ANNUAL REPORT 2007

NSB GROUP

IMPORTANT EVENTS

NSB owns 100 percent of Svenska Tågkompaniet
On the 10th of January 2007 NSB AS purchased the remaining 66 percent of the shares in Svenska Tågkompaniet AB.

Improved offer on the Nordland line
NSB decided in February to start using traditional trains (locomotives and carriages) in the day-operated trains on the Nordland line. This results in a more complete offer to the customers on longer trips, as the carriages have designated areas for kids, café carriage and ordinary seated carriages.

The rolling stock that services the Nordland line in the future will be experienced as modern with aircondition as standard. NSB is in the middle of the largest renewal process in the history of the company.

Discount on season tickets when purchasing them through a ticket vending machine
The customers may receive as much as 50 kroner in discount when renewing season tickets on one of NSB's ticket vending machines. NSB does not give discounts on season tickets that include transfers to other operators, except transfers to Oslo Sporveier.

Train to Moss Airport Rygge and Torp
NSB decided to set up a taxi service between the airport and Rygge station, so that travellers flying to and from Moss Airport Rygge can use the train.
The same is done with a new stop by Torp airport and a bus connection to the check-in.

75 000 more customers on the Bergen line
In 2007, NSB regional trains and local trains broke a new record for number of travellers on the Bergen line. At the end of December there were about 75 000 more travellers compared to last year.

Development of property for rent to the Tax Inspectorate (Skatteetaten)
In February 2007, the real estate operations started building on a property close to Oslo S railway station. This is a large project conducted by ROM, and the Tax Inspectorate will rent most of the area.

Stein Nilsen joins NSB Passenger train
At the end of 2007, Stein Nilsen, 42, was hired as Director of the passenger train operations. Nilsen has varied experience after 20 years in the SAS Group. Stein Nilsen is educated with a Master in Business Administration from the Norwegian School of Management in Bodø and lawyer at the University of Oslo.

Fire in the remote control system stopped all trains
Fire in the remote control system at Oslo S railway station the night of 28th of November stopped all trains in the eastern part of Norway. Many important cables were destroyed in the fire. It was not possible to operate the trains, and information systems and phones were out of order due to the fire.

NSB acquires ownership in Travel AS
In October, NSB acquired 20 percent ownership of a travel technological company, Travel AS. Through this acquisition, NSB's ownership share is as large as SAS and Reitan Servicehandel, which already were owners. With an ownership interest in Travel, NSB wanted to ensure access to development of solutions for our own products and business partners. Travel's technology is important to NSB Passenger train's focus on tourism. Development of automated solutions to create travel packages is very important to NSB.

The President and CEO's article 2007

Continued growth gives possibilities and challenges

For the last few years there has been a continuous increase in customers who choose to use railroad in both the passenger and freight market. For this positive development to continue, a more dependable infrastructure is needed. It's necessary with rail lines that are more modern, that shortens travel time considerably and have sufficient capacity to meet the market growth. The customers expect a better offer than what we have today!

2007 has been a year where the environment and the climate have been in focus. Customer surveys show that NSB is highly ranked regarding environmental consciousness and social responsibility. We will maintain and strengthen this position, and we are in the beginning of a considerable investment program to ensure increased capacity and quality within our passenger and freight services. We implement environmental management systems, continue to work on energy optimization, and make sure we purchase electricity from hydroelectric power stations.

Our focus on the environment, economic growth, and NSB's competitiveness, has contributed to considerable growth in 2007. Operating income has increased by 9 %, and this is mainly due to the fact that more customers travel by bus and train, while freight operations, especially in Norway, is regarded as an effective and competitive alternative. The operating profit has increased from 668 MNOK to 731 MNOK, and NSB delivers a better rate of return than the owner demands.

In 2007 we have again experienced that rail and public transportation operations are challenging. This is evident when we look at the capacity and quality of the rail infrastructure. During the course of 2007 and in the beginning of 2008 there have been considerable problems in the Oslo region due to signal systems not working properly, electricity failures and fires. Commuters experience that the railroad is not dependable and that they do not arrive at their destination on time. NSB must use considerable internal and external resources to handle the problems. This situation is difficult for employees that are in daily contact with the passengers.

