS. The Nettbuss Group consists of the parent company Nettbuss AS, which has 18 subsidiaries and 19 sub- subsidiaries, making a total of 37 companies, of which the Nettbuss Group have more than 50 % ownership.

In Norway, the Nettbuss Group is the largest operator in the buss market, with a market share of approximately 27 %. In Sweden, the market share is 4 %, and in Denmark the operations are in the start-up phase. The core activity is fixed route services under contract with local authorities, tour services and express routes. The maintenance part of operations has developed from being just a support function, to more of a commercial operator in the maintenance market for larger vehicles.

The bus operations transported 103,6 mill travellers in 2006, compared to 99,1 mill travellers in 2005. Customer ratings show that the operations deliver high quality products in not only local and express bus sector, but also in the tourism sector.

The operating profit in 2006 was 126 MNOK (102 MNOK). The revenue for the whole group in 2006 was 3 203 MNOK (2 991 MNOK), which is an increase of 7 % from the previous year. The increase in operating profit is mainly due to better operations in general in the groups operating units, as well as increased operations through the acquisition of companies.

The bus operation has transporting activities in most of the provinces in the South and Mid- Norway. The Swedish sub-group has concentrated their operations in the south west of Sweden, whilst the Danish operations have so far concentrated there activities in and around Copenhagen. In January, the Danish company Partner Bus AS was bought, at the same time as the establishment of Netbus Turist AS. With effect on 1 April 2006, Säfflebussen AB was acquired.

Freight train operations.

The freight train operations showed a positive development in 2006, with an increase in combined transports in the Norwegian market of 12 %. In the Swedish market, the main focus was on restructuring.

The operating profit for the freight train operations were 14 MNOK (15 MNOK). This includes considerable increases in pension costs due to the adaptation to the Norwegian Accounting Standard's recommendation, concerning the calculation of pensions.

The Norwegian operations yield a satisfactory rate of return, and are exhibiting growth. The challenge during 2006 has been to satisfy the market demands, and therefore, 300 new carriages have been ordered for the transport of semi-trailers. Most of the carriages will be delivered during 2007.

Operations in Sweden are still not displaying a satisfactory level of profitability, and are undergoing restructuring. To establish a foundation for future profitability, efficiency improvement initiatives are being carried out, alongside the establishment of an improved route structure directed at the Swedish transport industry's need for combined transports.

Quality and punctuality are deciding factors for the transports delivered by the freight train operations, and a level of punctuality of 84 % and 71 % was reached in Norway and Sweden respectively. This is not a satisfactory result, and initiatives are being carried out both internally and in connection with the Norwegian and Swedish rail authorities, to reach an acceptable level.

Real estate operation.

The real estate operations yield a positive operational profit of 241 MNOK (227 MNOK). Of this result, 155 MNOK (189 MNOK) is directly related to profits from the sale of property.

The real estate operation is comprised of a total rental area of approx. 740.000 m^2.

As part of NSB's strategy, the real estate operation has been reorganised in 2006. The entire operation, including the administration of real estate, has been collectively placed in the company ROM eiendom AS from January 1 2007.

The development of the railway stations has been placed in its own organisation, and work is being done on several railway stations throughout the country. The single largest project is the development of the Oslo central station. At the same time, projects are in progress to secure the development of the stations for the customers in Trondheim, Stavanger, Bergen, Hamar, Kristiansand and Gjøvik. This is being carried out in close collaboration with the Norwegian railway administration and the passenger train operation.

A new office building for the Norwegian tax authorities is one of several new, important contracts for the real estate operations in 2006. At Bjørvika, the development of land for the Visma building and the PwC building have also begun.

Support functions.
Most of the support functions are divided into seperate limited companies. The maintenance functions are performed by the wholly owned subsidiary Mantena AS, with its subsidiary MiTrans AS. NSB Trafikkservice AS takes care of the sanitation services on the trains and has a strong focus on efficiency, to become more cost competitive. The task of Finse Forsikring AS is the cost effective handling of the NSB Group's insurance program.

The operating profit for the support functions was -3 MNOK (36 MNOK). The costs of the support functions have been reduced in 2006, mainly due to lower maintenance costs and a lower accident rate.

Economic development.
The NSB Group shows a profit for the year of 511 MNOK (442 MNOK), which is an improvement of 69 MNOK. The operating profit is 668 MNOK (687 MNOK), which is a reduction of 19 MNOK. Included in the operating profit is an increase in the years pension cost of 223 MNOK compared to the previous year, as a result of the adaptation to the Norwegian Accounting Standard's recommendation concerning the calculation on pension liabilities.

The parent company NSB AS shows a profit of the year included contributions of 585 MNOK (455 MNOK). 394 MNOK (338 MNOK) of the years profits stem from contributions given by subsidiaries. The operating profit was reduced by 21 MNOK. Adjusted for the increase in pension costs of 154 MNOK, operations have improved.

The Group's net cash flow from operations for the year is 1.617 MNOK (1.974 MNOK). Net cash flow used for investment is 807 MNOK (451 MNOK). Included in this amount is the purchase of fixed assets for 1.055 MNOK. Of the reported amount, 486 MNOK was used for the procurement of rolling stock and 417 MNOK as an increase in work in progress. Furthermore, 246 MNOK was paid in dividends to the company's owner.

Including this year's profit, owner's equity for the parent company is 7.227 MNOK (6.888 MNOK.) The equity ratio is 62 % (62 %). Distributable equity for the parent company is 1.692 MNOK. Owner's equity for the whole Group is 6.659 MNOK (6.378 MNOK), which is an equity ratio of 50 % (51 %.) The difference between owner's equity for the parent company and the Group is mainly due to group-internal transactions being eliminated in the Group accounts.

The Group's return on equity is 7,8 %

Next re-payment of long-term loans of 650 MNOK is in January 2007.

The board of directors proposes the following allocation of the result of the parent company based on the dividend policy of the owner:.

Dividend	380 MNOK
Allocated to owners equity	205 MNOK
Sum allocated	585 MNOK

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

Financial risk.
NSB borrows money in the markets and currencies that offer the most favourable terms, and therefore also has loans in foreign currencies. Such loans are converted to Norwegian currency through currency swap agreements. NSB has a goal of minimising currency risk in its financial management. NSB has exposure to currency risks in its daily operations to a minimal degree, due to the fact that its income and expenses primarily occur in NOK.

NSB is exposed to changes in the Norwegian Interbank Offered Rate (NIBOR) and Norwegian Swap interest rates. The parent company uses financial instruments to reduce interest rate risk and to achieve its desired interest rate structure. Guidelines have been established, regulating what portion of total outstanding debt that is to be subjected to interest rate fixing during a 12 month period, and for the interest term of the loan portfolio.

NSB invests its surplus liquidity in short-term Norwegian bonds and commercial papers. Changes in interest rate can affect the value of the portfolio, however, the papers are normally held until maturity. Limits for exposure towards certain sectors (state, county, bank, etc), and specific parties, have been established based on a credit evaluation.

Guidelines have been established to regulate how much of the total loan portfolio should mature and/ or be refinanced during a twelve month period. The current guidelines state that loans that will mature during the next twelve months 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.

NSB AS secures at the current day, a minimum of 20 % and a maximum of 80 % of budgeted power consumption for the Groups real estate portfolio. The goal is to limit the risk for large fluctuations in prices, so as to achieve predictability and a lower average electricity prices.

Work environment.
Absence due to illness for the Group in 2006 is at 9,3 % (8,4 %). The absence rate due to illness is approx 2 percentage points above the country average, according to Statistics Norway. During the year, there has been carried out an evaluation of the Group's rehabilitation program. This has lead to a resolution to fund a resource centre with special focus on identifying employees who need adapted working environments. This is a step in meeting the new requirements for the follow-up of absence due to sickness from the spring of 2007.

The level of work related health complaints seems to be relatively constant. Noise related injuries still occur, and both muscle- and skeletal ailments and psychosocial strains are amongst the most frequent causes of work related absence.

NSB's aim is to hire more people with multi cultural backgrounds. NSB is an IA-company (inclusive labour market)

External environment.
NSB shall satisfy the demands and expectations of their owner, the authorities and the public regarding the external environment. NSB also place high and strict environmental expectations on their own suppliers.

In 2005, the passenger train operations in NSB AS were certified in accordance to ISO 14001. This implies continuous improvements concerning the environment. For the passenger train operations, a main area of focus is therefore energy-economisation through a comprehensive project started in 2005.

The NSB Group aims to minimise the environmental strain its units and subsidiaries place on the environment. The maintenance unit Mantena was in 2006 certified in accordance with ISO 14001. The project concerning energy-economisation in ROM eiendom and Mantena continued with full force in 2006.

In addition to the work with energy-economisation, NSB continues to work on the restoration of polluted land and the development of improved recycling systems. Through continuous work on traffic safety issues, the goal is to reduce the risk for environmental damages and accidents further.

Equal rights.
The share of female employees in NSB AS for 2006 is 29,3 % (29,2 %). The share of females remains stable, in spite of the share of females in the recruitment phase is 51,1 %. This is mainly due to higher turnover in those job categories with a higher share of women.

The share of females in leadership positions in the Group companies and different operations varies, with the highest share being in passenger train operations, with 38%. The shareholder elected board members in NSB AS have a share of females of 40 %. The Chairman of the board is female.

Average time spent at work for both men and women in NSB AS has increased compared to 2005, and increases most for females. The average salaries increased more for females than for men. This is primarily due to the increased share of females in mid-management positions.

Research and development

R&D projects are primarily charged as an expense as the costs arise. At the present time, NSB AS has no domestic research and development projects in progress. Through the UIC (International union of railways) there are nevertheless several ongoing EU-funded research and development projects, in which NSB actively participates in certain areas.

Future Challenges

Society faces considerable environmental challenges in connection to amongst other things global warming. NSB will through energy-efficient transport solutions contribute to the reduction of environmental strain.

In Norway, the challenge for the passenger train operations will be to further improve competitiveness, secure stabile operations, and increase the punctuality above the target rate of 90 %. Considerable investments in rolling stock in Norway are planned to maintain a modern transport solution for the customers and a capacity for further growth. At the same time, it is crucial in a demanding labour market to make the conditions favourable for recruitment and education of operative personnel, so as to be able to maintain and increase production beyond today's level.

Svenska Tågkompaniet AB became a wholly owned subsidiary as of 10. January 2007. The company is to serve as the foundation for an increased initiative in the passenger train market in Sweden.

The freight train operation has during the last few years been on the cutting edge of development of new transport based concepts in the railway market. For the Norwegian operations, the challenge will be to tackle further growth with respect to quality and cost control. This requires increased capacity with regards to both rolling stock and terminals. The operations in Sweden were from January 2006 changed to reflect a similar operative concept as to that of Norway. Access to cost effective traction equipment in Sweden will be an integral factor for success.

The main challenge for the bus operations will be continued work to improve margins. Access to drivers is a challenge, and work is being carried out both internally and in the industry in general to secure an adequate access to drivers. New and existing contracts will be tendered, and NSB's bus operations intend to win a significant number of these contracst at competitive market rates. Further Nordic expansion will be considered continuously due to the increased competition in the express bus market in Norway.

The real estate operations are to develop the properties intended for own use,, so as to increase customer satisfaction and improve the reputation for NSB's core business areas. Focus will be put on the development of central station areas. Properties that are independent of the core operations are to be developed to secure a long term growth. The real estate operations are in 2007 united to one company that has direct control over the administration and management of the properties. This will allow for more efficient administration and cost control of the entire operation.

Within the support functions preparations are being made for further improvements in efficiency and cost reductions in close collaboration with the core businesses. Assessments are being made on whether the functions are to participate in tenders in the Nordic region within the area of maintenance of trains.

NSB are positive to the study of high-speed lines in Norway. Such a campaign must not be undertaken at the expense of solving the present time immediate challenges; the need for an improved rail track quality, signalling system and wire network which will secure a stabile operative solution and a punctuality which our customers deserve and which we have seen is achievable when conditions function properly. This will contribute to an increased degree of public transportation which in turn will lead to environmental gains. An effort towards high-speed lines must first and foremost secure high speeds and a stabile operating environment on those lines travelled by many passengers, such as those stretches to and from our most populated areas.

The board would like to thank the NSB Groups employees for there contribution to this year's improved profitability, reputation and customer satisfaction.

Oslo, 8. March 2007

Ingeborg Moen Borgerud
Chairmen of the board

Christian Brinch	Jon L. Gjemble	Bente Hagem
Tore Rasmussen	Øystein Aslaksen	Ole Reidar Rønningen
Øystein Sneisen		Einar Enger NSB GROUP CEO

Annual Report

2006

NSB – Group

Income statement

	Note	2006	2005
Operating income and expenses			
Revenue	9	9 167 558	8 633 651
Payroll and related costs	25	4 075 725	3 637 620
Depreciation, impairment	26	808 713	855 619
Other operating expenses	27	3 614 993	3 453 520
Operating profit		**668 127**	**686 892**
Net financial income	28	100 886	-44 526
Share of (loss)/profit in associates		-2 340	8 225
Profit before income tax		**766 673**	**650 591**
Income tax expense	18	255 746	208 283
Profit for the year		**510 927**	**442 308**
Attributable to:		0	0
Minority interests		3 886	2 426
Equity holders		**507 041**	**439 882**

Balance sheet at 31 December

Assets

	Note	31 DEC 2006	31 DEC 2005
NON-CURRENT ASSETS			
Intangible assets	7	234 370	207 036
Property, plant and equipment	6	7 945 929	7 918 888
Investment property	5	390 898	278 754
Investments in associates	8	90 434	91 572
Financial assets		12 416	30 815
Total non-current assets		**8 674 047**	**8 527 065**
CURRENT ASSETS			
Inventories	11	1 320 019	1 310 568
Assets held for sale	24	56 469	32 316
Trade and other receivables	12	1 175 507	1 248 482
Derivative financial instruments	13	76 603	62 453
Other financial assets at fair value through profit/ loss	14	724 429	482 140
Cash and cash equivalents	15	1 311 879	762 299
Total current assets		**4 664 906**	**3 898 258**
Total assets		**13 338 953**	**12 425 323**

LIABILITIES

	Note	31.DEC 2006	31.DEC 2005
EQUITY AND LIABILITIES			
EQUITY			
Ordinary shares and share premium	16	5 535 500	5 535 500
Retained earnings		915 119	639 980
Minority interests		207 900	202 528
Total equity		**6 658 519**	**6 378 008**
LONG-TERM LIABILITIES			
Borrowings	17	1 312 354	2 014 300
Deferred income tax liabilities	18	470 953	347 683
Retirement benefit obligations	19	1 007 668	796 392
Provisions for other liabilities and charges	20	257 091	306 712
Total non-current liabilities		**3 048 066**	**3 465 087**
SHORT-TERM LIABILITIES			
Trade and other payables	21	2 642 213	2 382 560
Current income tax liabilities	18	131 019	1 455
Borrowings	17	775 461	88 020
Derivative financial instruments	13	58 297	110 193
Liability in association with assets for sale	24	25 377	0
Total current liabilities		**3 632 367**	**2 582 228**
Total liabilities		**6 680 433**	**6 047 315**
Total equity and liabilities		**13 338 953**	**12 425 323**

Oslo, 8 March 2007

Ingeborg Moen Borgerud
Chariman of the Board

Christian Brinch | Jon L. Gjemble | Bente Hagem

Tore Rasmussen | Øystein Aslaksen | Ole Reidar Rønningen

Øystein Sneisen

Einar Enger
President and CEO

Cash Flow

	2006	2005
Cash flow from operating activities (note 23)	1 618 127	1 976 430
Income tax paid	-1 455	-2593
Net cash generated from operating activities	1 616 672	1 973 837
Purchase of associate	-2 545	-23878
Sale of associate	2 202	11637
Purchase of property, plant and equipment (PPE)	-1 055 157	-866339
Proceeds from sale of PPE	285 705	436884
Purchase of intangible assets	-36 792	-15109
Proceeds of intangible assets	0	5416
Cash flows from investing activities	-806 587	-451 389
Proceeds from borrowings	10 419	165473
Repayments of borrowings	-24 924	-1706879
Dividends paid to Company's shareholders (note 29)	-246 000	0
Cash flows from financing activities	-260 505	-1 541 406
Net (decrease)/increase in cash, cash equivalents and bank overdraft.	549 580	-18 958
Cash, cash equivalents and bank overdrafts OB (note 15)	762 299	781 257
Cash, cash equivalents and bank overdrafts CB	1 311 879	762 299

Equity

	Share Cap.	Retained earnings	Min.int.	Total Equity
Balance at 1 January 2005	5 535 500	223 896	200 102	5 959 498
Foreign exchange differences		-23 798		-23 798
Profit for the year		439 882	2 426	442 308
Balance at 31 December 2005	**5 535 500**	**639 980**	**202 528**	**6 378 008**
Balance at 1 January 2006	5 535 500	639 980	202 528	6 378 008
Foreign exchange differences		14 098	1 486	15 584
Profit for the year		507 041	3 886	510 927
Dividend relating to 2005		-246 000		-246 000
Balance at 31 December 2006	**5 535 500**	**915 119**	**207 900**	**6 658 519**

Fund for unrealized profits per P&L line with effects on equity

	1. jan. 2005	31. des. 2005	31. des. 2006
Derivative financial instruments	32 477	14 490	15 043
Other investments	-642	2	-36
Total assets	**31 835**	**14 492**	**15 007**
Equity	-108 670	-69 146	-37 018
Long term borrowings	122 220	59 188	23 212
Short term borrowings	-66 407		506
Derivative financial instruments	126 954	51 340	42 703
Deferred income tax	-42 261	-26 890	-14 396
Total equity and liabilities	**31 836**	**14 492**	**15 007**

Income statement

	Note	2006	2005
OPERATING INCOME AND EXPENSES			
Operating income			
Operating income	4	3 854 979	3 731 165
Total		**3 854 979**	**3 731 165**
Operating expenses			
Employee benefit expenses	16,19	1 408 628	1 209 655
Depreciation, impairment	5	375 502	353 264
Other operating expenses	18,22	1 785 115	1 861 259
Total		**3 569 245**	**3 424 178**
Operating profit		**285 734**	**306 987**
FINANCIAL INCOME AND EXPENSES			
Financial income and expenses	20,22	535 556	343 009
Share of (loss)/profit in associates	6	- 899	6 539
NET FINANCIAL INCOME AND EXPENSES		**534 657**	**349 548**
NET INCOME BEFORE TAX		**820 391**	**656 535**
Income tax expense	21	235 298	201 699
ORDINARY NET INCOME		**585 093**	**454 836**
NET INCOME		**585 093**	**454 836**

Balance sheet at 31 December 2006

	Note	2006	2005
ASSETS			
NON-CURRENT ASSETS			
Property plant and equipment			
Property, plant and equipment	5	5 158 240	5 257 805
Total		**5 158 240**	**5 257 805**
Financial assets			
Investments in subsidiaries		1 946 452	1 531 922
Investments in associates	6	35 546	33 001
Investments in shares		1 860	1 860
Other receivables	8	3 300 915	3 507 685
Total		**5 284 773**	**5 074 468**
TOTAL NON-CURRENT ASSETS		**10 443 013**	**10 332 273**
CURRENT ASSETS			
Inventories	9	0	62 378
Receivables			
Trade and other receivables	8	240 673	425 620
Total		**240 673**	**425 620**
Investments			
Other financial instruments	10	322 118	139 936
Derivatives	7	71 652	62 453
Total		**393 770**	**202 389**
Cash and cash equivalents	11	540 371	40 634
TOTAL NON CURRENT ASSETS		**1 174 814**	**731 021**
TOTAL ASSETS		**11 617 827**	**11 063 294**
EQUITY AND LIABILITIES			
EQUITY			
Deposits			
Ordinary shares and share premium	12	5 535 500	5 535 500
Total		**5 535 500**	**5 535 500**
Other equity			
Other equity		1 106 773	897 940
Net income		585 093	454 836
Total		**1 691 866**	**1 352 776**
Total equity	**3**	**7 227 366**	**6 888 276**
Liabilities			
Non-current liabilities			
Provisions			
Retirement benefit obligations	16	438 813	284 920
Deferred tax	15	647 369	425 023
Provisions for other liabilities and charges	17	184 652	262 266
Total		**1 270 834**	**972 209**
Other non-current liabilities			
Bonds	14	1 253 423	1 939 336
Total		**1 253 423**	**1 939 336**
Total non-current liabilities		**2 524 257**	**2 911 545**

Balance sheet at 31 December 2006

	Note	2006	2005
CURRENT LIABILITIES			
Bonds, current part	14	721 007	69 429
Derivatives	7	57 446	109 039
Trade and other receivables	13	1 074 799	1 085 005
Current income tax expense	21	12 952	0
TOTAL		**1 866 204**	**1 263 473**
TOTAL LIABILITIES		**4 390 461**	**4 175 018**
TOTAL EQUITY AND LIABILITIES		**11 617 827**	**11 063 294**

Oslo, 8. mars 2007

Ingeborg Moen Borgerud
styreleder

Christian Brinch

Jon L. Gjemble

Bente Hagem

Tore Rasmussen

Øystein Aslaksen

Ole Reidar Rønningen

Øystein Sneisen

Einar Enger
Konsernsjef

Change in Equity

	Note	Share Capital and share premium	Other equity	Aquired equity	Minority interest	Total
Balance at 1 January 2005		5 535 500	0	897 940	0	6 433 440
Change in equity						
Net income 2005		0	0	454 836	0	454 836
Balance at 31 December 2005		5 535 500	0	1 352 776	0	6 888 276
Balance at 1 January 2006		5 535 500	0	1 352 776	0	6 888 276
Change in equity		0	0	0	0	0
Net income 2006		0	0	585 093	0	585 093
Dividend		0	0	-246 000	0	-246 000
Balance at 31 December 2006		5 535 500	0	1 691 866	0	7 227 366

Fund for unrealized profits per P&L line with effects on equity

	1 January 2005	31 December 2005	31 December 2006
Derivatives	32 477	14 490	15 043
Other investments	-642	2	-36
Total Assets	**31 835**	**14 492**	**15 007**
Equity	-108 670	-69 146	-37 018
Non-current borrowings	122 220	59 188	23 212
Current borrowings	-66 407		506
Derivatives	126 954	51 340	42 703
Deferred tax	-42 261	-26 890	-14 396
Total equity and liabilities	**31 835**	**14 492**	**15 007**

Cash Flow

	2006	2005
Cash flows from operating activities	1 241 113	2 059 656
Income tax paid		
Net cash generated from operating activities	**1 241 113**	**2 059 656**
Acquisition of subsidiary, net of cash acquired	-295 000	-15 700
Increase in holding of shares in subsidiary against contribution from parent company	-119 530	-57 000
Investment in associates	-2 545	-18 598
Aquisition of non-current assets	-275 936	-183 666
Sale of non-current assets		255
Cash flows from investing activities	**-693 011**	**-274 709**
Payments related to borrowings to subsidiaries	-112 014	-353 836
Proceeds from borrowings to subsidiaries	343 984	288 625
New non-current and current borrowings		62
Repayments of non-current and current borrowings	-34 335	-1 707 966
Dividends paid to Company's shareholders	-246 000	0
Cash flows from financing activities	**-48 365**	**-1 773 115**
Net (decrease)/increase in cash, cash equivalents and bank overdraft	499 737	11 832
Cash, cash equivalents and bank overdrafts at the beginning of the year	40 634	28 802
Cash, cash equivalents and bank overdrafts at the end of the year	**540 371**	**40 634**

ACCOUNTING PRINCIPLES

1 General information

NSB AS (the Company) and its subsidiaries ('the Group') do business in the market of passenger and freight transportation, in addition to business that naturally connected to this. The group also do business in real-estate.
The group has its main office in Oslo.