The quality of the infrastructure is the responsibility of the National Rail Administration. As an operator using the infrastructure, NSB will cooperate with the National Rail Administration to make sure that the work performed on the infrastructure is effective within the framework of the government grants. NSB expects that a big effort is taken on maintenance and upgrading of the infrastructure around Oslo.

The railway system is running at full capacity during rush hour. Trade and industry wants to transfer freight from the roads to the railway, but is limited by the lack of double track crossovers and terminal capacity.

NSB will be able to give its customers a considerable better offer with higher frequency and reduced travel time between the heavy populated areas in the eastern part of Norway provided that the plans for construction of double tracks are carried through. A further increase in rail transport volumes is therefore dependent on higher investment in railroad infrastructure. There is no doubt that environmental and energy effective public transportation and freight traffic are the solutions for the future. This is especially true in relation to climate challenges and the challenges the society faces regarding air and road transport.

Through the Nettbuss Group, NSB offers its customers attractive bus products. In 2007, the express routes had a score of 80 out of a total of 100 in customer satisfaction surveys. In addition to operations in Norway, the Group also has operations in Sweden and Denmark.

The growth in the Norwegian economy has resulted in challenges in regard to maintaining and recruiting manpower. NSB has measures in place to increase recruiting for operative functions. At the same time we are working hard to increase the level of punctuality, through continuous improvement of our operative routines and by making maintenance more effective. By investing in upgrades and purchase of new trains, the goal is also to further increase the stability of our operations.

The NSB Group’s main goal is to create value for owner and community, through safety, efficient operations, and viable business development initiatives. We want to achieve these goals by offering attractive public transportation and freight traffic that meets customer expectations.

Oslo, 6 March 2008

Einar Enger
President and CEO

NSB AS

Board of Directors' Report NSB Group 2007.

Positive trends for NSB.
2007 was a positive year for the NSB Group:

- Considerable more passengers for both train and bus.
- Increased transport of freight on rail.
- Operating result better than previous year.
- Improvements in profits for freight and real estate business segments.
- Return on capital is well over owner's demands.

Punctuality is weaker than targeted. This is mainly due to infrastructure problems, but also lack of personnel. The decline in punctuality negatively affects satisfaction among customers on local trains, and the index for customer satisfaction decreased somewhat compared to last year.

Profit before tax is 758 MNOK (previous year's number in brackets).
Profit before tax for the Group for 2007 is 758 MNOK (767 MNOK). The operating result is 731 MNOK (668 MNOK). The main reasons for the improvement of the operating result are mainly due to:

- Increased volume and improved results in the freight business segment.
- Improved efficiency and increased gains on sale of assets in the real estate business segment.
- Improved operations in support functions.

Net financial income of + 27 MNOK (+ 99 MNOK) is 72 MNOK less compared to the previous year: This is among other things due to one-time effects in 2006 related to interest on liability on damages (creosote) and the development in fair value of financial instruments.

Traffic safety.
No passengers perished in connection with the Group's rail operations in 2007. An employee in the rail freight segment perished in a work related accident on a freight terminal.

In passenger traffic (rail) 133 minor injuries were registered. This is an increase of 16 from 2006. The increase is mainly due to falls in connection with passengers getting on or stepping off the trains in periods with snow and ice. Two persons perished when they were on the railway lines in 2007, without NSB being blamed for these accidents.

8 injuries were reported in the freight traffic segment, compared to 9 in 2006.

In the bus segment, 5 people perished in accidents where Nettbuss was involved. Neither the company nor the drivers were given any blame in any of the accidents. However, the number of less serious injuries shows a large increase, from 65 in 2006 to 111 in 2007. The increase is due to a combination of more traffic, better registration systems and a broadening of the injury definition to also include physical strains on employees.

NSB is systematically and purposefully working to improve traffic safety. Measures to reduce risk include increased alertness, better training and information to employees who are critical to safety tasks, and improved technical systems.

To reduce the number of injuries related to passengers getting on or stepping off the trains, improvements on the trains and on the platforms are needed. The acquisition of new trains and the on-going modernization projects will gradually improve the standard of the material in the next few years.