Financial statements for the year 2005

These consolidated financial statements where approved by the Board of Directors on 9 March 2006. The Board recommended a dividend of 116 MNOK. The Annual Shareholders' Meeting held on 23 May approved a dividend of 246 MNOK. The allocation of the result in these financial statements was therefore reviewed again and approved in a Board meeting on June 15, 2006. The Board and the auditor issued new reports and the financial statements have been adapted in accordance with the latest approval.

Transition to IFRS

The Board approved on 9 March 2005 that the NSB Group will adapt IFRS as accounting principles with effect from 2006. The financial statements for 2005 have been adapted, and the IFRS-effects on equity is a reduction of 59 MNOK. The result for 2005 is increased by 113 MNOK due to the IFRS-transition, an improvement in the result from 328 MNOK to 441 MNOK. The change is presented in note 1.

2 Summary of significant accounting policies

The most important accounting principles which have been used to produce the Group accounts have been described below. The same principles have been used consequently throughout all periods, as long as nothing else is stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU. The numbers for the year 2005 have been translated into IFRS. Information required by IFRS 1 and recommended by Oslo Stock Exchange is shown in note 1.

The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the notes.

Standards, interpretations and amendments to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods from 2007 and for later periods but which the Group has not early adopted, as follows:

- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures** (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. TheGroup assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

Standards, interpretations and amendments effective from 2006, which are not relevant for The Group

The following standards, interpretations and amendments are mandatory for the accounting periods beginning on 1 January 2006 or for later periods but which has been considered not to be relevant for The Group::
IAS 21 (Amendment), Net investment in a Foreign Operation
IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions
IAS 39 og IFRS 4 (Amendment), Financial Guarantee Contracts
IFRS 6, Exploration for and Evaluation of Mineral Resources
IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards og
IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources
IFRIC 4, Determining whether an Arrangement contains a Lease
IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6, Liabilities arising from Participation in a Specific Market – Waste Electrical and Electronic Equipment

Interpretations to existing no effective standards which the Group has not early adopted

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or for later periods but which the Group has not early adopted.

IFRIC 8, Scope of IFRS 2 (effective from 1 May 2006 or later). According to IFRIC 8 transactions regarding issuance of equity instruments – where compensation is lower than fair value on the issued equity instruments – should be considered in accordance with IFRS 2. The Group will adopt IFRIC 8 from 1 January 2007 but is considered to be of any consequence for the financial statements.

Interpretations to existing no effective standards which have no relevance for the Group
The following interpretations to existing standards are mandatory for the Group regarding the accounting periods after 1 march 2006, but the management has considered these interpretations of no relevance to the Group.

IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006 or later). In case of hyperinflation in connection with the company's functional currency and this were not the case in the prior period, IFRIC 7 gives directives to the use of IAS 29. None of the Group's associates do have functional currency related to hyperinflationary economics and IFRIC 7 is not relevant for the Groups activities.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered on the balance sheet date. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The subsidiaries are excluded from the consolidation from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.
The cost of an acquisition is measured as the fair value of: the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. The gains or losses incurred on disposal of shares in subsidiaries to minority interests are recorded in the Group's income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(C) Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation.
The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.
The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 2.6).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in NOK, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are separated between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity.
Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

(c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised as a separate component of equity (cumulative translation adjustment).

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity on consolidation. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

All property, plant and equipment (PPE) is shown at cost less subsequent depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Investment properties, mainly office building, are held to earn rentals or for capital appreciation or both. These buildings are not utilized by the Group. Investment properties are shown at cost less subsequent depreciation.
Borrowing costs accrued during construction of PPE, are capitalized until the asset is ready for intended use.
Land and houses are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

Railroad vehicle	10 – 30 år
Buses	6 – 12 år

Buildings	10 – 50 år
Other fixed assets	5 – 30 år

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An impairment loss is recognise when the estimated recoverable value of the asset is less than its carrying value. (see Note 2.7).
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.
Property, plant and equipment (groups of disposals) appointed for sale
Fixed assets (or groups of disposals) classified as assets appointed for sale is recognised at the lower of balance sheet value and fair value deducted sales cost if balance sheet value mainly is recovered by a sales transaction rather than continued use.

2.6 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.
Goodwill is allocated to cash-generating units at the acquisition date for the purpose of impairment testing. Each of those cashgenerating units represents the Group's investment in each country of operation by each primary reporting segment.

2.7 Impairment of assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.
Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.
An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Investments

The Group classifies its investments in the following categories: a) financial assets at fair value through profit or loss, b) loans and receivables, and c) available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current if they are either held for trading, or are expected to be realised within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (see Note 2.11).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category, or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on transaction date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs, for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired, or have been transferred, and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments, are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within 'other (losses)/gains - net' in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. Write-down is performed if the decrease in value is considered material and permanent. What is considered material and permanent depends on the volatility in the values. For assets in this category in which there are no quoted values, this can be difficult.

2.9 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:
a) hedges of the fair value of recognised assets, or liabilities, or a firm commitment (fair value hedge)
b) hedges of highly probable forecast transactions (cash flow hedge)
c) hedges of net investments in foreign operations.

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective, and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values, or cash flows of hedged items. Such evaluations are documented both at the beginning hedge transaction, and through the hedging period.

The fair values of various derivative instruments used for hedging purposes, are disclosed in the notes. Movements on the hedging reserve in shareholders' equity are shown in Note 16. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining hedge item has more than 12 months to maturity, and as a current asset or liability, if the remaining maturity of the hedged item has less than 12 months maturity. Trading derivatives are classified as a current asset or liability.

Principally the group defines its derivatives as held for trading purposes, and thus as a main rule does not employ hedge accounting. Since debt is normally accounted for at fair value, the fair value of derivatives will mainly correspond to fair value of the debt that the derivatives are related to. This means that the value changes in derivatives will be included in the income statement, and classified as short term debt, or current asset in the balance sheet statement.

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement as net loss/profit, or as net financial expenses in the Group’s financial statements. The Group normally treats derivatives this way, even if the derivative could qualify for hedge accounting.

The Group completes financial hedging by purchase of energy using energy derivates traded on NordPool These energy derivates are recognised at fair value in the income statement.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Profit or loss from the effective part of interest rate swaps that hedges fixed rate loans is accounted for as financial expenses. Profit or loss from the ineffective portion is recognized as "other net loss/profit". Changes in fair value of the hedged fixed rate loan that can be referred to hedged interest risk are recognized as "financial expenses".
If the hedge no longer fulfils the criteria for hedge accounting, the accounted effect of the hedge for hedging items that is recognized as amortized cost will be amortized over the time to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for example, when the forecast sale that is hedged occur). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognized in the income statement within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.
When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is

ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Borrowing costs are excluded in accordance with IFRS 23. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory costs include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchase of raw material.

2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised as sale and marketing cost in the income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.13 Share capital

Ordinary shares are classified as equity.

2.14 Borrowings

External fixed rate bonds are recognised initially at fair value including accompanying interest rate derivatives and to be reported to the company management. Changes in fair value are recognised in the income statement.

Other borrowings, bank loans with floating interest, inter-company loans etc are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The difference between the unsettled amount of loan (excluding transaction costs) and amount payable at maturity is recognised over the period of borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date, and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits – pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit plans defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contribution into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Most of the Groups employees in Sweden have pension rights and the companies liabilities are funded in ALECTA. This is a multiemployer plan and the employer is responsible for contributions until payment. Due to ALECTAs lack of ability to provide satisfactory documentation for evaluation of the liabilities and assets, the pension plan is treated as a defined contribution plan.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses, and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets, or 10% of the defined benefit obligation are spread to income over the employees' expected average remaining working lives.
Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

2.17 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability. The increase in the provision due to passage of time is recognized as interest expense.

2.18 Accounts payable

Accounts payable is recognised at fair value at initial recognition. Subsequently accounts payable is measured at fixed amortised cost using the effective rate method.

2.19 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows: The Group's income is principally covered by; passenger transport, goods transport and rental and sale of real estate.

(a) Sales of transport and real estate services

Sales of services are recognised in the accounting period in which the services are performed. The government's purchase of passenger traffic services is also recognised in the period in which the delivery is performed. Income from rental of real estate is recognised during the term of the leasing agreement. Income from sale of real estate is recognised in the period where risk and control is transferred to the buyer. This implies mainly that income is considered acquired on the time of the acquisition.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.20 Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including Currency risk, fair value and interest rate risk) credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Guidelines are established to regulate the loan share where interest rate is to be regulated over a 12 month period and for the portfolio fixed rate period.

(a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from recognised assets and liabilities and net investments in foreign operations.

For segment reporting purposes, each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign Currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial counterpart.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

(d) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Loans with floating interest rate involve a Group cash flow interest rate risk.The Group administrates the floating interest rate risk using floating-to-fixed interest rate swaps: Interest rate swaps imply conversion from floating interest rate loans to fixed interest rate loans. Through the interest rate swaps, the Group enters into contracts with counterparties to exchange the difference between the contract's fixed interest rate and the floating interest rate estimated in accordance with the agreed upon principal amount.

3.2 Fair value estimation

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination are made.

c) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Group uses discounted cash flow analysis for various available-for-sale financial assets that were not traded in active markets.

d) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its sales of services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Notes 31.12.2006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2006

1 Conversion to IFRS 2005

NSB AS (company) and its subsidiaries do business in the market of passenger transport, in addition to business that correspond naturally with this. NSB's head office is located in Oslo.

Conversion to IFRS

The Group board decided on 9 March 2006 that the NSB Group would report using the IFRS accounting principals with effect from 2006. The financial statements as of 31 December 2006 are the first prepared financial statements based on the IFRS accounting principles. The principles applied are described in "Principle notes to the financial statements". The company's preparation of the financial statements has been based on IFRS1. According to IFRS1, 1 January 2005 is the date for the conversion from NGAAP to IFRS and accordingly comparable figures for 2005 have been prepared. Below are the most significant consequences regarding the conversion from NGAAP to IFRS described.

The basis for the implementation of IFRS.

- The fundamental principle when converting to IFRS is to consider the assets at historical cost, some assets are considered to fair value on the date of conversion.
- Unrealised changes in estimates connected to pensions is reset and recognised to equity on the date of conversion.

Presentation – corrections in statements as a consequence of IFRS

- When converting to IFRS, it is optional to prepare the financial statements by category or functional. NSB are preparing by category.

The table below regarding 2006 including comparable figures for 2005 indicates the corrected items including comments on why the corrections are made.

BALANCE SHEET NGAAP TO IFRS 1JANUARY 2006

(Amounts MNOK)	NGAAP 2 004	Transaction effect	Reclassi-fication	IFRS JAN 2005
ASSETS				
Property,plant and equipment	4 775	637		5 412
Financial assets	5 016	1		5 017
Total non-current assets	**9 791**	**638**	**0**	**10 429**
Inventories	0			0
Trade receivables	26			26
Receivables NSB-Group	419			419
Other current receivables	555			555
Financial assets at fair value	1 001	(395)		606
Cash and cash equivalents	29			29
Total current assets	**2 030**	**(395)**	**0**	**1 635**
Total assets	**11 821**	**244**	**0**	**12 065**
EQUITY AND LIABILITIES				
Ordinary shares and share premium	5 536			5 536
Retained earnings	989	(92)		897
Minority interests	0			0
Total equity	**6 525**	**(92)**	**0**	**6 433**
Retirement benefit obligation	13	235		248
Deferred income tax liabilities	252	(29)		223
Borrowings	3 565	187	(1 702)	2 050
Provisions for other liabilities and ch	344			344
Total non-current liabilities	**4 174**	**392**	**(1 702)**	**2 865**
Trade payables	96	(57)		39
Payables NSB-Group	34			34
Other payables	992		1 702	2 694
Total current liabilities	**1 122**	**(57)**	**1 702**	**2 767**
Total liabilities	**5 296**	**335**	**0**	**5 632**
Total equity and liabilities	**11 821**	**244**	**0**	**12 065**

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Tangible fixed assets

According to IFRS 16, assets should be decomposed. An analysis of assets recognised in the balance sheet indicates that assets in question to decompose are rolling stock. When using NGAAP, the Group recognised the main audit currently but when using IFRS audits will be capitalised and written off during the audit interval. At the conversion to IFRS the value of the historical audits are calculated based on the individual audit's remaining effective time of life. This involves an increase of value on the rolling stock as of 1 January 2005.

Long term liabilities

"Fair value option" (FVO) is defined by the valuation of certain financial instruments. With effect from 1 January 2005 all loans which are reported at fair value have been recalculated. The implementation effect results in an increased carrying value on loans. The change in market rates will have an effect on the Groups interest charges, due to the choice of FVO as accounting principal. The interest charges will now follow the market rate. Financial liabilities which are due within 12 months after the balance sheet date are classified as current liabilities.

Deferred tax

Deferred tax is reduced. This is mainly due to the change s in tangible fixed assets, pension commitments and long term debt.

Pension commitments/other liabilities

The changes are caused by a gross effect due to an unrealised change in estimates relating to pensions being adjusted and reported against equity at the point of transition. In addition the pension commitments are reported at gross.

Other equity not reported

This shows the net effect of equity as a result of the transition to IFRS.

PROFIT AND LOSS NGAAP TO IFRS

(Amounts MNOK)	NGAAP 2005	Transition-effect	IFRS 2005
Operating income			
Transport revenue	3 524		3 524
Other operating income	207		207
Total operating income	**3 731**	**0**	**3 731**
Operating expences			
Payroll and related cost	1 201	9	1 210
Depreciation, impairment	404	-51	353
Other operating expenses	1 877	-16	1 861
Total operating expences	**3 482**	**-58**	**3 424**
Operating profit/loss	**249**	**58**	**307**
Financial items			
Financial income	530	-54	476
Financial expenses	178	-52	126
Net financial expenses	**352**	**-2**	**350**
Pre tax profit/loss for ordir	**601**	**56**	**657**
Taxes	186	16	202
Net profit for the yea	**415**	**40**	**455**

Comments:

Staff costs

9 MNOK is the net effect of the change in pension costs due to the conversion to IFRS.

Depreciation

52,4 MNOK is the retrospective effect of the decomposition due to the conversion to IFRS.

Other fixed assets

Lower operating costs as long term maintenance of rolling stock is being dealt with as a separate component within the tangible fixed assets. These components are capitalized and depreciated over the estimated usable life time of the component up until the next service is due.

Finance costs

The financial assets and liabilities are at the transition measured at fair value. Changes in fair value are then recognised in profit or loss

Tax

The amended profit/loss has resulted in an amended amount of tax..

Notes 31.12.2006

BALANCE SHEET NGAAP TO IFRS 1JANUARY 2006				
(Amounts MNOK)	NGAAP 2 005	Transaction effect	Reclassi-fication	IFRS 1. jan. 2006
ASSETS				
Property,plant and equipment	4 554	704		5 258
Financial assets	5 194	(119)		5 075
Total non-current assets	**9 748**	**585**	**0**	**10 333**
Inventories	62			62
Trade receivables	17			17
Receivables NSB-Group	423	(395)		28
Other current receivables	380			380
Financial assets at fair value	140		62	202
Cash and cash equivalents	41			41
Total current assets	**1 063**	**(395)**	**62**	**730**
Total assets	**10 811**	**191**	**62**	**11 064**
EQUITY AND LIABILITIES				
Ordinary shares and share prer	5 536			5 536
Retained earnings	1 288	64		1 352
Minority interests	0			0
Total equity	**6 824**	**64**	**0**	**6 888**
Retirement benefit obligation	1	243	41	285
Deferred income tax liabilities	438	(13)		425
Borrowings	1 880	135	(76)	1 939
Provisions for other liabilities an	262	0		262
Total non-current liabilities	**2 581**	**365**	**(35)**	**2 911**
Trade payables	107			107
Payables NSB-Group	183			183
Other payables	**1 116**	**(238)**	**97**	**975**
Total current liabilities	**1 406**	**(238)**	**97**	**1 265**
Total liabilities	**3 987**	**127**	**62**	**4 176**
Total equity and liabilities	**10 811**	191	62	11 064

Comments:

The effect of the conversion as of 31 December 2005:

NSB AS equity consequences regarding the principal items in the financial statements during the conversion to IFRS:

- Fixed assets: the consequences of the decomposition have resulted in a carrying value correction of 704 MNOK,
- Pension cost: adjusted estimated actuarial losses/gains recognised to equity of 243 MNOK
- Financial items: adjustment for fair value recognised an effect on the equity of net 135 MNOK

In addition, there are a considerable number of reclassifications during the conversion which do not have an effect on equity.

- Such as derivatives and associates are showed separately

EQUITY (mnok)	
EQUITY 1. january 2005 NGAAP	**6 525**
Adjustment of equity IFRS January 2005	92
Total equity after conversion t	**6 433**
Net profit 2005 after conversion	455
Total equity after conversion to IFRS	**6 888**
Equity as of 31 December 2005 adjusted balance for IFRS	**6 888**
	0

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2 Shares in subsidiaries

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

(figures in MNOK) SUSIDIARIES	ACQUISITION DATE	REGISTERED OFFICE	VOTES & PROFITS	EQUITY	PROFIT/ LOSS	CAP. VALUE 31. DEC.
Nettbuss AS	1. des. 1996	Oslo	100 %	758	26	713
ROM eiendom AS	18. des. 1998	Oslo	100 %	574	39	440
Arrive AS	1. jul. 2001	Oslo	100 %	12	1	21
NSB Trafikkservice AS	1. okt. 2001	Oslo	55 %	2	-2	1
Finse Forsikring AS	1. des. 2001	Oslo	100 %	50	8	50
CargoNet AS	1. jan. 2002	Oslo	55 %	539	46	295
Mantena AS	1. jan. 2002	Oslo	100 %	202	1	250
NSB Eiendom AS	1. jan. 2002	Oslo	100 %	292	49	161
BaneStasjoner AS	2. jan. 2002	Oslo	100 %	0	0	0
NSB Anbud AS	1. apr. 2005	Oslo	100 %	20	4	16
SUM				**2 448**	**171**	**1 946**

3 Dividends / Earnings per share

The dividends for 2005, paid in 2006 were 246 MNOK (66,75 NOK per share). A dividend in respect of the year ended 31 December 2006 of 103,10 NOK per share, amounting to a total dividend of 380 MNOK, is to be proposed at the Annual General Meeting in 2007. These financial statements do not reflect this dividend payable.