The rail infrastructure still has weaknesses in regard to the technical barriers against collision. After a slow progress in prior years, the National Rail Administration has completed a thorough plan over missing barriers and prioritised measures in 2007. The completion of these measures must be given a high priority so that the risk of train collisions is reduced.

Punctuality at unchanged levels.
Most trains were on time in 2007. NSB's punctuality was 87,4 % which is at the same level as in 2006, but under the targeted 90 %.

Break-downs of the infrastructure have created extensive delays and affect many customers. The stability of the infrastructure is far from being satisfactory.

Bad weather along the Bergen line and at times in the Jæren area created serious traffic problems. On the 21 February a regional train derailed between Myrdal and Hallingskeid after driving into an avalanche. The railway was closed until 26th of February.

On the 28th of November a power cable burned at Oslo S. This caused a complete stop in the train traffic in central eastern Norway for almost 24 hours. It also caused serious delays on the regional trains between Oslo and Trondheim, Bergen and southern Norway.

In August/September NSB experienced an acute lack of available engine drivers. Regrettably this caused cancellations of passenger trains. The whole situation was well covered by the news media. In the course of the year, measures were put in place to ensure availability of engine drivers. In the winter of 2007 an extensive recruiting campaign was started and is expected to gradually improve the personnel situation during 2008.

Delivery punctuality for freight trains in Norway ended up at 90 percent, which equals the goal.

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 and Communications. 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 and the subsidiaries NSB Gjøvikbanen AS (former NSB Anbud AS) and Svenska Tågkompaniet AB.
- The bus operations consist of the Nettbuss Group, which is comprised of bus-based passenger transport in the Nordic countries.
- The freight train operation consists of NSB's 55 % owned CargoNet Group with its subsidiary CargoNet AB.
- The real estate operations consist of the ROM Group.
- The support functions include the maintenance functions for the trains; the Mantena Group, NSB Trafikkservice AS, as well as the administrative support functions Finse Forsikring AS and the Arrive Group.

Corporate Governance.
The NSB Group follows the Norwegian recommendation of corporate governance with adaptation to the ownership structure. A detailed description of corporate governance in the NSB Group is included in a separate enclosure to the annual report.

Risk analysis and internal control.
The NSB Group has established a control-environment that consists of values, ethical guidelines, organisational structure, authorisation structure and steering documents. The Board of Directors evaluates the Group's business idea, foundation of values, strategies and plans on an annual basis.

Risk analysis is performed for the business as a whole as well as for special areas like traffic safety and financial reporting on an annual basis. Risk within financial reporting is evaluated through risk analysis of specific areas, planning and completing external audits and internal audit actions, as well as periodic follow-up meetings with the different business segments.

On the basis of the risk analyses, control activities are established to reduce identified risks, more specifically automatic controls, audits and analyses related to certain risk areas. In 2007, the NSB Group has established notification routines for reprehensible conditions (whistle blowing) in the work environmental laws.

The status for internal control is annually monitored through auditors periodic reporting, internal audit reports, and continuous evaluation of reporting.

Goals and strategies.
The NSB Group's main goal is *to create value for owner and community, through safety, efficient operations, and sustainable 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

NSB shall be a leading operator within the Nordic transport market. With the basis in the Group's main competence in operations of trains and buses, NSB will assess profitable possibilities in new geographical areas.

Passenger train operations.
Operating income for NSB's passenger train operations has shown a considerable positive trend since 2004. Operating income for passenger train operations was 4 431 MNOK (3 938 MNOK), an increase of 12,5 % compared to the previous year. The changes are partially due to a considerable higher number of passengers, and partially due to the fact that Svenska Tågkompaniet AB is a wholly owned subsidiary in 2007. The operating profit in this business segment is 277 MNOK (291 MNOK). The decline of 14 MNOK is mainly due to the fact that payroll and related costs and deviation and maintenance expenses increased more than the growth in operating income.

In total 50,4 million passengers travelled (47,9) with NSB passenger trains in 2007. This is an increase of 5,1 % compared to the previous year. The growth is 8,5 % measured in passenger kilometres.

The customer satisfaction (KTI) for local trains was reduced to 60 points (64), which is the weakest result in the past 4 years. This decline was especially large in the Oslo area. The NSB Regional trains reached a KTI of 73 points, which is as high as it ever has been.

The decline in customer satisfaction on the local trains is due to cancellations and delays in the period before the poll was completed. The situation with the lack of engine drivers in combination with a decline in punctuality and problems with the infrastructure influenced the operating profit negatively. Also, NSB's public reputation declined in August, but improved later in the fall.

MMI's measuring of level of the public reputation placed NSB 33rd among the country's 120 largest companies, which was about the same level as the previous year. NSB's reputation regarding environmental responsibility is high, and increasing within commercial/ information and economy/profitability.

Bus operations.
The parent company Nettbuss AS has 19 subsidiaries and 23 sub- subsidiaries. The Group consists therefore of 43 companies.

In the Norwegian part of the Group Bjørhovdens Bilruter AS was acquired 1st of January 2007. The following companies were established in Denmark in 2007; Netbus Ejendomme ApS, Netbus Service ApS as well as Netbus Express AS.

The Netbuss Group has transport activities in all the counties in Southern and Central Norway. The Swedish sub Group has its main activities in South-western part of Sweden while the Danish has its transport activity centred around Copenhagen.

In Norway, the Nettbuss Group is the largest operator in the bus market, with a market share of approximately 27 %. In Sweden, the market share is 4 %, while in Denmark the operations are still 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 support function, to more of local commercial operator in the maintenance market for larger vehicles.

The bus operations transported 111 million travellers (103,6), an increase of 7,1 %. Customer ratings show that the operation continues to deliver high quality products in the local and express bus sector as well as in the tourism sector.

The operating profit is 101 MNOK (126 MNOK). The Nettbuss Group's operating income for 2007 is 3 411 MNOK (3 203 MNOK), an increase of 6,5 % from the previous year. The change in the operating profit is mainly due to liquidation costs related to cessation of contracts in the Stavanger region and in the county of Vestfold as well as start-up costs after winning a tender in Denmark.

Freight train operations.
The freight train operations showed a positive development in 2007. Operating income increased by 6,1 % to 1 596 MNOK (1 504 MNOK) in 2007. Operating profit for the freight train operations is 29 MNOK (14 MNOK). The improvement is mainly due to increased volumes and improved operating profit.

Operations in Norway show a satisfactory rate of return. The challenge is to meet the demand for capacity in the market. During the course of the year more carriages and locomotives for transporting containers have been ordered. A challenge in the daily operations and expansion is to secure the supply of operative personnel.

The operations in Sweden still have major challenges ahead regarding profitability, even though the improved route structure has shown positive signs. Further optimizing the route structure and customer relations are expected to show positive effects in the future.

Quality and punctuality is deciding factors for the kind of transport services the freight traffic offers, and a punctuality of 90 % in Norway and 86 % in Sweden was achieved in 2007.

Real estate operations.
The real estate operations yield a positive operational profit of 339 MNOK (241 MNOK). Of this result, is 210 MNOK (155 MNOK) directly related to profits from the sale of property.

The real estate operations manage property used in NSB's operations and create values through development of the Group's other properties. The real estate operation is comprised of a rental area of approx. 730.000 square meters, and property development potential of about 2 million square meters.

During the course of 2007 the PwC-building was completed in Bjørvika and the construction of a new office building for the Norwegian tax authorities in the street of Schweigaardsgate in Oslo was started. An agreement was also entered into with Aker Kværner, for a new office building in Stavanger.

Support functions.
Most of the support functions are divided into separate 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 achieving a competitive cost level. Finse Forsikring AS works on the NSB Group's risk handling, through limiting the economic effect when accidents occur, as well as minimizing the Group's financial risk expenses.

The operating result for the support functions is 24 MNOK (-3 MNOK). The support functions results improved in 2007, mainly due to reduced insurance and accident expenses on property and rolling stock.

Economic development.
The NSB Group has a profit of 545 MNOK (511 MNOK), an improvement of 34 MNOK. The operating profit is 731 MNOK (668 MNOK), an improvement of 63 MNOK. The improvement is due to gain on sale of fixed assets of 45 MNOK.