All shares are owned by the Norwegian Ministry of Transport and Communication. Earnings per share for 2006 is 137 NOK (119 NOK).

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4 Segment information

At 31 December 2006, the Group has its main activities in the following segments:

1 Passenger train

GEOGRAPHICAL SEGMENTS

Revenue	**2 006**	**2 005**
Norway	3 828 858	3 714 120
Sweden	26 121	17 045
Denmark	0	0
Total	**3 854 979**	**3 731 165**
Total assets		
Norway	11 582 281	11 030 293
Sweden	0	0
Denmark	0	0
Total	**11 582 281**	**11 030 293**
Associates (note 6)	35 546	33 001
Unallocated assets	0	0
Total	**11 617 827**	**11 063 294**

The allocation is based on where the assets are located

Capital expenditure	**2 006**	**2 005**
Norway	463 634	680 475
Sweden	0	0
Denmark	0	0
Total	**463 634**	**680 475**

The allocation is based on where the assets are located

Analysis of revenue by category	**2 006**	**2 005**
Transport revenue	3 740 702	3 651 308
Sales revenue	0	147
Other revenue	114 277	79 710
Total	**3 854 979**	**3 731 165**

	2 006	**2 005**
Public purchase of services	1 533 635	1 527 087

Notes 31.12.2006

5 Property, plant and equipment

	Machinery and equipment	Transport-ation	Land & buildings	Under construction	Total
At 1 January 2005					
Cost	541 139	9 472 033	0	625 562	10 638 801
Accumulated depreciation	-357 246	-4 853 920	0	0	-5 211 166
Net book value	183 893	4 618 113	0	625 562	5 427 568
Year ended 31 December 2005					
Opening net book value	183 893	4 618 113	0	625 562	5 427 568
Additions	161 734	207 099	0	311 642	680 475
Disposals			0	-496 973	-496 975
Depreciation	-69 502	-283 761	0	0	-353 264
Impairment	0	0	0	0	0
Closing net book value	276 125	4 541 451	0	440 229	5 257 805
At 31 December 2005					
Cost	702 873	9 746 078	0	440 229	10 889 180
Accumulated depreciation	-426 748	-5 204 627	0	0	-5 631 375
Net book value	276 125	4 541 451	0	440 229	5 257 805
Year ended 31 December 2006					
Opening net book value	276 125	4 541 451	0	440 229	5 257 805
Additions	14 530	150 924	0	298 180	463 634
Disposals	-6 751	-7 137	0	-173 537	-187 425
Depreciation	-50 644	-321 362	0	-3 495	-375 502
Impairment	0	0	0	0	0
Closing net book value	233 260	4 363 600	0	561 380	5 158 240
At 31 December 2006					
Cost	708 181	9 041 616	0	564 874	10 314 671
Accumulated depreciation	-474 921	-4 678 016	0	-3 495	-5 156 432
Net book value	233 260	4 363 600	0	561 380	5 158 240

Lease rentals relating to lease of machinery amounts to 0 TNOK (0 TNOK), and property 4000 TNOK (4000 TNOK). This year's recognized interest on building loan is 2 635 TNOK (0TNOK). Average rate is 5,03% (0,00%). Bank borrowings are secured on land and buildings for the value of 0 TNOK (0 TNOK)

Economic life for technical division's plant and equipment
The Group's management determines economic life and depreciation plan for property, plant and equipment. Management will increase deprecation if expected economic life is shorter than earlier estimated. Possible obsolescent technical assets or non-strategically assets that are no longer in use will be impaired.

6 Investments in associates

	2006	2005
Sales analysis per category		
Book value 1 January	33 001	14 403
Acquisition of subsidiary	3 444	17 092
Impairment of subsidiary	0	-5 033
Share of profit/loss	- 899	6 539
Book value 31 December	**35 546**	**33 001**

Share of profit/loss is after tax, minority interests of associates and paid dividend.

Investments in associates at 31 December 2006 include goodwill of 0 TNOK (2005: 0 TNOK).

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The Group's share of results of its principal associates, all of which are unlisted, and its share of the assets (including goodwill and liabilities) are as follows:

	Registrered office	Assets	Liabilities	Revenues	Proft/loss	% interest held
2005						
Tågkompaniet	Stockholm	24 421	14 852	97 285	4 374	34
Oslo S Parkering AS	Oslo	35 272	31 696	5 100	2 165	25
Linjearkitekter	Oslo	314	203	768	0	30
Total		**60 007**	**46 751**	**103 153**	**6 539**	
2006						
Tågkompaniet	Stockholm	I/T	I/T	75 744	- 558	34
Oslo S Parkering AS	Oslo	34 448	30 966	5 303	-341	25
Linjearkitekter	Oslo	402	189	806	0	30
Total		**34 850**	**31 155**	**81 853**	**- 899**	

7 Derivatives

	2006		2005	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps – fair value hedging	8 090	-44 876	3 370	-77 203
Foreign currency swaps and power-fair value hedging	63 562	-12 570	59 083	-31 836
Total	**71 652**	**-57 446**	**62 453**	**-109 039**
Non-current portion				
Interest rate swaps – fair value hedging	0	0	0	0
Foreign currency swaps and power-fair value hedging	0	0	0	0
Total	**0**	**0**	**0**	**0**
Current portion	**71 652**	**-57 446**	**62 453**	**-109 039**

The Group does not use hedge accounting and derivates are thus classified as short term assets or contractual obligations

Interest rate swaps
The notional principal amounts of the outstanding interest rate swap and currency swap contracts at 31 December were NOK 2 040 000 (NOK 2 130 000).
At 31 December 2006, the fixed interest rates vary from 3,80 % to 5,00 % (2005: 2,45 % til 3,94 %)
The main floating rates are EURIBOR and LIBOR.

8 Trade and other receivables

	2006	**2005**
Trade receivables incl. provision for impairment	35 470	46 489
Prepayments	136 630	128 781
Other receivables	58 597	223 281
Receivables from related parties (note 24)	16 645	29 238
Loans to related parties	3 294 246	3 505 516
Total	**3 541 588**	**3 933 305**
Non-current receivables	3 300 915	3 507 685
Current trade and other receivables	240 673	425 620

Notes 31.12.2006

Fair value of trade and other receivables are as follows:

9 Inventories

	2006	2005
Finished goods	0	62 378
Total	**0**	**62 378**

10 Financial assets at fair value through profit or loss

	2006	2005
Listed securities:		
Bonds and certificates	322 118	139 936
Total	**322 118**	**139 936**

The carrying amount of the financial assets above is presented as follows:

	2006	2005
Presented with fair value through profit or loss when recognized for the first time	322 118	139 936
Total	**322 118**	**139 936**

Financial assets at fair value through profit or loss are presented within the section of operating activities as part of changes in working capital in the cash flow statement (Note 23)

Effective rate of return on short investments was 3,0% (2,1%). The investments have an average term to maturity of 20 days.

11 Cash and cash equivalents

	2006	2005
Cash and cash equivalents	540 371	40 634
Total	**540 371**	**40 634**

In the cash flow statement cash and cash equivalents constitutes the following:

	2006	2005
Cash and cash equivalents	540 371	40 634
Total	**540 371**	**40 634**

12 Share capital and share premium

	Number of shares (in tousand)	Ordinary shares	Share premium	Total
At 1 January 2005	**3 685**	**3 685 500**	**1 850 000**	**5 535 500**
Change in equity	0	0	0	0
At 31 December 2005	**3 685**	**3 685 500**	**1 850 000**	**5 535 500**
Change in equity	0	0	0	0
At 31 December 2006	**3 685**	**3 685 500**	**1 850 000**	**5 535 500**

There is only one class of shares, each share with a par value of 1000 NOK

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13 Trade and other payables

	2006	2005
Trade payables and other current liabilities	995 464	1 037 917
Payables to related parties (note 24)	79 335	47 088
Total	**1 074 799**	**1 085 005**

14 Borrowings

	2006	2005
Non-current		
Bonds	1 253 212	1 939 188
Other borrowings	211	148
Sum	**1 253 423**	**1 939 336**
Current borrowings		
Current portion of non-current borrowings	721 007	69 429
Total	**721 007**	**69 429**
Total borrowings	**1 974 430**	**2 008 765**

Total borrowings include secured liabilities (bank and collateralized borrowings) of 1.974 MNOK (2.008 MNOK).

Non current borrowings expire in:	2006	2005
Between 1 and 2 years	0	667 816
Between 2 and 5 years	0	0
Over 5 years	1 253 423	1 271 520
Total	**1 253 423**	**1 939 336**

Effective borrowing rate at the balance sheet date:

	2006				2005			
	NOK	**SEK**	**€**	**Other**	**NOK**	**SEK**	**€**	**Other**
Mortgage loan	0,00	0,00	0,00	0,00	3,25	0,00	0,00	0,00
Bonds	3,93	0	4,27	0,00	3,08	0,00	3,35	0,00

The carrying amounts and fair value of the non-current borrowings are as follows:

	Book value		Fair value	
	2006	**2005**	**2006**	**2005**
Mortgage loan	0	0	0	0
Bonds	1 253 212	1 939 188	1 253 212	1 939 188
Other loans	211	148	211	148

Fair value is estimated by discounting the cash flows from the borrowings by a discount rate of NIBOR, STIBOR and EURIBOR ((2005: NIBOR, STIBOR and EURIBOR)

The fair value of current borrowings is close to their carrying amount

Book value of the companies borrowings in foreign exchange are:

	2006	2005
NOK	686 927	704 174
€	1 287 503	1 304 591
Total	**1 974 430**	**2 008 765**

The Group has the following un-drawn borrowing facilities:

Notes 31.12.2006

	2006	2005
Floating rate:		
– Expiring within one year	50 000	50 000
– Expiring beyond one year	1 000 000	1 000 000
Total	**1 050 000**	**1 050 000**

The facilities expiring within one year are annual facilities subject to review at various dates during 2007. The other facilities have been arranged to help finance the proposed expansion of the Group's activities in Europe.

15 Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2006	2005
Deferred income tax assets		
– Deferred income tax asset to be recovered after more than 12 months	196 238	289 850
– Deferred income tax asset to be recovered within 12 months	0	0
	196 238	289 850
Deferred tax liabilities:		
– Deferred income tax liability to be recovered after more than 12 months	-833 408	-604 391
– Deferred income tax liability to be recovered within 12 months	-10 199	-110 482
	-843 607	-714 873
Deferred income tax liabilities (net)	-647 369	-425 023

The gross movement on the deferred income tax account is as follows:

	2006	2005
Book value 01.01	-425 023	-222 591
Income statement charge (note 21)	-222 346	-218 382
Tax charged directly through equity	0	15 950
Book value 31.12	-647 369	-425 023

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities	**Accelerated tax depreciations**	**Receivables**	**Profit/Loss**	**Other**	**Total**
1 January 2005	-736 002	94 202	-79 677	0	-721 477
Income statement charge	-25 296	15 965	15 935	0	6 604
31 December 2005	**-761 298**	**110 167**	**-63 742**	**0**	**-714 873**
Income statement charge	-31 406	-110 076	12 748	0	-128 734
31 December 2006	**-792 704**	**91**	**-50 994**	**0**	**-843 607**

Deferred tax assets	**Provisions**	**Impairments**	**Forwarded loss**	**Other**	**Total**
1 January 2005	175 370	0	286 065	37 451	498 886
Income statement charge	-23 785	0	-170 958	-14 293	-209 036
31 December 2005	**151 585**	**0**	**115 107**	**23 158**	**289 850**
Income statement charge	22 985	0	-115 107	-1 490	-93 612
31 December 2006	**174 570**	**0**	**0**	**21 668**	**196 238**

16 Retirement benefit obligations

Notes 31.12.2006

The Company has several collective pension agreements. The obligations connected to these agreements covers 2.512 employees and 1.447 retirees. The benefit pension plans entitle defined future services. These services are mainly dependent on the number of contribution years, wage level at the time of retirement and the contribution from the National Insurance Scheme. The obligations are covered through insurance companies.

The companies have, through tariff agreements, retirement benefit obligations in affiliation with Early Retirement Pension Regulated by Contract (AFP). The agreements are better than the requirements for Mandatory Occupational Pension (OTP). Liabilities arising from this agreement cover 2.763 employees. The agreement is treated according to IAS 19.

Pension benefits

The amount recognised in the balance sheet is determined as follows:

	2006	**2005**
Present value of funded obligations	4 469 349	2 628 124
Present value of plan assets	-2 777 338	-2 910 408
Total	-1 692 011	-1 592 346
Present value of unfunded obligations	-667	-1 699
Unrecognised actuarial losses	1 252 531	-1 305 727
Liability in the balance sheet	-438 813	-284 920

The amounts recognised in the income statement are as follows

	2006	**2005**
Current service cost	149 717	99 240
Interest cost	171 997	124 002
Expected return on non plan assets	-132 521	-127 365
Changes and deviations in estimates allocated to net income.	60 045	-611
Total, included in employee benefit expense (note 19)	249 238	95 266

The movement in the liability recognised in the balance sheet is as follows:

	2006	**2005**
Book value 01.01	284 920	283 527
Total expense charged in the income statement	249 238	95 266
Contributions paid	-95 345	-93 873
Book value 31.12	**438 813**	**284 920**

The principal actuarial assumptions used were as follows:

	2006	**2005**
Discount rate	4,41	4,30
Expected return on plan assets	5,00	5,00
Future salary increases	4,35	4,20
Future pension regulation	4,10	4,00

Assumptions regarding future mortality are set based on published statistics and experience in each territory.

The average life expectancy in years of pensioner retiring at age 65 is as follows:
- Male: 17,6 years
- Female: 19,9 years

Notes 31.12.2006

17 Provisions for other liabilities and charges

	Environmental pollution	Other liabilites	Pay – Reorganization Obligation	Other	Total
At 1 January 2006	135 000	5 091	118 375	3 800	262 266
Charged/Credited(-) to the income Statement					
– Additional provisions	-39 600	0	-20 000	0	-59 600
– Unused amounts reversed	0	-509	0	0	-509
Provision charge – interest (note 20)	0	0	48	0	48
Used during year	0	-1 911	-11 842	-3 800	-17 553
At 31 December 2006	95 400	2 671	86 581	0	184 652

Analysis of total provisions	**2006**	**2005**
Non-current	184 652	262 266
Current	0	0
Total	**184 652**	**262 266**

Pay – reorganization liability

In connection to formation of NSB AS the company acquired a liability to refund pay for employees that are laid off due to redundancy before 1. January 2005. NSB was however compensated with a limited calculated amount, which 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 to the formation of NSB BA 1 December 1996 is covered by the company. To account for these estimated liabilities, accruals have been made for both expectations of cases currently being handled and justifiable cases not yet reported.

Environmental pollution.

As a train and workshop operator as well as a real estate owner, the NSB Group has a considerable responsibility for pollution that occurs due to operations. A quantification of any known liabilities is accrued for on a regular basisy. The accrual is reversed based on actual cost as the clean-up processes progress.

Legal disputes

The NSB group is involved in legal disputes. Accruals are made for disputes where it appears to be a probable and qualified risk of loosing.

18 Other expenses

	2006	**2005**
Sales and overhead expenses	312 063	318 538
Other operating expenses	1 473 052	1 542 721
Total	**1 785 115**	**1 861 259**

Auditing fees:	**2006**	**2005**
Auditing	663	662
Other services	1 571	528
Total	**2 234**	**1 190**

Notes 31.12.2006

19 Employee benefit expense

	2006	2005
Wages and salaries including social security costs	1 170 426	1 108 204
Pension costs – defined benefit plans (note 16)	249 238	95 266
Other employee benefit expenses	-11 036	6 185
Total	**1 408 628**	**1 209 655**

Restructuring costs is included in wages and salaries and is TNOK 0 for 2006 (2005: TNOK 0).

	2006	2005
Average man-labour year	2366	2489
Average number of employees	2774	2889

The calculation is based on a weighted average based on the true number of man-labour year through 2006.

20 Financial income and expense

	2006	2005
Interest income	169 694	113 444
Dividend	7 480	0
Other financial income	397 294	341 799
Net foreign exchange gains on financing activities	-13 656	-820
Fair value gains on financial instruments	96 341	0
Interest expense	-119 513	-109 778
Other financial expenses	-2 084	-1 636
Total	**535 556**	**343 009**

All foreign exchange differences (charged)/credited to the income statements are included above.

21 Tax

	2006	2005
Tax payable	12 952	0
Change in deferred tax (note 15)	222 346	201 699
Total tax	**235 298**	**201 699**

The tax on the company profit before tax deviates from the amount calculated using the Group's weighted average tax rate. Explanation of the deviation is as follows:

	2006	2005
Net income before tax	820 391	656 535
Tax, computed using the different countries tax rate	229 709	183 830
Non-taxable income	-2 094	-10
Non-fiscal deductible expenses	1 131	17 879
Not enough purposed tax in prior years	6 552	0
Tax cost	**235 298**	**201 699**

Weighted average tax rate was 33% (2005: 28%)

22 Net foreign exchange (losses)/gains

The exchange differences (charged)/credited to the income statement are included as follows:

	2006	2005
Included in financial income and expenses	-13 656	-820
Included in operating expenses	0	0
Total	**-13 656**	**-820**

Notes 31.12.2006

23 Cash generated from operations

	2006	2005
Net income before minority interests	585 090	454 836
Current tax	12 952	0
Changes in deferred tax	222 346	201 699
Income tax expense	235 298	201 699
Depreciation	375 501	353 264
Reduced maintenance costs		-15 946
Gains on disposal of property, plant and equipment	0	-147
Loss on disposal of property, plant and equipment		
Net profit/loss(-) on disposal of property, plant and equipment	0	-147
Difference in pension cost through profit and loss and payment/disburse of the defined contribution plan	153 893	1 992
Other accruals	-77 614	-80 626
Fair value gains on derivative financial instruments	-60 792	46 640
Net foreign exchange (losses)/gains	-20 700	12 920
Changes in balance sheet accounts (excluding acquisitions of subsidiaries, joint ventures and foreign exchange differences)		
Inventories	62 378	-62 378
Trade and other receivables	180 447	265 943
Other financial assets at fair value through profit and loss	-182 182	861 543
Trade and other payables	-10 206	19 916
Cash generated from operations	**1 241 113**	**2 059 656**
In the cash flow statement, proceeds from sale of property, plant and equipment comprise of		
Net book value	0	108
Profit/loss (-) on disposal of property, plant and equipment	0	147
Proceeds from disposal of property, plant and equipment	**0**	**255**

Notes 31.12.2006

24 Related parties

NSB AS is owned 100 % by the Norwegian Government through the Ministry of Transport and Communication

The following are defined as related parties

- The Ministry of Transport and Communication including its agencies and municipal undertakings. The only unit defined as a related party to the NSB Group is the Norwegian National Rail Administration. In addition comes the public purchase of passenger traffic services through the Ministry of Transport and Communication (note 8). Transactions with other companies than those mentioned are considered not substantial.

- Companies in the NSB Group
- The Board of Directors and key management.

It is established contracts and agreements to secure that transactions with related parties are based on market prices.