The parent company NSB AS shows a profit after tax, for the year, of 238 MNOK (585 MNOK). Group contributions from subsidiaries in the amount of 0 MNOK (394 MNOK) is included in the result. Operational profit is 235 MNOK (286 MNOK).

The Group's net cash flow from operations is 1 229 MNOK (1 617 MNOK). Net cash flow used for investments is 1 686 MNOK (807 MNOK). That number includes 1 820 MNOK in the acquisition of property, plant and equipment, of which 1 160 MNOK were invested in fixed assets. Furthermore, 380 MNOK was paid in dividends to the owner. Investments were mainly used to increase capacity and profitability within the Group's business segments.

Including this year's profit, owners equity for the parent company is 7 085 MNOK (7 227 MNOK). The equity ratio is 60 % (62 %). Distributable equity for the parent company before dividends for this year is 1 549 MNOK. For the NSB Group, owner's equity is 6 821 MNOK (6 659 MNOK) an equity ratio of 48 % (50 %). The difference between the equity in 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 8,0 %.

Next re-payment of non-current borrowings of 785 MNOK is in 2010.

The Board proposes the following allocation of the result of the parent company NSB AS:

Dividend	402 MNOK
Allocated from retained earnings	-164 MNOK
Sum allocated	238 MNOK

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

Financial risk.
NSB borrows money in the markets and currencies that offers the most favourable terms. Borrowing in foreign currencies is 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. If there is an agreement for a considerable purchase in foreign currency, the currency risk is covered at almost 100 % during the course of the agreement.

NSB is exposed to changes in the interest rate. 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 duration of the loan portfolio.

Surplus liquidity is invested 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 and institutions are established based on credit evaluations.

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 currently secures up to 80 % of the total budgeted power consumption of the Groups real estate portfolio, and up to 50 % of budgeted numbers of electricity used for the trains through Bane Energi. The goal is to limit the risk for large fluctuations in price, so as to achieve predictability and a lower average electricity prices.

Work environment.
Absence due to illness for the Group is 9,0 % (9,3 %). All the larger units have less absence due to illness compared to the previous year. When it comes to the whole Group, the level of absence approximately followed the same development as the rest of the country and the transportation business.

Most companies in the Group are an IA-company (inclusive labour market). As an IA-company, NSB AS works on lowering absence due to illness, but also to improve inclusiveness of people with reduced abilities as well as increasing the average retirement age.

The business does have a higher absence due to illness than the national average because of shift work. In addition, there are strict health demands on employees with security service. From September 2007, NSB AS has opened a resource centre to better follow up employees on sick leave and to try to give them different type of work. Another measure is to help them to qualify for a different type of work both internally and externally.

In 2007, the NSB Group has worked on prioritising measures that can reduce work related absence, and it's been decided to carry out a systematic mapping of the psychosocial work environment in NSB AS.

External environment.
The NSB Group's goal is to avoid any damage to people and the environment.

Passenger train operations in NSB AS were certified according to ISO 14001 in 2005. This has resulted in several improvements for the environment.

During 2007 an agreement has been reached with the National Rail administration on purchasing certificates that ensure that all purchased electricity for the trains only comes from named hydroelectric power sources.

Mantena was in 2007 certified according to ISO 14001. The projects concerning energy-economisation in ROM Eiendom and Mantena continued with full force in 2007.

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 further reduce the risk for environmental damages and accidents.

Equal rights.
The share of female employees in NSB AS in 2007 is 29,0 %. This share has been stable the last few years with 29,3 % in 2006 and 29,2 % in 2005.

The share of females in leadership positions in the Group companies and different business segments varies. The shareholder elected board members in NSB AS have a share of females of 40 % and the Chairman of the Board is a female. In the Group leadership there are no females, while the share of females in the passenger train operations leadership group is 38 %.

NSB's goal is to have equal terms of employment that do not discriminate. Compared to the previous year the average time spent at work for women has increased, while it has been reduced for men. The average salary has increased more for men than it has for women. Despite this the share of women with the lowest salaries has been reduced to 52,5 % (63,8 %). This is mainly due to a lower share of women recruited. The salary development in the Group for men and women will be analyzed to map out the causes and implement necessary measures.