Sales of goods and services

	2006	2005
Public purchase of passenger services	1 510 000	1 502 000
Sales of other goods and services	104 542	100 831
Total	**1 614 542**	**1 602 831**

Purchase of goods and services

Purchase of goods and services	**897 410**	**963 407**

Key management compensation	(figures in TNOK)		
Members of the board :	**Title**	**2006**	**2005**
Ingeborg Moen Borgerud	Chairman of the Board	300	257
Christian Brinch	Vice Chairman of the Board	180	153
Bård Nordheim	Member of the Board	84	129
Jon L. Gjemble	Member of the Board	66	not in BOD 2005
Bente Hagem	Member of the Board	150	129
Tore H. Rasmussen	Member of the Board	150	129
Øystein Aslaksen	Leader of Norsk lokmannsforbund	150	129
Ole Roger Berg	Staff representative (incl. wage as employee)	405	480
Ole Reidar Rønningen	Staff representative (incl. wage as employee)	507	496
Øystein Sneisen	Staff representative (incl. wage as employee)	447	not in BOD 2005
		2 139	**1 645**

All employees are included in the collective pension agreement. The agreement premiums are not included above. For NSB AS the General Meeting has approved a fee for the Chairman of the Board of 300 TNOK, Vice Chairman 180 TNOK and the other board members 150 TNOK each. No fees are paid to the board members employed in the NSB Group. Fees for the staff representatives include their wages as an employee. Bård Norheim and Ole Roger Berg were members of the Board until June 2006. New Board members are Jon L. Gjemble and Øystein Sneisen

Group management	**Title**	**2006**	**2005**
Einar Enger	Chief Executive Officer	3 327	3 262
Rolf Roverud	Vice Chief Executive Officer/ Executive Officer NSB Persontog	2 782	2 580
Kjell Haukeli	Chief Financial Officer	1 296	1 277
Arne Fosen	Chief of Strategic operations	1 492	1 502
		8 896	**8 621**

Group management are included in the collective pension agreement
The agreement premiums are not identified and therefore not included above. The Group's top Management has an additional pension agreement. This is included above.

The CEO has an agreement to ensure that his total pension will be 66% of his salary at retirement. The CEO can apply for early retirement when he turns 60 years old. If the CEO has held his position for at least five years at the time of his departure, he will be granted full pension rights at age 62. The pension will be coordinated to include earnings from prior employments. The CEO has an agreement of maximum 2 years pay if asked to resign by the Board of Directors. The CEO has no bonus agreement.

Notes 31.12.2006

Year-end balances arising from sales/purchases of goods/services

	2006	2005
Receivables from related parties		
Companies in the NSB Group	16 645	29 238
Business owned by the Government through Ministry of Transport and Communication	4 512	543
Total	**21 157**	**29 781**
Payables to related parties		
Companies in the NSB Group	79 335	47 088
Total	**79 335**	**47 088**

Loans to related parties	**2006**	**2005**
Companies in the NSB Group	3 294 246	3 505 516
Total	**3 294 246**	**3 505 516**

Guarantees

The company has placed a guarantee for an agreement concerning traffic. The guaranty is TNOK 69 540 (2005: TNOK 69 540). The loan will be paid back in 2019.

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 make changes to their pension plan that affects the commitment, without approval by the Board of NSB AS.

25 Contingencies

The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

During incorporation of NSB BA in 1996 the company statutory transferred properties belonging to the administration company NSB. The process of the statutory transfer is not yet fulfilled. For some of the transfers concerning sold properties, the approval of the Norwegian National Rail Administration has been required.

26 Commitments

	2006	**2005**
Lease of machinery/equipment and other not recognized tangible assets	1 679	3 174
External lease of property	3 826	4 571
Internal lease of property	76 633	74 043

All objects are leased on terminable contracts

Operational leases
NSB also leases several plants and machines where the lessee has the right to terminate the contract.

27 Business combinations

On 10 January 2006, NSB AS acquired remaining 66% of the share capital of Svenska Tågkompaniet AB and the purchase was settled in cash. The value of the company relates to property, plant and equipment, accounts receivable and continuing contracts. Purchase consideration is not presented because of ongoing negotiations and no final settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DEC. 2006

PRINCIPLE NOTES

NOTES TO THE ANNUAL REPORT AND ACCOUNTS

The consolidated financial statements were approved by the Board of Directors on 8 March 2007.

ACCOUNTING PRINCIPLES

1 General information

NSB AS (the Company) and its subsidiaries ('the Group') do business in the market of passenger and freight transportation, in addition to business which is naturally connected to this. The group also does business in real-estate.
The group has its main office in Oslo.

Financial statements for the year 2005
These consolidated financial statements where approved by the Board of Directors on 9 March 2006. The Board recommended a dividend of 116 MNOK. The Annual Shareholders' Meeting held on 23 May approved a dividend of 246 MNOK. The allocation of the result in these financial statements was therefore reviewed again and approved in a Board meeting on June 15, 2006. The Board and the auditor issued new reports and the financial statements have been adapted in accordance with the latest approval.

Transisjon to IFRS
The Board approved on 9 March 2005 that the NSB Group will adapt IFRS as accounting principles with effect from 2006. The financial statements for 2005 have been adapted, and the IFRS-effects on equity are a reduction of 59 MNOK. The result for 2005 is increased by 113 MNOK due to the IFRS-transition, an improvement in the result from 328 MNOK to 441 MNOK. The change is presented in note 1.

2 Summary of significant accounting policies

The most important accounting principles which have been used to produce the Group accounts have been described below. The same principles have been used consequently throughout all periods, as long as nothing else is stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU. The numbers for the year 2005 have been translated into IFRS. Information required by IFRS 1 and recommended by Oslo Stock Exchange is shown in note 1.

The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the notes.

Standards, interpretations and amendments to published standards not yet effective
Certain new standards, amendments and interpretations to existing standards have been published which are mandatory for the Group's accounting periods from 2007 and for later periods but which the Group has not early adopted, as follows:

- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures** (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. TheGroup assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

Standards, interpretations and amendments effective from 2006, which are not relevant for The Group
The following standards, interpretations and amendments are mandatory for the accounting periods beginning on 1 January 2006 or for later periods but which has been considered not to be relevant for The Group::
IAS 21 (Amendment), Net investment in a Foreign Operation
IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions
IAS 39 og IFRS 4 (Amendment), Financial Guarantee Contracts
IFRS 6, Exploration for and Evaluation of Mineral Resources
IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards og
IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources

IFRIC 4, Determining whether an Arrangement contains a Lease
IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6, Liabilities arising from Participation in a Specific Market – Waste Electrical and Electronic Equipment

Interpretations to existing no effective standards which the Group has not early adopted
The following interpretations to existing standards have been published which are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or for later periods but which the Group has not early adopted.

IFRIC 8, Scope of IFRS 2 (effective from 1 May 2006 or later). According to IFRIC 8 transactions regarding issuance of equity instruments – where compensation is lower than fair value on the issued equity instruments – should be considered in accordance with IFRS 2. The Group will adopt IFRIC 8 from 1 January 2007 but is considered to be of any consequence for the financial statements.

Interpretations to existing non effective standards which have no relevance for the Group
The following interpretations to existing standards are mandatory for the Group regarding the accounting periods after 1 march 2006, but the management has considered these interpretations of no relevance to the Group.

IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006 or later). In case of hyperinflation in connection with the company's functional currency and this were not the case in the prior period, IFRIC 7 gives directives to the use of IAS 29. None of the Group's associates do have functional currency related to hyperinflationary economics and IFRIC 7 is not relevant for the Groups activities.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered on the balance sheet date. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The subsidiaries are excluded from the consolidation from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.
The cost of an acquisition is measured as the fair value of: the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. The gains or losses incurred on disposal of shares in subsidiaries to minority interests are recorded in the Group's income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(C) Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation.
The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.
The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 2.6).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services which are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns which are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in NOK, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in fair value of monetary securities denominated in foreign currency classified as available for sale are separated between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

(c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised as a separate component of equity (cumulative translation adjustment).

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity on consolidation. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

All property, plant and equipment (PPE) is shown at cost less subsequent depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Investment properties, mainly office building, are held to earn rentals or for capital appreciation or both. These buildings are not utilized by the Group. Investment properties are shown at cost less subsequent depreciation.

Borrowing costs accrued during construction of PPE, are capitalized until the asset is ready for intended use.
Land and houses are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

Railroad vehicle	10 – 30 år
Buses	6 – 12 år
Buildings	10 – 50 år
Other fixed assets	5 – 30 år

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An impairment loss is recognise when the estimated recoverable value of the asset is less than its carrying value. (see Note 2.7).
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Property, plant and equipment (groups of disposals) appointed for sale
Fixed assets (or groups of disposals) classified as assets appointed for sale is recognised at the lower of balance sheet value and fair value deducted sales cost if balance sheet value mainly is recovered by a sales transaction rather than continued use.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units at the acquisition date for the purpose of impairment testing. Each of those cash generating units represents the Group's investment in each country of operation by each primary reporting segment.

2.7 Impairment of assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Investments

The Group classifies its investments in the following categories: a) financial assets at fair value through profit or loss, b) loans and receivables, and c) available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current if they are either held for trading, or are expected to be realised within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (see Note 2.11).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category, or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on transaction date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs, for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired, or have been transferred, and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments, are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within 'other (losses)/gains - net' in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. Write-down is performed if the decrease in value is considered material and permanent. What is considered material and permanent depends on the volatility in the values. For assets in this category in which there are no quoted values, this can be difficult.

2.9 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

a) hedges of the fair value of recognised assets, or liabilities, or a firm commitment (fair value hedge)
b) hedges of highly probable forecast transactions (cash flow hedge)
c) hedges of net investments in foreign operations.

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective, and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values, or cash flows of hedged items. Such evaluations are documented both at the beginning of the hedge transaction, and through the hedging period.

The fair values of various derivative instruments used for hedging purposes, are disclosed in the notes. Movements on the hedging reserve in shareholders' equity are shown in Note 16. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining hedge item has more than 12 months to maturity, and as a current asset or liability, if the remaining maturity of the hedged item has less than 12 months to maturity. Trading derivatives are classified as a current asset or liability.

Principally the group defines its derivatives as held for trading purposes, and thus as a main rule does not employ hedge accounting. Since debt is normally accounted for at fair value, the fair value of derivatives will mainly correspond to fair value of the debt that the derivatives are related to. This means that the value changes in derivatives will be included in the income statement, and classified as short term debt, or current asset in the balance sheet statement.

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement as net loss/profit, or as net financial expenses in the Group's financial statements. The Group normally treats derivatives this way, even if the derivative could qualify for hedge accounting.

The Group completes financial hedging by purchase of energy using energy derivates traded on NordPool These energy derivates are recognised at fair value in the income statement.

(a) *Fair value hedge*

Changes in the fair value of derivatives which are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability which is attributable to the hedged risk. Profit or loss from the effective part of interest rate swaps that hedges fixed rate loans is accounted for as financial expenses. Profit or loss from the ineffective portion is recognized as "other net loss/profit". Changes in fair value of the hedged fixed rate loan which can be referred to hedged interest risk is recognized as a "financial expense".

If the hedge no longer fulfils the criteria for hedge accounting, the accounted effect of the hedge for hedging items which is recognized as amortized cost will be amortized over the time to maturity.

(b) *Cash flow hedge*

The effective portion of changes in the fair value of derivatives which are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement during periods when the hedged item will affect profit or loss (for example, when the forecast sale that is hedged occurs). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognized in the income statement within 'sales'. However, when the forecast transaction which is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) *Net investment hedge*

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises of design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Borrowing costs are excluded in accordance with IFRS 23. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory costs include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchase of raw material.

2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised as sale and marketing cost in the income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.13 Share capital

Ordinary shares are classified as equity.

2.14 Borrowings

External fixed rate bonds are recognised initially at fair value including accompanying interest rate derivatives and to be reported to the company management. Changes in fair value are recognised in the income statement.

Other borrowings, bank loans with floating interest, inter-company loans etc are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The difference between the unsettled amount of loan (excluding transaction costs) and amount payable at maturity is recognised over the period of borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date, and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits

(a) Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit plans and defined contribution plans.

A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contribution into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Most of the Groups employees in Sweden have pension rights and the companies liabilities are funded in ALECTA. This is a multiemployer plan and the employer is responsible for contributions until payment. Due to ALECTAs lack of ability to provide satisfactory documentation for evaluation of the liabilities and assets, the pension plan is treated as a defined contribution plan.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses, and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates of high-quality corporate bonds which are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets, or 10% of the defined benefit obligation are spread to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

2.17 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability. The increase in the provision due to passage of time is recognized as interest expense.

2.18 Accounts payable

Accounts payable are recognised at fair value at initial recognition. Subsequently accounts payable are measured at fixed amortised cost using the effective rate method.

2.19 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows: The Group's income is principally covered by; passenger transport, goods transport and rental and sale of real estate.

(a) Sales of transport and real estate services

Sales of services are recognised in the accounting period in which the services are performed. The government's purchase of passenger traffic services is also recognised in the period in which the delivery is performed. Income from rental of real estate is recognised during the term of the leasing agreement. Income from sale of real estate is recognised in the period where risk and control is transferred to the buyer. This implies mainly that income is considered acquired on the time of the acquisition.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.20 Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.21 Dividend distribution

The dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements during the period in which the dividend is approved by the Company's shareholders.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose the group to a variety of financial risks: market risk (including currency risk, fair value and interest rate risk) credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Guidelines are established to regulate the loan share where interest rate is to be regulated over a 12 month period and for the portfolio fixed rate period.

(a) *Market risk*

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from recognised assets and liabilities and net investments in foreign operations.

For segment reporting purposes, each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign Currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(b) *Credit risk*

The Group has no significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The Group has policies which limit the amount of credit exposure to any financial counterpart.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

(d) *Interest rate risk*

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Loans with floating interest rate involve a Group cash flow interest rate risk.

The Group administrates the floating interest rate risk using floating-to-fixed interest rate swaps: Interest rate swaps imply conversion from floating interest rate loans to fixed interest rate loans. Through the interest rate swaps, the Group enters into contracts with counterparties to exchange the difference between the contract's fixed interest rate and the floating interest rate estimated in accordance with the agreed upon principal amount.

3.2 Fair value estimation

The Group uses a variety of methods and makes assumptions which are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps are calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate which is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination are made.

c) Fair value of derivatives and other financial instruments

The fair value of financial instruments which are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Group uses discounted cash flow analysis for various available-for-sale financial assets that were not traded in active markets.

d) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its sales of services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2006

1 Conversion to IFRS 2005

NSBAS (company) and its subsidiaries (the Group) do business in the market of passenger and freight transport, in addition to business which corresponds naturally with this. The Group also has real estate operations. NSB's head office is located in Oslo.

Conversion to IFRS

The Groups board decided on 9 March 2006 that the NSB Group would report using the IFRS accounting principals with effect from 2006.
The financial statements as of 31 December 2006 are the first prepared financial statements based on the IFRS accounting principles. The principles applied are described in “Principle notes to the financial statements”. The company's preparation of the financial statements has been based on IFRS1. According to IFRS1, 1 January 2005 is the date for the conversion from NGAAP to IFRS and accordingly comparable figures for 2005 have been prepared. Described below, are the most significant consequences regarding the conversion from NGAAP to IFRS.

The basis for the implementation of IFRS.

- The fundamental principle when converting to IFRS is to consider the assets at historical cost, some assets are considered to fair value on the date of conversion.
- Unrealised changes in estimates connected to pensions are reset and recognised to equity on the date of conversion.

Presentation – corrections in statements as a consequence of IFRS

- When converting to IFRS, it is optional to prepare the financial statements by category or functional. NSB have chosen the category presentation method.

The table below regarding 2006 including comparable figures for 2005 indicates the corrected items including comments on why the corrections are made.

BALANCE SHEET AT THE TRANSITION FROM NGAAP TO IFRS 1. JANUARY 2005 (In millions)	NGAAP 2005	Transaction-effect	IFRS 2005
ASSETS			
Intangible assets	195	9	204
Fixed assets investments	8 772	(314)	8 458
Financial assets	229	(84)	145
Total non-current assets	9 196	(388)	8 808
Inventories	293	1 000	1 293
Trade receivables	391	0	391
Other current receivables	907	0	907
Financial instruments	1 330	0	1 330
Cash and cash equivalents	781	0	781
Total current assets	3 702	1 000	4 702
TOTAL ASSETS	12 898	611	13 509
EQUITY AND LIABILITIES			
Shareholders' equity	5536	0	5 536
Retained earnings	280	(59)	221
Total equity	5 816	(59)	5 757
Minority interests	203	0	203
Retirement benefit obligations	73	579	652
Deferred income tax liabilities	164	(7)	157
Borrowings	3 624	(1 703)	1 921
Other non-current liabilities	407	238	645
Total non-current liabilities	4 268	(892)	3 376
Trade and other payables	439	0	439
Current income tax liabilities	3	0	3
Unpaid public taxes	197	0	197
Other current liabilities	1 972	1 563	3 535
Total current liabilities	2 611	1 563	4 174
Total liabilities	7 082	671	7 550
TOTAL EQUITY AND LIABILITIES	12 898	611	13 509

Comments:

Non-current assets

According to IFRS 16, assets should be decomposed. An analysis of assets recognised in the balance sheet indicates that the assets in question are rolling stock. When using NGAAP, the Group recognised the main refurbishment currently, but when using IFRS refurbishments will be capitalised and written off during the refurbished interval. At the conversion to IFRS the value of the historical refurbishments are calculated based on the individual refurbishments remaining effective time of life. This involves an increase of value on the rolling stock as of 1 January 2005.

Properties within the real estate business, will be reclassified as inventories (properties under development) 988 MNOK and properties for sale 12 MNOK. In addition the decomposition of rolling stock has been completed with retrospective effect. This has resulted in an increase in book value by 532 MNOK. The net reduction of tangible fixed assets of 314 MNOK is a result of the reclassification and the decomposition of rolling stock.

A further reclassification between investment properties and buildings/plant has been completed within the category tangible fixed assets. The Group has made a decision to account for investment properties based on historic cost using IAS 40. This has no effect on equity.

Intangible assets

An effect of 9 MNOK relating to deferred tax for the Bus operations has been entered in the accounts..

Non-current liabilities

"Fair value option" (FVO) is defined by the valuation of certain financial instruments. With effect from 1 January 2005 all loans which are reported at fair value have been recalculated. The implementation effect of 152 MNOK, results in an increased carrying value on loans. The change in market rates will have an effect on the Groups interest charges, due to the choice of FVO as accounting principal. The interest charges will now follow the market rate. Financial liabilities which are due within 12 months after the balance sheet date are classified as current liabilities.

Deferred tax

Deferred tax is reduced by 7 MNOK. This is mainly due to the change in accounting principals for valuation of short term receivables, pension commitments and long term debt.

Retirement benefit obligations

The changes are caused by a gross effect due to an unrealised change in estimates relating to pensions being adjusted and reported against equity at the point of transition. In addition the pension commitments are reported at gross.

Other equity not reported

This shows the net effect of equity as a result of the transition to IFRS.

PROFIT AND LOSS NGAAP TO IFRS

(In millions)	NGAAP 2005	Transition-effect	IFRS 2005
Operating income			
Transport revenue	7 619	0	7 619
Gain on disposal of fixed assets	197	0	197
Other operating income	812	0	812
Total operating income	8 629	0	8 629
Operating expences			
Payroll and related cost	3 621	15	3 636
Depreciation, impairment	908	-52	856
Other operating expenses	3 511	-58	3 453
Total operating expences	8 040	-95	7 945
Operating profit/loss	589	95	684
Financial items			
Financial income	99	4	102
Financial expenses	186	-52	134
Net financial expenses	-87	56	-31
Pre tax profit/loss for ordinary activities	502	150	653
Taxes	172	37	209
Minority interests	-2	0	-2
Net profit/loss for the year	328	113	441
Allocation of net profit			
Dividends	116	-116	0
Allocation to owners equity	212	229	441
Total allocated	328	113	441

Comments:

Employee benefit expense

15,4 MNOK is the net effect of the change in pension costs due to the conversion to IFRS.

Depreciation

52,4 MNOK is the retrospective effect of the decomposition due to the conversion to IFRS.

Other non-current assets

Lower operating costs as long term maintenance of rolling stock is being dealt with as a separate component within the tangible assets. These components are capitalized and depreciated over the estimated usable life time of the component up until the next service is due.

Financial expenses

The financial assets and liabilities are at the transition measured at fair value. Changes in fair value are then recognised in profit or loss

Tax

The amended profit/loss has resulted in an amended amount of tax, which is 37 MNOK.