Research and development.
NSB AS has no considerable research and development projects in progress. Through the UIC (International Union of Railways) there are nevertheless several ongoing EU-funded research and development projects, and NSB actively participates in several areas related to conserving energy.

Future challenges.
The world's environmental challenges and increased energy prices means that public transportation in general and especially the railroad should be able to increase its importance in the years to come. One can expect an increased concentration on environmental friendly energy effective solutions within public transportation. This will give a positive effect for transportation alternatives that uses renewable energy.

For the last few years there has been a continuous increase in customers who choose to use railroad in both the passenger and freight market. If this positive development is to continue, a more reliable infrastructure is needed. Increased capacity is necessary and a more modern track that shortens the travel time considerably. It is essential to increase maintenance and renewal of today's infrastructure. The major disruptions lately has emphasized that it is urgent with a quick renewal of the most critical installations. The negative trend in delays due to the infrastructure must be reversed.

Focusing on high-speed trains will make the train more competitive compared to planes and lead to trains taking a large piece of that market. The first step in such a building programme must be to modernize and complete the construction of the Inter-city lines in eastern Norway.

In 2008, NSB will order new passenger trains to arrange for further growth, especially for traffic to and from populated areas. Older carriages and train sets are refurbished to give a more modern offer to the customers, and to ensure sufficient capacity until the new trains are delivered. At the same time in a tight labour market, it will be necessary to recruit operative personnel to ensure stable operations and future expansion.

In Norway, freight traffic (rail) is experiencing strong growth. This growth is good news for the environment, and important for traffic safety and will contribute to reduce road congestion. The assumption is that the growth will continue and plans to double the capacity by 2020. The expansion of freight terminals and more rail crossings plus longer stretches of double lines are the most important measures. Within NSB's freight traffic operations one plans to purchase new rolling stock and wagons to meet the increased demand. The infrastructure and terminals will put distinct limits for further growth in Norway. In Sweden the phasing in of a similar operative concept as to that of Norway continues, and increased capacity on the longest and most popular lines is planned.

In the next few years a large part of the Bus operations will be put out for tender, and it is possible that this will further squeeze the margins. Recruiting new employees and development of competence is an important element to succeed, and the business segment has established procedures to recruit drivers and mechanics from other countries. The Bus operations will further emphasize on the customers need for a broad public transportation offer. All investigations show that frequency and availability are important factors when choosing transportation.

The real estate operations focuses on three areas; development of station areas, development of property, and property management. A central part of development of station areas will be to improve accessibility to stations and develop junctions to make it even easier to use trains and buses. Real estate development will realise values by developing areas that are no longer utilised for railway purposes. Ownership administration shall concentrate on a good and effective administration of the more than 2 500 properties that this business segment is responsible for.

The board would like to thank the NSB Group's employees for their contribution to this year's growth and their help to reach the rate of return that the owners set.

Oslo, 18 June 2008

Ingeborg Moen Borgerud
Chairman of the Board

Christian Brinch

Bjarne Borgersen

Bente Hagem

Tore Heldrup Rasmussen

Øystein Aslaksen

Audun Sør-Reime

Jan Audun Strand

Einar Enger
President and CEO

Income statement

	Note	2007	2006
Revenue	9	9 993 862	9 167 558
Payroll and related expenses	25	4 621 588	4 075 725
Depreciation, impairment	26	863 781	808 713
Other operating expenses	27	3 777 325	3 614 993
Operating profit		**731 168**	**668 127**
Net financial income	28	1 777	100 886
Share of (loss)/profit in associates	8	24 833	(2 340)
Profit before income tax		**757 778**	**766 673**
Income tax expense	18	212 506	255 746
Profit for the year		**545 272**	**510 927**
Attributable to:			
Minority interests		8 860	3 886
Equity holders		**536 412**	**507 041**