BALANCE SHEET NGAAP TO IFRS 1JANUARY 2006

	(amounts in MNOK)	NGAAP DEC 2005	Transaction effect	Reclassification	IFRS JAN 2006
Assets					
	Intangible assets	177,000	36,054	(6,018)	207,036
	Property,plant and equipment	8 600,000	759,003	(1 440,115)	7 918,888
	Investment property			278,754	278,754
	Investment in associates			91,572	91,572
	Financial assets	125,000		(94,185)	30,815
	Total non-current assets	8 902,000	795,057	(1 169,992)	8 527,065
	Inventories	267,000		1 043,568	1 310,568
	Assets held for sale			32,316	32,316
	Trade and other receivables	407,000		841,482	1 248,482
	Derivatives			62,453	62,453
	Other current receivables	840,000		(840,000)	0,000
	Financial assets at fair value	482,000		0,140	482,140
	Cash and cash equivalents	762,000		0,299	762,299
	Total current assets	2 758,000	0,000	1 140,258	3 898,258
	Total assets	11 660,000	795,057	(29,734)	12 425,323
Equity and liabilities					
	Ordinary shares and share premium	5 535,500			5 535,500
	Retained earnings	476,500	163,480		639,980
	Minority interests	202,000	0,528		202,528
	Total equity	6 214,000	164,008	0,000	6 378,008
	Retirement benefit obligation	141,136	791,536	(136,280)	796,392
	Deferred income tax liabilities	334,545	18,618	(5,480)	347,683
	Borrowings	1 956,000		58,300	2 014,300
	Provisions for other liabilities and charges	183,864	96,913	25,935	306,712
	Total non-current liabilities	2 615,545	907,067	(57,525)	3 465,087
	Current income tax liabilities	1,455			1,455
	Borrowings			88,020	88,020
	Derivatives			110,193	110,193
	Trade and other payables	2 829,000	(276,018)	(170,422)	2 382,560
	Total current liabilities	2 830,455	(276,018)	27,791	2 582,228
		0,000			
	Total liabilities	5 446,000	631,049	(29,734)	6 047,315
	Total equity and liabilities	11 660,000	795,057	(29,734)	12 425,323

Comments:

The effect of the conversion as of 31 December 2005:

NSB Group equity consequences regarding the principal items in the financial statements during the conversion to IFRS:

- Fixed assets: the consequences of the decomposition have resulted in a carrying value correction of 759 MNOK,
- Pension cost: adjusted estimated actuarial losses/gains recognised to equity of 791 MNOK
- Financial items: adjustment for fair value recognised an effect on the equity of net 97 MNOK
- Intangible assets: reversal of write-off entries on goodwill in 2005 and reclassification of subsidiaries' associates gave a total effect on goodwill of 36 MNOK

In addition, there are a considerable number of reclassifications during the conversion which do not have an effect on equity. Considerable items are:

- Tangible assets in the real estate division in progress are classified as inventory
- Some considerable items are showed separately:
  - Investment property

- o Assets held for sale
- o Associates
- o Derivatives

Equity

Equity 1 January 2005 NGAAP	6 019 000
Adjustment of equity IFRS January 2005	59 525
Total equity after conversion to IFRS as of 1 January 2005	5 959 475
Net profit 2005 after conversion to IFRS	441 244
Conversion balance	22 711
Total equity after conversion to IFRS	6 378 008
Equity as of 31 December 2005 adjusted balance for IFRS	6 378 008

2 Shares in subsidiaries

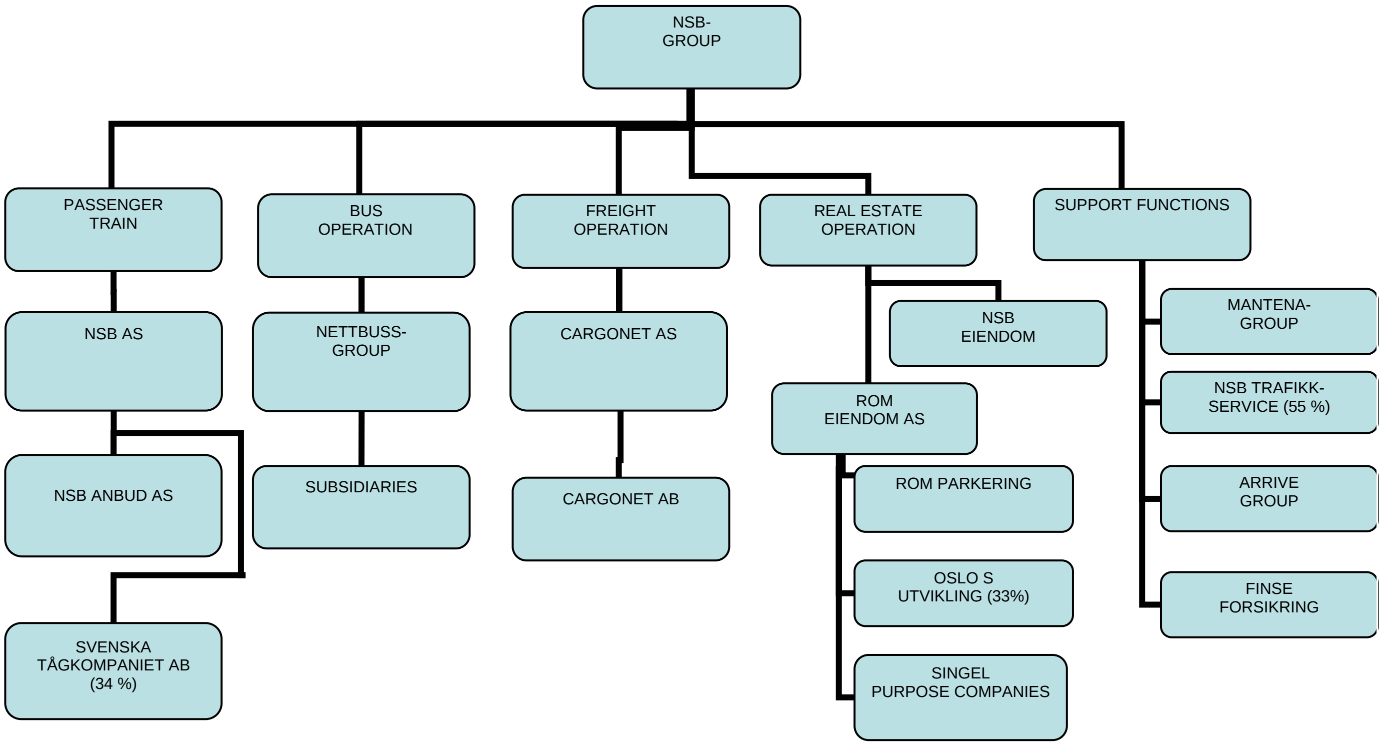
The table shows the parent company's directly owned investments. The group also consists of indirectly owned companies and ownership interests

(Figures in MNOK) **SUBSIDIARIES**	**ACQUISITON DATE**	**REGISTERED OFFICE**	**VOTES AND PROFITS %**	**EQUITY**	**PROFIT/ LOSS**	**CAP VALUE 31. DES.**
Nettbuss AS	1. des. 1996	Oslo	100 %	758	26	713
ROM eiendomsutvikling AS	18. des. 1998	Oslo	100 %	574	39	440
Arrive AS	1. jul. 2001	Oslo	100 %	12	1	21
NSB Trafikkservice AS	1. okt. 2001	Oslo	55 %	2	-2	1
Finse Forsikring AS	1. des. 2001	Oslo	100 %	50	8	50
CargoNet AS	1. jan. 2002	Oslo	55 %	539	46	295
Mantena AS	1. jan. 2002	Oslo	100 %	202	1	250
NSB Eiendom AS	1. jan. 2002	Oslo	100 %	292	49	161
BaneStasjoner AS	2. jan. 2002	Oslo	100 %	0	0	0
NSB Anbud AS	1. apr. 2005	Oslo	100 %	20	4	16
SUM				**2448**	**171**	**1946**

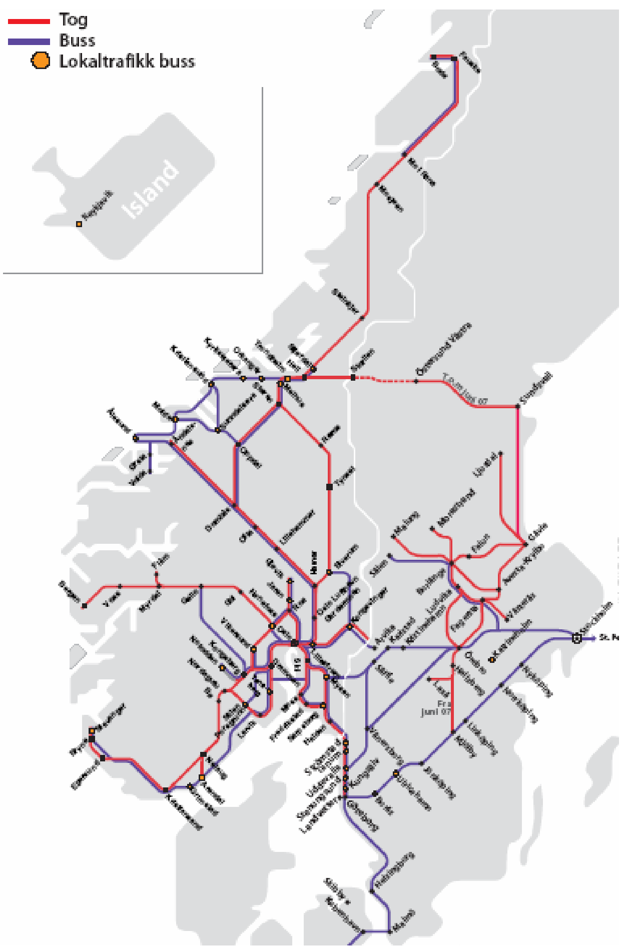
3 Group and company structure

NSB operates in Norway, Sweden and Denmark. Operations are run in accordance to the Business Areas (which differs slightly from the organizational structure).

- Included in Passenger traffic (rail) are the operations of NSB AS as well as Tågkompaniet AB.
- 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 Group, NSB Trafikkservice AS as well as administrative support functions represented by Finse Forsikring AS and the Arrive Group.



4 NSB Group's passenger train operations in Scandinavia



5 Investment properties

Accounting for investment properties are done using the cost method.

At 1 January 2005	
Cost	484 592
Accumulated depreciation	-124 246
Net book amount	**360 346**
Year ended 31 December 2005	
Opening net book amount	360 346
Additions	23 414
Disposals	-35 040
Transfers to/from investment property	-40 160
Transfers to/from assets held for sale	0
Depreciation	-27 316
Impairment	-2 490
Closing net book amount	**278 754**
At 31 December 2005	
Cost	430 316
Accumulated depreciation	-151 562
Net book amount	**278 754**
Year ended 31 December 2006	
Opening net book amount	**278 754**
Exchange differences	0
Acquisition of susidiarie	0
Additions	190 015
Disposals	-4 185
Transfers to/from investment properties	-13 183
Transfers to/from assets held for sale	-25 377
Depreciation	-25 829
Impairment	-9 297
Closing net book amount	**390 898**
At 31 December 2006	
Cost	568 289
Accumulated depreciation	-177 391
Net book amount	**390 898**

Fair value at 31 December 2006
(including properties under construction available for sale)
The Group's estimate of useful life of its investment properties were reassessed during March 2006.
This reassessment led to a change in the estimate of useful life from 30 to 50 years.

The Group's investment properties were valued at 2.949 MNOK at 31 December 2006 by an independent professionally qualified company. Valuations were based on current prices in an active market.

Investment properties, rental income and operating expenses

Rental income

ROM	2006	2005
	81 081	75 166

Operating expenses

ROM	2006	2005
	40 071	35 851

6 Property, plant and equipment

	Machinery & Equipment	Transportation	Land & Buildings	Under construction	Total
At 1 January 2005					
Cost	1 371 357	12 175 687	1 235 045	682 025	**15 464 114**
Accumulated depreciation	-814 918	-6 178 966	-389 487	0	**-7 383 371**
Net book value	556 439	5 996 721	845 558	682 025	**8 080 743**
Year ended 31 December 2005					
Opening net book value	556 439	5 996 721	845 558	682 025	**8 080 743**
Exchange differences	-1 951	-1 786	-806	3 687	**-856**
Acquistion of subsidiary	5 087	40 718	182	0	**45 987**
Additions	229 555	738 952	39 831	382 104	**1 390 442**
Disposals	-5 974	-207 843	-8 114	-501 198	**-723 129**
Transfers to/from investment properties	0	0	0	-10 136	**-10 136**
Transfers to/from assets held for sale	0	0	0	-41 154	**-41 154**
Depreciation	-168 449	-547 868	-77 993	0	**-794 310**
Impairment	-1 335	-3 581	-23 784	0	**-28 700**
Closing net book value	**613 372**	**6 015 313**	**774 874**	**515 328**	**7 918 888**
At 31 December 2005					
Cost	1 580 104	12 614 019	1 242 354	515 328	**15 951 805**
Accumulated depreciation	-966 732	-6 598 705	-467 480	0	**-8 032 917**
Net book value	613 372	6 015 314	774 874	515 328	**7 918 888**
Year ended 31 December 2006					
Opening net book value	613 372	6 015 314	774 874	515 328	**7 918 888**
Exchange differences	6 957	-2 505	-1 515	0	**2 937**
Acquistion of subsidiary	918	74 298	427	0	**75 643**
Additions	115 372	486 098	42 254	417 018	**1 060 742**
Disposals	-13 368	-75 537	-23 626	-231 933	**-344 464**
Transfers to/from investment properties	0	0	0	0	**0**
Transfers to/from assets held for sale	0	0	0	-3 687	**-3 687**
Depreciation	-132 494	-543 054	-58 780	-3 495	**-737 823**
Impairment	-8 791	-5 693	-11 822	0	**-26 306**
Closing net book value	581 966	5 948 921	721 812	693 231	**7 945 930**
Pr. 31. desember 2006					
Cost	1 697 827	13 218 808	1 248 072	696 726	16 861 433
Accumulated depreciation	-1 115 861	-7 269 888	-526 260	-3 495	-8 915 504
Net book value	581 966	5 948 920	721 812	693 231	**7 945 929**
Depreciaction period	5-30 år	6-30 år	0-50 år		

Economic life for technical division's plant and equipment

The Group's management determine economic life and depreciation plan for property, plant and equipment. Management will increase deprecations if expected economic life is shorter than earlier estimated. Possible obsolescent technical assets or non-strategical assets which are no longer in use will be impaired.

7 Intangible assets

	Goodwill	Other	Total
At 1 January 2005			
Cost	322 890	0	**322 890**
Accumulated depreciation and impairment	-127 738	0	**-127 738**
Net book value	195 152	0	**195 152**
Year ended 31 December 2005			
Opening net book value	195 152	0	**195 152**
Exchange differences	0	0	**0**
Additions	13 384	0	**13 384**
Acquisition of subsidiary	1 725	0	**1 725**
Disposals	-5 075	0	**-5 075**
Impairments	-2 803	0	**-2 803**
Disposals accumulated depreciation	4 653	0	**4 653**
Closing net book value	207 036	0	**207 036**
At 31 December 2005			
Cost	332 924	0	**332 924**
Accumulated depreciation and impairment	-125 888	0	-125 888
Net book value	**207 036**	**0**	207 036
Year ended 31 December 2006			
Opening net book value	207 036	0	**207 036**
Exchange differences	314	0	**314**
Additions	874	0	**874**
Acquisition of subsidiary	31 376	4 228	**35 604**
Impairment [3]	-8 856	0	**-8 856**
Amortisation	0	-602	**-602**
Closing net book value	230 744	3 626	**234 370**
At 31 December 2006			
Cost	365 488	4 228	**369 716**
Accumulated depreciation and impairment	-134 744	-602	**-135 346**
Net book value	**230 744**	**3 626**	234 370
Depreciation period	0 years	3-10 years	

The amounts as a whole arise from bus operations.

[3] As a consequence of lack of result in Eurolines Scandinavia ApS goodwill of TNOK 8856 were impaired.

Impairment tests for goodwill
Goodwill is allocated to the groups cash-generating units identified according to country of operation and business segment.

A segment -level summary of the goodwill allocation are as follows

	2006	2005
Norway	197 451	201 808
Sweden	34 927	5 228
Denmark	1 992	
	234 370	**207 036**

The key assumptions used for value-in-use calculations are as follows:

	Norway	Sweden	Denmark	Total
Growth rate[1]	2,50	2,50	2,50	2,50
Discount rate[2]	9,24	9,24	9,24	9,24

1. Weighted average growth rate used to extrapolate cash flows beyond the budget period
2. Pre-tax discount rate applied to the cash flow projections

These assumptions have been used for the analysis of each cash-generating unit within the business segment. Management has determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

In the preliminary work of the implementation of IFRS the Nettbuss Group has been through a thorough evaluation and selection of the natural cash-generating units connected to each acquisition based on both geographical belonging and the density connected to the cash flows to the different acquisitions:

Norway	Sweden	Denmark
Region Drammen.	Orusttrafiken AB.	Partner Buss AS.
Region Møre.	Säfflebussen AB.	
Region Trøndelag.		
Borg Buss AS.		

8 Investments in associates

	2006	2005
Book value 1 January	91 572	71 687
Acquisition/disposal of subsidiary	2 545	12 241
Share of loss/profit	-2 340	8 225
Exchange differences	859	-581
Other equity movements	-2 202	0
Book value 31 December	**90 434**	**91 572**

Share of profit/loss is after tax, minority interests of associates and paid dividend.

Investments in associates at 31 December 2006 include goodwill of 6.967 TNOK (2005: 6.967 TNOK).

The Group's share of results of its principal associates, all of which are unlisted, and its share of the assets (including goodwill and liabilities) are as follows:

2006	Registered office	Assets	Liabilites	Revenues	Profit/loss	% interest held
Svenska Tågkompaniet AB	Stockholm	I/T	I/T	75744	-558	34 %
Oslo S Parkering AS	Oslo	34448	30966	5303	-341	25 %
Linjearkitekter	Oslo	402	189	806	0	30 %
Oslo S Utvikling AS	Oslo	176960	163043	683	-5572	33 %
Ålmhults Terminal AB	Älmhult	1778	526	157	29	33 %
Hallsberg kombiterminal AB	Hallsberg	659	354	2025	-43	20 %
Norlandsbuss AS	Bodø	45 018	34 247	61 200	802	34 %
Telemark Ekspressbusstrafikk AS	Skien	3 130	1 850	19 614	123	50 %
Klövsjö-Rätan Trafik AB	Østersund	79 058	76 621	66 036	1 018	25 %
Elverum Rutebilstasjon AS	Elverum	1 847	211	1 131	8	50 %
Agder Last AS	Arendal	3 538	2 103	10 803	-206	38 %
Stadsbusserna AB	Østersund	720	50	20 940	1 561	50 %
Nor-Way Bussekspress AS	Oslo	12 239	5 772	35 805	1 185	25 %
Aktiv Travel Norway AS	Oslo	185	319	1 047	-346	24 %
		359 981	**316 251**	**301 294**	**-2 340**	

2005	Registered office	Assets	Liabilites	Revenues	Profit/loss	% interest held
Svenska Tågkompaniet AB	Stockholm	24421	14852	97285	4374	34 %
Oslo S Parkering AS	Oslo	35272	31696	5100	2165	25 %
Linjearkitekter	Oslo	314	203	768	0	30 %
Oslo S Utvikling AS	Oslo	107840	88351		-3260	33 %
Ålmhults Terminal AB	Älmhult	1609	524	155	17	33 %
Hallsberg kombiterminal AB	Hallsberg	268	237	2092	-42	20 %
Norlandsbuss AS	Bodø	37 987	28 694	56 617	845	34 %
Telemark Ekspressbusstrafikk AS	Skien	4 322	3 225	19 099	89	50 %
Klövsjö-Rätan Trafik AB	Østersund	70 662	67 125	63 989	2 133	25 %
Borg Buss AS	Sarpsborg	0	0	0	-520	50 %
Elverum Rutebilstasjon AS	Elverum	1 849	324	991	86	50 %
Agder Last AS	Arendal	3 531	1 813	10 802	-161	38 %
Stadsbusserna AB	Østersund	16 282	5 740	20 148	314	50 %
Nor-Way Bussekspress AS	Oslo	11 121	6 271	31 212	2 185	25 %
		315 478	**249 056**	**308 258**	**8 225**	

9 Segment information

At 31 December 2006, the Group has its main activities in the following segments:

1 Passenger train
2 Bus
3 Freight
4 Real estate

Included in Support functions are the workshop- and maintenance companies Mantena Group, NSB Trafikkservice AS, as well as administrative support functions represented by Finse Forsikring AS and the Arrive Group.

The segment operating profit/loss includes purchase from support functions, but these are eliminated in the Group operating profit/loss..

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS

Segment results 1.1 - 31.12.2005

(Figures in MNOK)	Passenger traffic	Bus	Freight traffic	Real estate	Support functions	Group
Operating income	3 731 165	2 991 393	1 423 035	634 754	1 263 176	8 633 651
Operating expenses	3 070 914	2 639 940	1 317 450	285 832	1 175 757	7 091 140
Depreciation and impairment	353 264	249 475	90 373	122 161	51 465	855 619
Operating profit/loss	**306 987**	**101 978**	**15 212**	**226 761**	**35 954**	**686 892**
Net financial income and expenses						-44 526
Share of profit/loss of associates						8 225
Profit before income tax						650 591
Income tax expense						208 283
Net income						442 308

Assets	5 966 179	2 032 825	784 821	3 927 233	1 221 571	12 425 323
Interest-free debt	2 034 000	944 622	30 883	2 483 460	167 900	2 032 891
Investments	813 228	519 840	98 036	41 287	44 100	1 516 491
Inter-group sales	66 152	70 500	1 747	190 310	1 070 674	

Segment results 1.1 - 31.12.2006

(Figures in MNOK)	Passenger traffic	Bus	Freight traffic	Real estate	Support functions	Group
Operating income	3 937 838	3 202 748	1 503 518	692 767	1 133 564	9 167 558
Operating expenses	3 269 549	2 853 503	1 399 381	365 775	1 094 002	7 690 718
Depreciation	377 279	223 663	90 053	86 244	42 859	808 713
Operating profit/loss	**291 010**	**125 582**	**14 084**	**240 748**	**-3 297**	**668 127**
Net financial income and expenses						100 886
Share of profit/loss of associates						-2 340
Profit before income tax						766 673
Income tax expense						255 746
Net income						510 927

	Passenger traffic	Bus	Freight traffic	Real estate	Support functions	Group
Assets	5 210 852	2 199 483	886 458	4 284 229	1 145 897	13 338 953
Interest-free debt	1 926 288	710 651	30 688	2 665 025	132 000	2 087 815
Investments	492 651	410 800	49 423	121 512	39 848	1 114 234
Inter-group sales	74 559	75 693	3 258	196 236	941 746	

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other receivables, derivatives designated as hedges of future commercial transactions, and cash and cash equivalents. Deferred taxation, available-for-sale financial assets, other financial assets at fair value through profit or loss and derivatives held for trading or designated as hedges of borrowings are not included.

Segment liabilities comprise operating liabilities (including derivatives designated as hedges of future commercial transactions). Items such as taxation and borrowings including related hedging derivatives are not included.

SECONDARY REPORTING FORMAT - GEOGRAPHICAL SEGMENTS

The Group's four business segments operate in three main geographical areas.
The home country of the parent company is Norway, which is also the main operating company
The Group's activities are located in Norway, Sweden and Denmark

Revenue	**2006**	**2005**
Norway	8 201 795	7 856 322
Sweden	889 132	745 244
Denmark	76 632	32 085
Total	**9 167 559**	**8 633 651**

Total assets	**2006**	**2005**
Norway	12 226 481	11 400 270
Sweden	592 731	471 051
Denmark	21 278	9 972
	12 840 490	**11 881 293**
Associates	90 434	91 572
Unallocated assets	408 029	452 458
Total	**13 338 953**	**12 425 323**

Total assets are allocated based on where the assets are located

Capital expenditure	**2006**	**2005**
Norway	985 931	1 374 877
Sweden	111 558	141 153
Denmark	16 746	461
Total	**1 114 235**	**1 516 491**

Capital expenditure is allocated based on where the assets are located

Analysis of revenue by category	**2006**	**2005**
Transport revenue	8 107 596	7 821 352
Sales revenue	180 456	197 261
Other revenue	879 506	615 038
Total	**9 167 558**	**8 633 651**

Public purchase of services in Norway constituted 1 533 635 TNOK in 2006.

10 Leases

Lease of machinery/equipment etc. - not recognised non-current assets	2006	2005
CargoNet Group	67 400	64 100
NSB AS	1 679	3 174
Nettbuss	55 348	51 648
	124 427	**118 922**

Lease of property (external)	2006	2005
Anbud	443	45
CargoNet	6 463	5 546
ROM	2 984	1 763
NSB AS	3 826	4 571
NSB Eiendom	21 843	24 114
Nettbuss	38 102	35 749
	73 661	**71 788**

All the contracts are cancellable

11 Inventories

	2006	2005
Spare parts and components	187 574	200 520
Developmental property held for sale	1 132 444	1 110 048
Total	**1 320 018**	**1 310 568**

12 Trade and other receivables

	2006	2005
Trade receivables	950 724	643 297
Less: Provision for impairment of receivables	-18 114	-20 543
Trade receivables - net	932 610	622 754
Prepayments	137 985	178 394
Other receivables	104 912	447 334
Total	**1 175 507**	**1 248 482**

The fair value of trade and other receivables are as follows:

Trade receivables	932 610	622 754
Prepayments	137 985	178 394
Other receivables	104 912	447 334

13 Derivatives

	2006		2005	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	8090	-45727	3370	-78357
Foreign currency swaps and power	68513	-12570	59083	-31836
Total	**76603**	**-58297**	**62453**	**-110193**
Non-current portion				
Interest rate swaps	0	0	0	0
Foreign currency swaps and power	0	0	0	0
Total	**0**	**0**	**0**	**0**
Current portion	**76603**	**-58297**	**62453**	**-110193**

The Group does not use hedge accounting and derivates are therefore classified as short term assets or contractual obligations

Interest rate swaps and foreign currency swaps
The notional principal amounts of the outstanding interest rate swap and currency swap contracts at 31 December were 2 063 MNOK (2 130 MNOK).
At 31 December 2006, the fixed interest rates vary from 3,64 % to 5,00 % (2005: 2,45 % til 3,94 %)
The main floating rates are EURIBOR og LIBOR.

Forward exchange contracts
The notional amounts of the outstanding forward foreign exchange contracts at 31 December 2006 were TNOK 98.095 (2005:TNOK 0)

14 Other financial assets at fair value through profit or loss

Listed securities	2006	2005
- Equity securities - Norway	0	0
- Equity securities - Rest of Scandinavia	0	0
- Equity securities - Europe	0	0
Bonds and certificates	724 429	482 140
Other available-for-sale financial assets	0	0
Total	**724 429**	**482 140**

Financial assets at fair value through profit or loss are presented within the section of operating activities as part of changes in working capital in the cash flow statement (Note 23)

Effective rate of return on short investments was 3,0% (2,1%).
The investments has a average term to maturity of 20 days.

15 Cash and cash equivalents

	2006	2005
Cash at bank and in hand	1 311 879	762 299
Short-term bank deposits	0	0
Total	**1 311 879**	**762 299**

16 Share capital and share premium

	Number of shares	Ordinary shares	Share premium	Total
At 1 January 2005	**3 685 500**	**3 685 500**	**1 850 000**	**5 535 500**
Change in equity	0	0	0	0
At 31 December 2005	**3 685 500**	**3 685 500**	**1 850 000**	**5 535 500**
Change in equity	0	0	0	0
At 31 December 2006	**3 685 500**	**3 685 500**	**1 850 000**	**5 535 500**

There is only one class of shares, each share with a par value of 1 TNOK

17 Borrowings

Non-current	2006	2005
Mortgage loan	0	7 865
Bonds	1 253 212	1 939 188
Other non-current borrowings	59 142	67 247
Total non-current borrowings	**1 312 354**	**2 014 300**

Current		
Current share of non-current borrowings	721 007	0
Other current borrowings	54 454	18 591
Total current borrowings	**775 461**	**18 591**
Total borrowings	**2 087 815**	**2 032 891**

Total borrowings include secured liablities (bank and collateralised borrowings) of 1.974 MNOK (2.008 MNOK)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:	2006	2005
6 months or less	57 695	0
6-12 months	25 002	48 701
1-5 år years	0	0
Over 5 years	0	7 865

Non current borrowings expires in:	2006	2005
Between 1 og 2 years	3 350	671 166
Between 2 og 5 years	34 614	43 926
Over 5 years	1 274 390	1 299 208

Effective borrowing rate at the balance sheet date:	2006		2005	
	NOK	EUR	NOK	EUR
Mortgage loan			3,25 %	
Bonds	3,93 %	4,27 %	3,08 %	3,35 %

The carrying amounts and fair value of the non-current borrowings are as follows:	Carrying amount		Fair value	
	2006	2005	2006	2005
Mortgage loan	0	7 865	0	7 865
Bonds	1 253 212	1 939 188	1 253 212	1 939 188
Debentures and other loans	59 142	67 247	59 142	67 247
	1 312 354	2 014 300	1 312 354	2 014 300

The fair value of current borrowings is close to their carrying amount

The carrying amounts of the Group's borrowings are denominated in the following currencies:	2006	2005
NOK	800 313	761 519
€	1 287 502	1 271 372
Other currencies	0	0
	2 087 815	**2 032 891**

The Group has the following undrawn borrowing facilities:	2006	2005
Floating rate:	0	0
– Expiring within one year	50 000	50 000
– Expiring beyond one year	1 000 000	1 000 000
Fixed rate:	0	0
– Expiring within one year	0	0
	1 050 000	**1 050 000**

The facilities expiring within one year are annual facilities subject to review at various dates during 2007. The other facilities have been arranged to help finance the proposed expansion of the Group's activities in Scandinavia.

18 Deferred income tax/ income tax expense

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

Deferred income tax assets	2006	2005
– Deferred income tax asset to be recovered after more than 12 months	465 122	552 312
– Deferred income tax asset to be recovered within 12 months	2 466	2 975
	467 588	555 287
Deferred tax liabilities:		
– Deferred income tax liability to be recovered after more than 12 months	-938 541	-902 970
– Deferred income tax liability to be recovered within 12 months		
	-938 541	-902 970
Deferred income tax liabilities (net)	-470 953	-347 683

The gross movement on the deferred income tax account is as follows:	2006	2005
Book value 01.01	-347 683	-156 809
Exchange differences	-24	0
Acquisition of subsidiary	-2 063	10 134
Income statement charge	-121 183	-201 008
Book value 31.12	-470 953	-347 683

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities:	Accelerated tax depreciation	Receivables	Profit/loss	Other	Total
At 1 January 2005	-582 965	-344	-283 010	-82 384	-948 703
Income statement charge	-22 112	212	46 120	21 513	45 733
At 31 December 2005	-605 077	-132	-236 890	-60 871	-902 970
Income statement charge	-29 002	507	17 206	-24 282	-35 571
At 31 December 2006	-634 079	375	-219 684	-85 153	-938 541

Deferred tax assets	Provisions	Tax losses	Other	Total
At 1 January 2005	303 744	318 557	169 593	791 894
Income statement charge	-15 093	-185 755	-45 893	-246 741
Acquisition of subsidiary	7 433		2 701	10 134
At 31 December 2005	296 084	132 802	126 401	555 287
Income statement charge	38 030	-130 774	7 016	-85 728
Acquisition of subsidiary			-2 063	-2 063
Exchange differences	-116			92
At 31 December 2006	333 998	2 028	131 354	467 588

Analysis of tax	2006	2005
Tax payable	131 019	1 455
Change in deferred tax	124 727	206 828
	255 746	208 283

The tax on the Group's profit before tax deviates from the amount calculated using the Group's weighted weighted average tax rate. Explanation of the deviation is as follows:	2006	2005
Net income before tax	766 673	650 591
28 % of net income before tax	214 668	182 165
Non-taxable income	-2 102	-15 479
Non-fiscal deductible expenses	22 659	26 011
Not enough purposed tax in prior years	6 760	0
Fiscal loss concerning unrecognized deffered tax asset	13 761	15 586
Tax cost	255 746	208 283

Deferred tax assets regarding forwarded fiscal loss are recognized when it is probable that it can be reversed
Weighted average tax rate was 33% (32%)

19 Retirement benefit obligations

The Group has several collective pension agreements. The obligations connected to these agreements covers 8,709 employees and 2,948 retirees. The benefit pension plans entitle defined future services. These services are mainly dependent on the number of contribution years, wage level at the time of retirement and the contribution from the National Insurance Scheme. The obligations are covered through insurance companies.

The companies have,through tariff agreements, retirement benefit obligations in affiliation with Early Retirement Pension Regulated by Contract (AFP) The agreements are better than the requirements for Mandatory Occupational Pension (OTP). The agreement is treated according to accounting principle IAS 19.

Pension benefits

The amounts recognised in the balance sheet are determined as follows:	2006	2005
Present value of funded obligations	-7 641 755	-7 080 364
Fair value of plan assets	4 926 651	4 546 650
	-2 715 104	-2 533 714
Present value of unfunded obligations	-121 368	-113 984
Unrecognised actuarial losses	1 828 804	1 851 306
Liability in the balance sheet	**-1 007 668**	**-796 392**

The amounts recognised in the income statement are as follows	2006	2005
Current service cost	-307 557	-230 983
Interest cost	-290 369	-219 502
Expected return on plan assets	230 192	215 282
Changes and deviations in estimates allocated to net income	-80 952	3 807
Losses on curtailment	-6 017	0
Total, included in employee benefit expense	-454 703	-231 396

The movement in the liability recognised in the balance sheet is as follows:	2006	2005
Book value 01.01	-796 392	-739 239
Exchange differences	0	0
Liabilities acquired in a business combination	0	0
Total expense charged in the income statement	-454 703	-231 396
Contributions paid	243 427	174 243
Book value 31.12	**-1 007 668**	**-796 392**

The principal actuarial assumptions used were as follows:	2006	2005
Discount rate	4,41 %	4,30 %
Expected return on plan assets	5,00 %	5,00 %
Future salary increases	4,35 %	4,20 %
Future pension regulation	4,10 %	4,00 %

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each territory. Social expenses is icluded in the obligations.

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

- Male	17,6 år
- Female	19,9 år

The pension agreement for the Swedish companies are tied to ALECTA. According to the statement from *Redovisningsrådet* this is a performance based settlement. The company has not recieved actuary estimates for both fiscal year 2005 and 2006. This is a problem connected to most companies with a retirement benefit obligation in ALECTA. In consultation with *Föreningen auktoriserade revisorer* we assume that the agreement is in balance and therefore use the payments of the period as the cost of the period.

20 Provisions for other liabilities and charges

	Environmental pollution	Other liabilities	Reorganization obligation	Other	Total
At 1 January 2006	162 149	5 091	118 375	21 097	306 712
Charged/Credited (-) to the income statement	0	0	0	450	450
-additional provisions	-7 100	0	-20 000	-3 507	-30 607
-unused amounts reversed	0	-509	0	0	-509
Exchange differences	0	0	0	0	0
Provision charge - interest	0	0	48	0	48
Used during year	0	-1 911	-11 842	-5 250	-19 003
At 31 December 2006	**155 049**	**2 671**	**86 581**	**12 790**	**257 091**

Analysis of total provisions

	2006	2005
Current	257 091	306 712
Total	**257 091**	**306 712**

Severance – reorganization liability

In connection with formation of NSB AS the company acquired a liability to refund pay for employees who are laid off due to redundancy before 1. January 2005. NSB was however compensated with a limited calculated amount, which is included as a reorganization obligation in other long-term debt on the balance sheet.

Work related injuries

Compensation for work related injuries which occurred during the period from 1st January 1990, until the formation of NSB BA on the 1st. December 1996 are covered by the company. To account for these estimated liabilities, accruals have been made for both expectations of cases currently being handled and justifiable cases not yet reported

Environmental pollution

As a train and workshop operator as well as a real estate owner, the NSB group has a considerable responsibility for pollution which occurs due to operations. A quantification of any known liabilities is accrued for constantly. The accrual is reversed based on actual cost as the clean-up processes progress.

Polluted ground – land sold

Creosote pollution has been discovered on some occasions while selling land. When NSB BA was formed the pollution was known but not the extent. No accruals were made since NSB BA was not the polluter.

Polluted ground – developmental land

Examination of the ground indicates environmental liabilities. When identifying developmental projects, costs are taken into consideration when ground is prepared. This includes costs related to polluted soil which is included in the project cost.

Preserved buildings - maintenance liability

If preserved buildings are used commercially, running maintenance is done. If preserved buildings are not used commercially accruals are made for future maintenance, unless it is likely that the maintenance is covered by future tenants or owners.

Legal disputes

The NSB group is involved in legal disputes. Accruals are made for disputes where it appears to be a probable and qualified risk of loosing.

21 Trade and other payables

	2006	2005
Trade payables	533 971	1 866 262
Social security and other taxes	214 787	264 340
Other current liabilities	1 893 455	251 958
Total	**2 642 213**	**2 382 560**

In 2006 the amount due to related parties is: TNOK 212.451 (2005: TNOK 183.921)

22 Statutory transfer

During incorporation of NSB BA in 1996 the company statutory transferred ownership to properties belonging to the administration company NSB. The process of the statutory transfer is not yet fulfilled.

23 Cash generated from operations

	2006	2005
Profit before minority interests	510 927	442 308
Current tax	131 019	1 455
Changes in deferred tax	124 727	206 828
Income tax expense	255 746	208 283
Depreciation and impairment of non-current and intangible assets	808 713	855 619
Gains on disposal of property, plant and equipment	-180 456	-197 261
Loss on disposal of property, plant and equipment	11 469	17 347
Net profit/loss(-) on disposal of property, plant and equipment	-168 987	-179 914
Difference in pension cost through profit and loss and payment/disburse of the defined contribution plan	211 276	144 392
Other accruals	-35 494	-356 317
Fair value gains on derivative financial instruments	-66 046	47 740
Share of profit/loss (-) from associates	1 481	-7 644
Changes in balance sheet accounts (without aquisitions of subsidiaries, joint ventures and foreign exchange differences):		
Inventories	-33 604	-50 040
Trade and other receivables	70 988	88 975
Other fianancial assets at fair value through profit and loss	-221 903	850 092
Trade and other payables	285 030	-67 064
Cash generated from operations	**1 618 127**	**1 976 430**

In the cash flow statement, proceeds from sale of property plant and equipment comprise

Net book value	116 718	256 970
Profit/loss (-) on disposal of property, plant and equipment	168 987	179 914
Proceeds from disposal of property, plant and equipment	285 705	436 884

24 Assets held for sale

Non current assets held for sale	2006	2005
Investment property/developmental property	56 469	32 316
Intangible assets	-	-
Total	**56 469**	**32 316**
Liabilities concerning non-current assets held for sale		
Trade and other liabilities	25 377	-
Provisions for other liabilities and charges	-	-
Total	**25 377**	**-**

Net book value for loan secured in investment property held for sale is TNOK 25 422 (2005: TNOK 10 169)

25 Employee benefit expense

	2006	2005
Wages and salaries including social security costs	3 563 754	3 319 713
Pension costs - defined contribution plans	5 797	5 962
Pension costs - defined benefit plans	454 703	231 396
Other employee benefit expences	51 471	80 549
	4 075 725	**3 637 620**

Benefits for chief excecutive officer and key management are refered to in the note for related-party transactions. Restructuring costs are included in wages and salaries and are TNOK 0 for 2006 (2005: TNOK 0)

	2006	2005
Average man-labour year	8616	8855
Average number of employees	10484	10648

The calculation is based on a weighted average based on the true number of man-labour year through 2006

26 Depreciation and impairment

	2006	2005
Depreciation non-current assets (note 6)	737 823	794 310
Impairment non-current assets (note 6)	26 306	28 700
Depreciation investment property (note 5)	25 829	27 316
Impairment investment property (note 5)	9 297	2 490
Depreciation and impairment intangible assets (note 7)	9 458	2 803
	808 713	**855 619**

27 Other expenses

	2006	2005
Sales and overhead expenses	550 227	589 053
Other operating expenses	3 064 766	2 864 467
Total	**3 614 993**	**3 453 520**

Auditing fees	2006	2005
Auditing	4 075	5 049
Other attestation services	206	293
Tax advisory	397	46
Other services	2 786	1 484
Total	**7 464**	**6 872**

28 Financial income and expense

	2006	2005
Interest income	-114 520	-43 312
Dividend	-308	-150
Other financial income	-6 272	-19 041
Net foreign exchange gains on financing activities	13 360	2 209
Fair value gains on financial instruments	-98 042	2 249
Interest expense	103 798	86 496
Other financial expenses	1 098	16 075
Total	**-100 886**	**44 526**

Change in fair value on financial instruments caused by change in credit risk is 0 NOK (2005: 0 NOK)

Net foreign exchange (losses)/gains

The exchange differences (charged)/credited to the income statement are included as follows:

	2006	2005
Included in financial income and expenses	13 360	2 209
Included in operating expenses	0	0
	13 360	**2 209**

29 Dividends/Earnings per share

The dividends for 2005, paid in 2006 were 246 MNOK (66,75 NOK per share). A dividend in respect of the year ended 31 December 2006 of 103,10 NOK per share, amounting to a total dividend of 380 MNOK, is to be proposed at the Annual General Meeting in 2007. These financial statements do not reflect this dividend payable.

All shares are owned by the Norwegian Ministry og Transport and Communication. Earnings per share for 2006 is 137 NOK (119 NOK)

30 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows

	2006	2005
Property, plant and equipment	248 725	4 506
Investment property	0	0
Intangible assets	0	0
	248 725	**4 506**

Investment property - repair and maintenance	**2006**	**2005**
Contracted commitments for renovation, repair and maintenance of investment property	0	0

Operating lease commitments - group company as lessee

The Group leases various plant and machinery under cancellable operating lease agreements.