Balance sheet at 31 December

ASSETS	Note	2007	2006
NON-CURRENT ASSETS			
Intangible assets	7	299 551	234 370
Property plant and equipment	6	8 690 235	7 945 929
Investment property	5	486 419	390 898
Investments in associates	8	95 154	90 434
Financial assets		12 261	12 416
Total non-current assets		**9 583 620**	**8 674 047**
CURRENT ASSETS			
Inventories	11	1 365 719	1 320 018
Assets held for sale	24	60 510	56 469
Trade and other receivables	12	1 509 581	1 175 507
Derivative financial instruments	13	10 745	76 603
Other financial assets at fair value through profit/loss	14	1 098 733	724 429
Cash and cash equivalents	15	591 424	1 311 879
Total current assets		**4 636 712**	**4 664 905**
Total assets		**14 220 332**	**13 338 952**

EQUITY AND LIABILITIES	Note	2007	2006
EQUITY			
Ordinary shares and share premium	16	5 535 500	5 535 500
Retained earnings		1 068 481	915 119
Minority interests		217 374	207 900
Total equity		**6 821 355**	**6 658 519**
LIABILITIES			
LONG-TERM LIABILITIES			
Borrowings	17	2 115 017	1 312 354
Deferred income tax liabilities	18	246 986	470 953
Retirement benefit obligations	19	1 192 654	1 007 668
Provisions for other liabilities and charges	20	286 446	257 091
Total non-current liabilities		**3 841 103**	**3 048 066**
SHORT-TERM LIABILITIES			
Trade and other payables	21	3 026 886	2 642 213
Current income tax liabilities	18	443 734	131 019
Borrowings	17	41 388	775 461
Derivative financial instruments	13	45 866	58 297
Liability in association with assets for sale	24	0	25 377
Total current liabilities		**3 557 874**	**3 632 367**
Total liabilities		**7 398 977**	**6 680 433**
Total equity and liabilities		**14 220 332**	**13 338 952**

Oslo, 18. June 2008

Ingeborg Moen Borgerud
Chairman of the Board

Christian Brinch

Bjarne Borgersen

Bente Hagem

Tore Heldrup Rasmussen

Øystein Aslaksen

Audun Sør-Reime

Jan Audun Strand

Einar Enger
President and CEO

Cash flow statement

Cash flow statement for the Group

(all numbers in TNOK)	Note	1. January - 31. December 2007	2006
Cash flow from operating activities	23	1 355 147	1 618 127
Interest paid		0	0
Income tax paid		-125 806	-1 455
Net cash generated from operating activities		**1 229 341**	**1 616 672**
Purchase/sale of associate		-4 720	-343
Purchase of property, plant and equipment (PPE)	6	-1 820 402	-1 055 157
Proceeds from sale of PPE	23	227 637	285 705
Purchase of intangible assets	7	-88 478	-36 792
Cash flows from investing activities		**-1 685 963**	**-806 587**
Proceeds from borrowings		1 920 605	10 419
Repayments of borrowings		-1 799 683	-24 924
Dividends paid to Company's shareholders	29	-380 000	-246 000
Cash flows from financing activities		**-259 078**	**-260 505**
Net(decrease)/increase in cash, cash equivalents and bank overdraft		-715 700	549 580
Cash, cash equivalents and bank overdrafts OB		1 311 879	762 299
Currency (gain/(loss) on cash, cash equivalents and bank overdraft		-4 756	
Cash, cash equivalents and bank overdrafts CB	15	**591 423**	**1 311 879**

Equity

	Note	Share capital	Retained earnings	Minority interest	Total
Balance at 1 January 2006	16	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
Dividends	29		-246 000		-246 000
Balance at 31 December 2006		**5 535 500**	**915 119**	**207 900**	**6 658 519**
Balance at 1 January 2007	16	5 535 500	915 119	207 900	6 658 519
Foreign exchange differences			-20 641	533	-20 108
Other changes			17 591	81	17 672
Profit for the year			536 412	8 860	545 272
Dividends	29		-380 000		-380 000
Balance at 31 December 2007		**5 535 500**	**1 068 481**	**217 374**	**6 821 355**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DEC. 2007

All numbers in the report are in TNOK.

NOTES TO THE ANNUAL REPORT AND ACCOUNTS

The consolidated financial statements were approved by the Board of Directors on 18. June 2008.