Future aggregate minimum lease payments under non--cancellable operating leases are as follows:

	2006	2005
No later than 1 year	24 953	24 684
Later than one year and no later than 5 years	65 308	52 616
Later than 5 years	0	12 500
	90 261	**89 800**

31 Contingencies

The group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

Examination of the Group's properties and land indicates environmental obligations. When identifying developmental projects, costs are taken into consideration when ground is prepared.

The subsidiary Nettbuss AS has placed a counter-guarantee towards the provision of a guarantee concerning license and contract guarantees. This is limited to 200 MNOK for the whole Nettbuss Group.

During incorporation of NSB BA in 1996 the company statutory transferred properties belonging to the administration company NSB. The process of the statutory transfer is not yet fulfilled. For some of the transfers concerning sold properties the approval of the Norwegian National Rail Administration has been required.

32 Business combinations

Companies bought by units in the NSB group in 2006 are as follows:

Säfflebussen AB, Sverige.
Partner Bus AS, Danmark.
Scandinavian Lim. Service, Sverige.

Details of net assets acquired and goodwill are as follows:

Purchase consideration

- Cash paid	-49 956
- Direct costs relating to the acquisition	0
- Fair value of shares issued	0
- Total purchase consideration	-49 956
Fair value of net assets acquired	18 580
Goodwill	**-31 376**

The fair value of shares issued was based on the published share value

The assets and liabilities arising from the acquisition are as follows:	**Fair Value**	**Acquiree's carrying amount**
Cash and cash equivalents	4 477	4 477
Property, plant and equipment	33 690	33 690
Trademarks (included in intangible assets	1 164	1 164
Contracts (included in intangible assets	3 195	0
Investment in associates	324	324
Goodwill	31 376	0
Inventories	508	508
Trade and other receivables	19 558	19 558
Trade and other payables	-21 498	-21 498
Retirement benefit obligations	0	0
- Pensions	0	0
- Other post-retirement obligations	0	0
Borrowings	-22 369	-22 369
Deferred tax liabilities	-468	-468
Net assets	**49 957**	**15 386**
Minority interests (0,0%)	0	
Net assets acquired	**49 957**	
Purchase consideration settled in cash		49 957
Cash and cash equivalents in subsidiary acquired		4 477
Cash outflow on acquisition		**54 434**

On 10 January 2006, NSB AS acquired remaining 66% of the share capital of Svenska Tågkompaniet AB and purchase was settled in cash. The value the company relates to property, plant and equipment, accounts receivable and continuing contracts. Purchase consideration is not presented because of ongoing negotiations and no final settlement.

33 Joint ventures

The parent company has no interest in a joint venture
The subsiduary ROM eiendom AS interests in joint ventures are as follows

Joint ventures	Year of acquisition	Registered office	Votes and profits %
Alfheim Utvikling AS	2000	Oslo	50 %
Alan Nord Utvikling AS	2000	Oslo	50 %
Grefsen utvikling As	2000	Bærum	50 %
Trekanten Untvikling AS	2005	Hamar	50 %
Gulskogen Hage-By Utvikling AS	2005	Drammen	50 %
Sjøfront Utvikling AS	2005	Oslo	50 %
Harbitz Allè Utvikling AS	2006	Oslo	50 %
Alfheim Næring AS	2006	Oslo	50 %
Alfheim Bolig As	2006	Oslo	50 %
Bellevue Utvikling AS	2006	Fredrikstad	50 %

34 Related-party transactions

The following are defined as related-parties

- Ministry of Transport and Communication
- Business owned by the Government through Ministry of Transport and Communication
- Joint ventures
- Associates
- Minority shareholders in subsidiaries (Green Cargo AB)
- The Board of Directors and key management

Sales of goods and services		
- Public purchase of passenger traffic services	1 510 000	1 502 000
- Sales of other goods and services	219 517	201 463
Total	**1 729 517**	**1 703 463**
Purchases of goods and services		
- Purchases of goods and services	88 666	89 936

Key management compensation (figures in TNOK)

Members of the board :	**Title**	**2006**	**2005**
Ingeborg Moen Borgerud	Chairman of the Board	300	257
Christian Brinch	Vice Chairman of the Board	180	153
Bård Nordheim	Member of the Board	84	129
Jon L. Gjemble	Member of the Board	66	not in BOD 2005
Bente Hagem	Member of the Board	150	129
Tore H. Rasmussen	Member of the Board	150	129
Øystein Aslaksen	Leader of Norsk lokmannsforbund	150	129
Ole Roger Berg	Staff representative (incl. wage as employee)	405	480
Ole Reidar Rønningen	Staff representative (incl. wage as employee)	507	496
Øystein Sneisen	Staff representative (incl. wage as employee)	447	not in BOD 2005
		2 139	**1 645**

All employees are included in the collective pension agreement. The agreements premium are not included above.

For NSB AS The General Meeting has approved a fee for the Chairman of the Board of 300 TNOK, Vice Chairman 180 TNOK and the other board members 150 TNOK each. No fees are paid to the board members employed in the NSB Group. Fees for the staff representatives are including their wages as an employee. Bård Nordheim and Ole Roger Berg were members of the Board until June 2006. New Board members are Jon L. Gjemble og Øystein Sneisen.

Group management	Title	**2006**	**2005**
Einar Enger	Chief Excecutive Officer	3 327	3 262
Rolf Roverud	Vice Chief Executive Officer/ Executive officer NSB Persontog	2 782	2 580
Kjell Haukeli	Chief Financial Officer	1 296	1 277
Arne Fosen	Chief of Strategic operations	1 492	1 502
Arne Veggeland	Executive officer Nettbuss	1 388	1 327
		10 285	**9 948**

Group management are included in the collective pension agreement.
The agreements premium are not identified and therefore not included above.
The Group's top management has an additional pension agreement. This is included above.

The CEO has an agreement to ensure that his total pension will be 66 % of his salary at retirement. The CEO can apply for early retirement when he turns 60 years old. If the CEO has held his position for at least five years at the time of his departure, he will be granted full pension rights at age 62. The pension will be coordinated to include earnings from prior employments. The CEO has an agreement of maximum 2 years pay if asked to resign by the Board of Directors. The CEO has no bonus agreement.

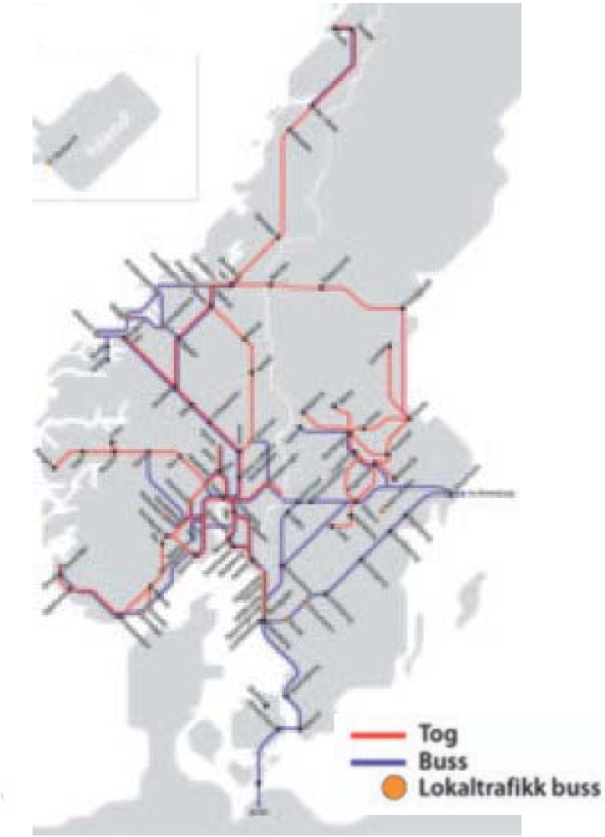
Year-end balances arising from sales/purchases of good/services

Receivables from related parties		
Associates	0	45 374
Minority shareholders	8 145	7 426
Joint ventures	3 800	4 930
Board of Directors and key management	0	0
Business owned by the Government through Ministry of Transport and Communication	10 549	12 698
Total	**22 494**	**70 428**
Payables to related parties		
Associates	168 201	168 201
Minority shareholders	31 581	2 415
Joint ventures	9 651	9 151
Board of Directors and key management	189	96
Business owned by the Government through Ministry of Transport and Communication	2 829	4 058
Total	**212 451**	**183 921**
Loans to related parties		
Associates	0	0
Joint ventures	0	0
Board of Directors and key management	0	0
Business owned by the Government through Ministry of Transport and Communication	0	0
Total	0	0
Loans from related parties		
Associates	0	0
Joint ventures	0	0
Board of Directors and key management	0	0
Business owned by the Government through Ministry of Transport	0	0
and Communication	0	0
Guarantees		
Loan guarantees	69 540	69 540

NSB Group
Financial presentation
2006

Highlights 2006

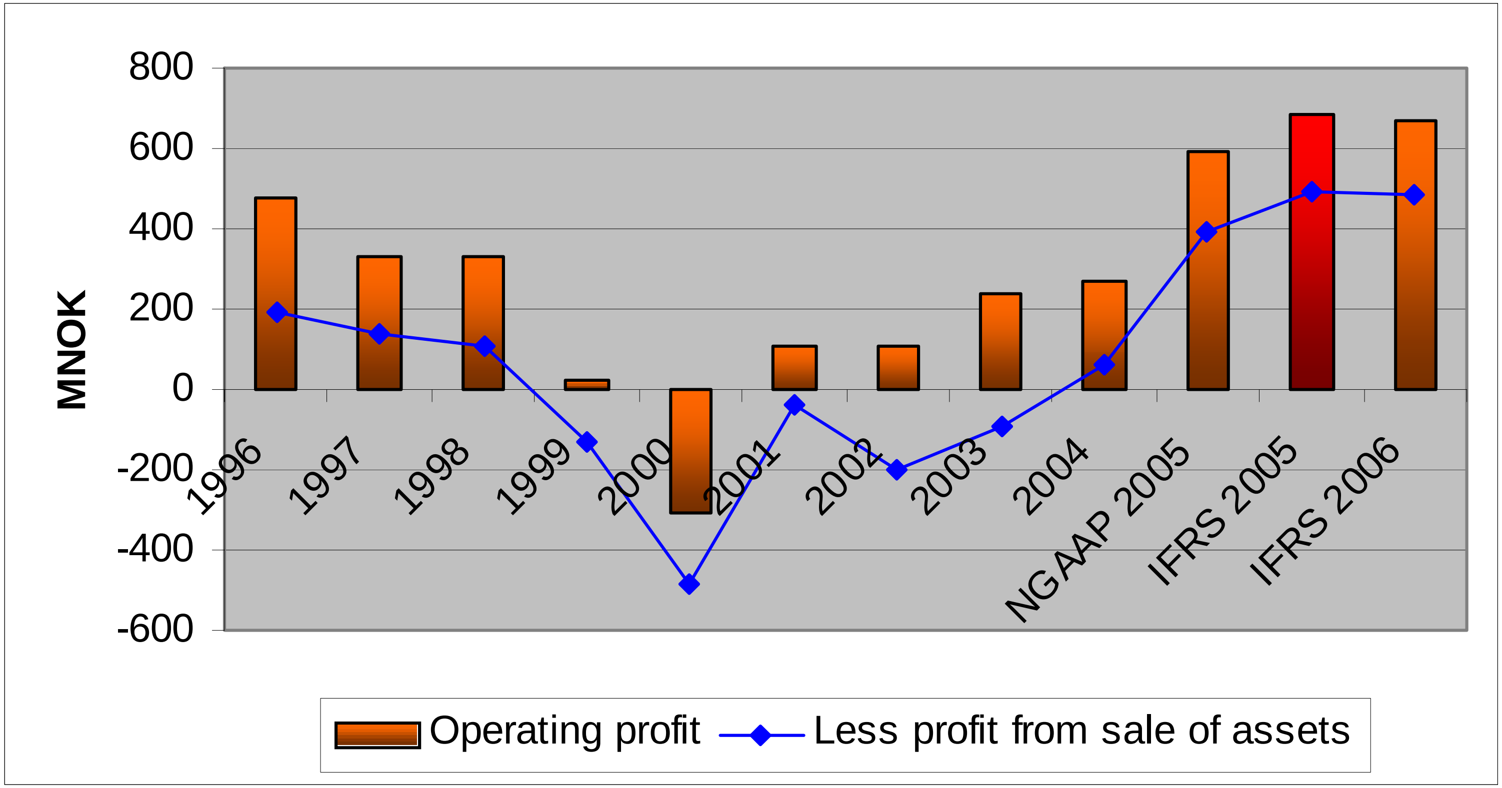
- Group profit significantly better than last year:
  - Group profit for the year is 511 MNOK (442 MNOK), an improvement of 69 MNOK,+ 16 %, from 2005.
- Operating profit on the same level as last year, even after large a increase in pension costs:
  - Operating profit is 668 MNOK (687 MNOK. A reduction of 19 MNOK, - 3 %, from 2005.
  - Adaptation to Norwegian Accounting Standard Boards discussion document on IAS19 increased pension costs by 223 MNOK.
- Positive development in all business areas.
- Positive development in financial income due to increased interest payments related to compensation for damages plus increased liquidity.
- The return on equity after tax, is higher than the target set by the proprietors.



NSB Group: Income statement

MNOK	NSB-group Jan-des 2006	NSB-group Jan-des 2005
Operating income	**9 168**	**8 634**
Personnel and adm. expences	4 076	3 638
Other operating expences	3 615	3 454
Depreciation, amortization	809	856
Operating cost	**8 499**	**7 947**
Operating profit/loss	**668**	**687**
Financial items	99	-36
Pre tax profit/loss	**767**	**650**
Tax	256	208
Profit/loss for the period	**511**	**442**

Group operating profit shows positive development from 2000 onwards 1)

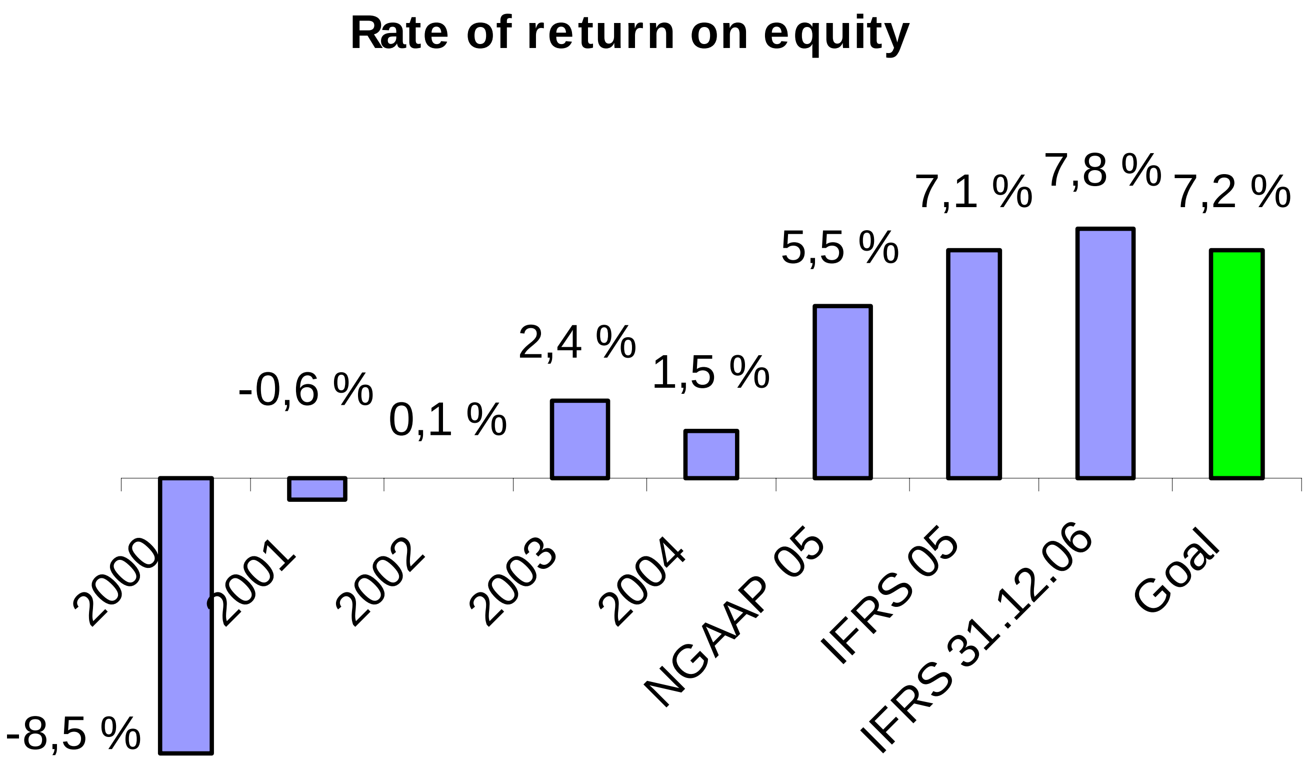


1)Adaption to Norwegian Accounting Standard Boards discussion document on IAS19 increased pension costs by 223 MNOK from 2005 to 2006.

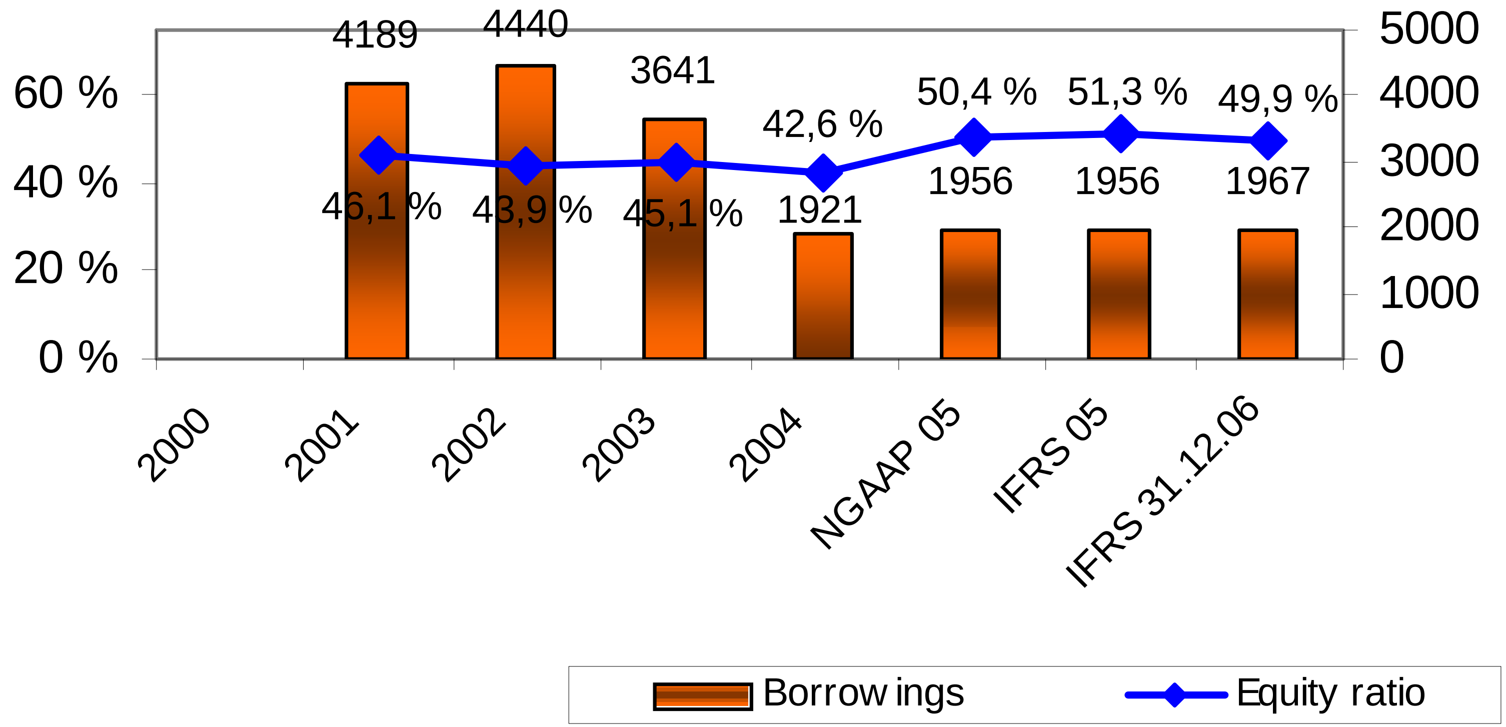
Balance sheet

MNOK	Group 31.des.06	Group 31.des.05
Tangible fixed assets	7 946	7 918
Fixed assets investments	728	609
Total fixed assets	**8 674**	**8 527**
Investments in financial instruments	2 120	1 306
Other short term receivables	2 545	2 592
Total current assets	**4 665**	**3 898**
Total assets	**13 339**	**12 425**
Majority's portion of equity	6 450	6 176
Minority's portion of equity	208	202
Sum equity	**6 658**	**6 378**
Loans from financial institutions	1 312	2 014
Other long-term liabilities	1 736	1 451
Total long-term liabilities	**3 048**	**3 465**
Short term debt	**3 632**	**2 582**
Total equity and liabilities	**13 339**	**12 425**

Rate of return higher than target set by proprietors



Due to a high equity ratio and positive cash flow borrowings have been reduced



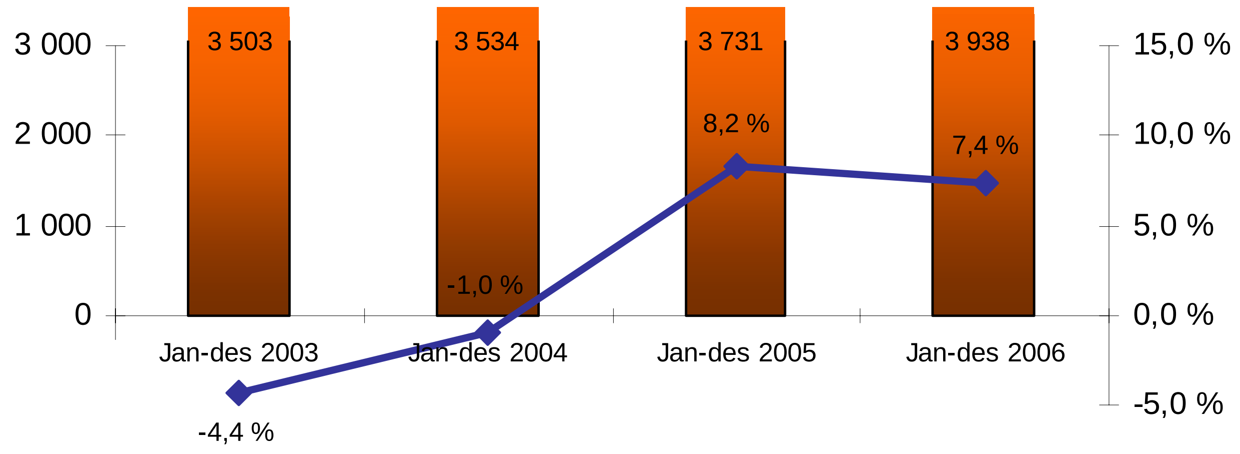
Improvement in the passenger train operations, but increased pension cost reduces operating profit

- Passenger train operations consist of NSB AS, subsidiary NSB Anbud AS and the partly owned Svenska Tågkompagniet AB.
- The operating profit was 291 MNOK (307 MNOK), including an increase in pension cost of 154 MNOK.
- Increase in passenger kilometres of 3,2 %.
- Customer satisfaction (0-100) at 69 is at the same level as last year.
- Increased reputation in the MMI customer survey.
- Punctuality at 87,5 % (91,7 %).

Passenger train operations – financial development

Passenger train operations

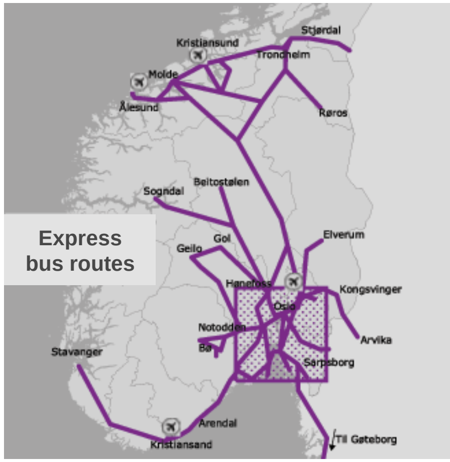
Tall i MNOK	Jan-des 2003	Jan-des 2004	Jan-des 2005	Jan-des 2006
Revenue	3 503	3 534	3 731	3 938
Operating profit	**-153**	**-34**	**307**	**291**
Margin	-4,4 %	-1,0 %	8,2 %	7,4 %
Assets	6 338	6 413	5 966	5 211
Borrowings	821	1 032	2 034	1 926
Investments	231	1 131	813	493



The figure shows revenue and margin. 2003 og 2004 is according to NGAAP, 2005 og 2006 according to IFRS

Increased volume and more efficient bus operations

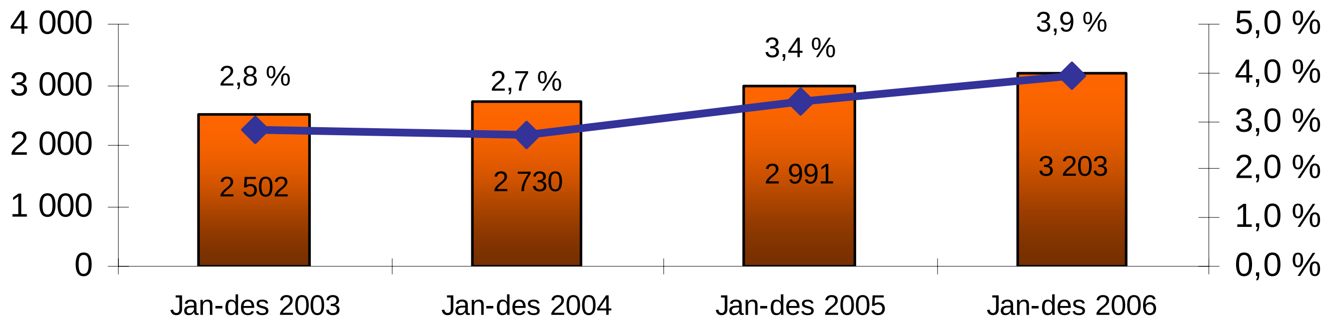
- The bus operations include the Nettbuss Group, which is comprised of bus-based passenger transport as well as specialised transport.
- The operating profit of the bus operations increased to 126 MNOK (102 MNOK), an improvement of 24 MNOK, + 24 % compared to last year.
- Increase in volume and revenue due to increased activity and acquisition of companies.



Bus operations – financial development

Bus operations

Tall i MNOK	Jan-des 2003	Jan-des 2004	Jan-des 2005	Jan-des 2006
Revenue	2 502	2 730	2 991	3 203
Operating profit	**71**	**74**	**102**	**126**
Margin	2,8 %	2,7 %	3,4 %	3,9 %
Assets	1 910	1 985	2 033	2 199
Borrowings	393	414	945	711
Investments	505	416	520	411



The figure shows revenue and margin. 2003 og 2004 is according to NGAAP, 2005 og 2006 according to IFRS

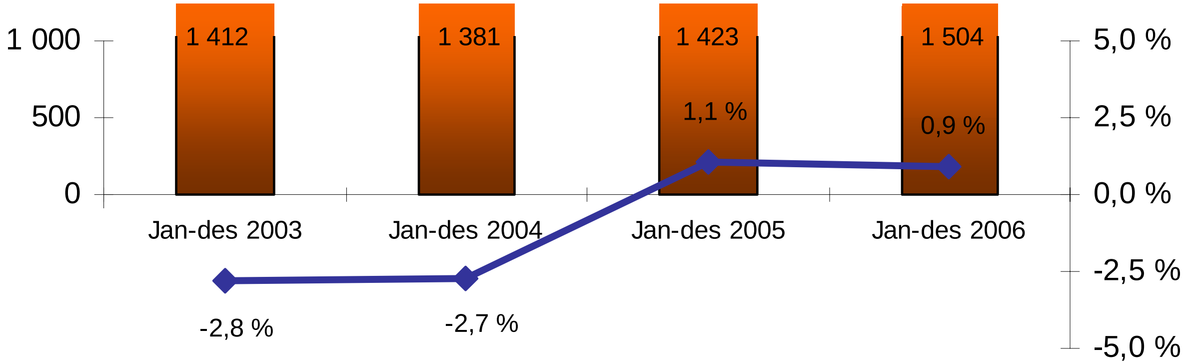
Increased volume and improved results in the Norwegian sector of the freight train operations

- The freight train operation consists of NSB's part ownership in the CargoNet-Group, along with it's subsidiary CargoNet AB.
- The operating profit for the freight train operations is 14 MNOK (15 MNOK).
- Increase in pension cost of 33 MNOK.
- Increase in combined transports in the Norwegian market of 12 % .
- Good rate of return in the Norwegian operation, but the profit in the Swedish operation is not satisfactory.
- Variable punctuality due to fires, large snowfalls and derailings.
- Punctuality at 84 %

Freight train operations – financial development

Freight train operations

Tall i MNOK	Jan-des 2003	Jan-des 2004	Jan-des 2005	Jan-des 2006
Revenue	1 412	1 381	1 423	1 504
Operating profit	**-40**	**-38**	**15**	**14**
Margin	-2,8 %	-2,7 %	1,1 %	0,9 %
Assets	709	715	785	886
Borrowings	264	240	31	31
Investments	38	24	98	49



The figure shows revenue and margin. 2003 og 2004 is according to NGAAP, 2005 og 2006 according to IFRS

Improved efficiency in the real estate operations

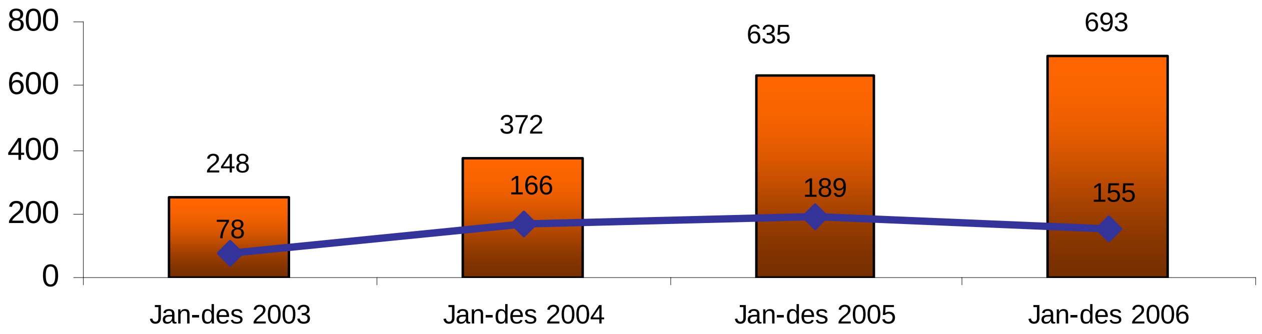
- Included in the real estate operations are the ROM group and NSB Eiendom AS.
- Operating profit at 241 MNOK (227 MNOK), + 6 % compared to last year.
- The improvement is partially due to compensation for damages.
- 155 MNOK (189 MNOK) of the operating profit is directly related to profits from the sale of property.
- The real estate operation is comprised of a total rental area of approx. 740.000 m2.

Real estate operations – financial development

Real estate operation

MNOK	Jan-des 2003	Jan-des 2004	Jan-des 2005	Jan-des 2006
Revenue	248	372	635	693
Operating profit	**71**	**232**	**227**	**241**
Profit from sale of assets 1)	78	166	189	155
Assets	2 678	2 681	3 927	4 284
Borrowings	64	501	2 483	2 665
Investments	458	280	41	122

1) Included in the operating profit



The figure shows revenue and profit from sale of assets. 2003 og 2004 is according to NGAAP, 2005 and 2006 according to IFRS

Reduced costs in the support functions

- Included in support functions are maintenance functions for the trains, the Mantena Group, and NSB Trafikkservice AS, as well as the administrative support functions Finse Forsikring AS and the Arrive Group.
- Operating profit at - 3 MNOK (36 MNOK).
- The reduction is partially due to increased pension cost.
- Operating cost reduced due to efficient operations and a low rate of accidents.

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To the Annual Shareholders' Meeting of NSB AS

Auditor's report for 2006

We have audited the annual financial statements of NSB AS as of December 31, 2006, showing a profit of NOK 585 093 000 for the parent company and a profit of NOK 510 927 000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity, the accompanying notes and the group accounts. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and the Group as of December 31, 2006 and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, March 8 2007
PricewaterhouseCoopers AS

Tom Henry Olsen	Merete Stigen
State Authorised Public Accountant (Norway)	State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

The President and CEO's article 2006

Record breaking result for NSB – good basis for further growth and development

Financially 2006 turned out to be the best ever in the history of NSB. The Group's profit before tax is 767 MNOK. That is an improvement of 116 MNOK compared to last year. Based on the profit in 2005, NSB paid out 246 MNOK in dividends to its owner. For the first time, the Group's return on capital is higher than the requirement set by the owner. All segments show good results. Rail passenger traffic has improved considerably, but there is also positive development within bus and freight operations in Norway. Outside Norway, the bus- and freight traffic is still in the development phase and have not reached a satisfactory level of profitability.

NSB Anbud has had a successful start on the Gjøvik-line, with positive traffic development and increased customer satisfaction.

NSB has climbed up to a shared second place among Norwegian transport companies in this years profile examination from MMI. NSB ranks 32nd among the largest 120 Norwegian companies, which is an improvement from 47th in 2005.

The positive development in the NSB-Group shows that the chosen strategies and priorities made in spring 2001, and the implementation of these has contributed to lead the Group in the right direction. This is a good basis for creating values for the community and owner. NSB has developed a stable financial platform – we have capable employees and a good level of competence, which is a solid foundation for further growth and development.

A considerable programme for renewal of the rolling stock is currently being carried out, to ensure a modern product and capacity to facilitate continued growth.

NSB has become a considerable Nordic passenger operator. Nettbuss took over Säfflebussen in Sweden in 2006 as well as winning tenders in Copenhagen in Denmark. From early 2007, NSB owns all shares in Svenska Tågkompaniet AB in Sweden – which is a company with high scores in customer satisfaction, good economic results and elected "The Employer of the year" in Sweden. This gives NSB a positive development in value as well as access to knowledge that will benefit operations in Norway. NSB will develop its position within tourism to and from Norway, based on and related to passenger traffic operations.

The focus on combined freight transport in Norway has been very successful. By developing similar solutions within and to and from the Nordic countries, we aim to further develop the great potential for growth by exploiting the railroads advantage of transporting large volumes over long distances. A high priority has been given to restructure and attain profitability of operations in Sweden.

While we aim for long term growth, the best foundation for growth and development is competent and service-minded employees and that every single day, we ensure that trains and buses are running according to schedule. The systematic work on improvement in the home market shall carry on in full force. This includes service quality, punctuality, schedules and development of the most used stations and junctions.

One of the Group's largest challenges for 2007/2008 is to ensure a competent workforce in a high employment labour market.. The Group is working on both short- and long term measures to be able to handle this situation.

In Norway, ¼ of all discharge of climate gas comes from the transport sector. Less than 0,5 % of these come from the railroad. Our best contribution to a better environment is to further develop and increase environmental friendly and safe public transport solutions. To invest in the transport solutions of the future requires a well-functioning infrastructure and highways adapted to the needs of public transport. NSB is very positive to the report on high-speed trains. A development of high speed train infrastructure is a key to ensure that the train will be able to increase its market share considerably. However, concentrating on high-speed trains must not be at the expense of upgrading/modernizing today's infrastructure.

The NSB Group has a solid starting point for its operations in 2007, but it's important to emphasize that there are still many challenges ahead. Nothing is as fragile as a company's reputation. The experienced quality is the decisive factor for our customers.

Oslo, 8.march 2007

Einar Enger
The President and CEO

Corporate governance

Owner control and corporate governance

In 2005 The Board of Directors approved the implementation of the Norwegian Code of Practice for Corporate Governance, adapted to the Group's and subsidiaries structure of ownership.

The Code is composed to ensure that companies listed on the stock exchange would have ownership control and corporate governance that clarifies the roles between share owners, the Board of Directors and management in addition to what is included in the legislation. It is in the owners and the public interest that the companies are managed in a satisfactory manner. The recommendation shall contribute to strengthen the confidence the share holders, the capital markets and other interested parties have towards the company.

NSB AS and the NSB-Group have one shareholder, Norwegian Government and administer large values and public interests on the behalf of the owner. A major objective is to have a good reputation and satisfied customers. Furthermore, the group is dependent on long-term and cost effective funding. An implementation of the recommendation adapted to the shareholder structure of NSB AS and its subsidiaries will strengthen the confidence of owners, customers and in the financial markets towards NSB.

Nature of business and ownership

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

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

The Group is divided into several areas of operations:

- Train passenger traffic operations consist of NSB AS, its subsidiary NSB Anbud AS, and from 2007 100 % of Svenska Tågkompaniet AB is also included.
- The Nettbuss Group runs the bus operation which includes passenger transport as well as special transports.
- The Freight train operation consists of the CargoNet Group which includes its subsidiary CargoNet 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 for trains, the Mantena-Group and NSB Trafikkservice AS, as well as the administrative support functions of Finse Forsikring AS and the Arrive-Group.

Dividend policy

In reference to the long-term plans and needs for investments in the next few years, the Board of Directors recommends that the maximum level of dividend should be set at 30 % of year end result. In this evaluation, the Board has emphasized that, being a production company and maintaining a high capital, NSB should have a owner's equity share of 40 % to continue to have a sufficient degree of capital financing for its investments.

In the white paper number 18 (2006-2007), the Ministry of Transport suggests that dividend from NSB should be determined by the public interest on deposits multiplied by the market value of owner's equity, limited up to 75 % of the Group's net income after tax. In connection to the national budget for 2007, the Parliament has budgeted with a dividend of 328 MNOK from NSB related to the fiscal year 2006. The General Assembly will decide on the dividend.

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. The members of the Board of Directors are chosen based on experience, competence and ability to contribute to the development of the company. Shareholders representatives are selected and appointed by the General Assembly. No members of the senior management of the company are represented on the Board. The Board members are elected for a period of two years.

The subsidiaries are managed by their own Boards and through Group guidelines. In the wholly owned subsidiaries the Boards shall normally have a minimum of two independent group external board members.

The members of the Board and the auditor have the right to attend the General Assembly meetings.

The task of the Board of Directors
The Board's work is governed by the Norwegian Companies Act, which is to manage the company's values on the behalf of the owners. The task of the Board has been determined in separate instructions. The Board follows a formal work plan on an annual basis. The plan regulates the Board's main tasks which are goal, strategy, organization and control of operations. The Board of directors' work is evaluated annually by the Board.

The Board has established a separate set of instructions for the President and CEO.

The standards of value and ethical guidelines
In connection with the annual plan process, the Board of Directors has revised and approved a common level of values which will be a guidance and set demands on employees' behavior, and to contribute so that the Group will reach its vision and goals. The Board of Directors has approved the ethical guidelines for the Group.

Internal control
To ensure the quality of internal control, a separate governing system has been implemented. This includes leadership documents, preparedness plans, safety procedures and processes to govern and control operations. Guidelines, routines, handbooks and authorization matrixes are in place to ensure the quality of the company's economics, accounting and financing issues

Risk analysis of the different activities of the Group is evaluated on an annual basis, and measures are taken to control the risks.

Transactions between the company and the shareholder
The Ministry of Transport and NSB AS have entered into an agreement about public purchase of passenger traffic services on non-profitable lines. Correspondingly, the Ministry of Transport has entered into an agreement with NSB's subsidiary NSB Anbud AS regarding operating the Gjøvik line.

Transactions involving related parties
Guidelines on how to treat material transactions between the company and members of the Board of Directors or management is included in the Group's ethical guidelines and are also included in the instructions for the Board of Directors and the President and CEO.

Compensation to the Board and leadership in the company
The Board of Directors evaluates the President and CEO's working- and salary conditions on an annual basis. They will then review these conditions with other key management employees.

Auditor
The auditor is elected by the General Assembly. The policy of the company is to minimize assignments and fees paid to the auditor for services other than the actual audit. Twice a year the auditor submits a Management Letter to the Board of Directors, reporting the main findings from the audit of the company and status regarding management and internal control. The Board of Directors hosts an annual meeting with the auditor where the President and CEO will not be present. The auditor attends the General Assembly.

Information and communication
Public information is communicated by the senior management of the Group or the Director of Communications. Financial information is published on the company's internet site.

Through § 10 in the bye-laws, NSB has a distinct duty to inform the shareholder about the Group's operation. Aspects concerning sale of vital assets and rolling stock for train operations on the national railway network which is not part of the agreement with the Norwegian Government for public purchase of passenger traffic services, should be communicated to the Minister of Transport before the Board of Directors make their final decision.

Every year the Board of Directors is obliged to present the Minister of Transport the plan for the operations of the NSB Group which includes the following aspects:

1. The Group's main activities for the next few years, including plans for major restructuring, further development and unwinding of existing operations and development of new ones. That also applies to material changes in the total services to the public.
2. The Group's economic development.
3. Material investments, including financing plans for these.

The Board of Director’s has to submit information regarding material changes of already communicated plans to the Minister of Transport.