1. 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 businesses which are naturally connected to this. The Group also does business in real-estate.
The Group has its main office in Oslo.

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 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. Certain borrowings are accounted for using fair value when transaction costs are deducted before payment is made. The borrowings are accounted at amortised costs using effective interest rate in succeeding periods.

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.

Changes to publicised standards effective in 2007

- IFRS 7 "Financial instruments: Disclosure" and appurtenant changes to IAS 1 (Amendments), "Presentation of financial statements – Capital disclosures" introduces new additional information related to financial instruments.
- IFRIC 8, 'Scope of IFRS 2'. According to IFRIC 8, transactions in connection with issue of equity instruments, where the consideration is lower than fair value on the issued equity instrument, should be valued according to whether they are included in IFRS 2. This Standard does not influence the Group's consolidated accounts.
- IFRIC 10, 'Interim Financial Reporting and Impairment'. This Standard does not allow decrease in the valuation of goodwill, equity and financial instruments that are booked in the accounts at historical cost in the interim period reporting and that can be reversed at a later date. This Standard does not influence the Group's consolidated accounts.

Standards, interpretations and amendments that are effective in 2007, but that are not relevant for the Group
The following standards, changes and interpretations are compulsory for annual reports that begin their reporting period on 1 January 2007 and later, but are regarded as not relevant for the Group:

- IFRS 4, "Insurance contracts"
- IFRIC 7, "Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies"
- IFRIC 9, "Re-assessment of embedded derivatives"

Interpretations to existing standards that are not effective and the Group has chosen not to adopt early
The following interpretation to existing standards has been made public and will be compulsory for the Group in the accounts starting 1 January 2008 and later, but the Group has chosen not to adopt early

- IFRIC 11,"IFRS 2 – Group and treasury share transactions".
- IFRS 8,"Operating segments". The Group will use this standard starting 1 January 2009. This standard is not expected to influence the Group accounts.
- IAS 23 (Amendment), "Borrowing costs". IAS 23 states that all borrowing costs are to be included in the balance sheet accounts if they are directly related to the acquisition, building or production of an asset that requires considerable time to complete. This standard is not expected to influence the Group accounts.
- IFRIC 14,"IAS 19 - the limit on a defined benefit asset, minimum funding requirements and their interaction". The Group will use this standard starting 1 January 2008.

Interpretations to existing standards that are not effective and that are not relevant to the Group
The following interpretations to existing standards are compulsory for the Group in accounting periods starting 1 January 2008, but the leadership has considered them as not relevant for the Group:

- IFRIC 12, "Service concession arrangements"
- IFRIC 13, "Customer loyalty programmes" is not relevant, because none of the companies in the Group has a customer loyalty programme.

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.

In the company accounts the ownership is handled using the cost method.

(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 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 and 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 and 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 and include goodwill (which possibly is reduced by write downs) (see note2.6).

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.

Translation differences are 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 that have a functional currency different from 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 the closing rate at the date of that balance sheet

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.

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 buildings, are held to earn rental income 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 years
Buses	6 – 12 years
Buildings	10 – 50 years
Other fixed assets	5 – 30 years

The fixed assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An impairment loss is recognised when the estimates 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 the 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 non-financial assets

Fixed and intangible 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 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*
Derivative Financial assets (see note 2.9) or financial assets held for trading purposes are classified at fair value through profit or loss. This category also includes financial assets that are recognised on the balance sheet initially to be at fair value in the income statement. Assets in this category are classified as current assets if they are held for trading purposes or if they 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 date (see note 2.11).

(c) *Financial assets available for sale*
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 form 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 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 on each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets that are classified as borrowings and receivables of certain assets that are classified as held-for-sale are impaired. Objective indicators of a decrease in fair value for equity instruments include material and permanent impairments.

Derivative financial instruments and hedging activities

Derivative financial instruments (assets and liabilities) are recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value.

The Group does not use hedge accounting and all derivative financial instruments are classified as short-term assets or liabilities.

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.

2.13 Share capital

Ordinary shares are classified as equity.

2.14 Borrowings

External fixed rate bonds are recognised at fair value with value changes included 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 basis of assets and liabilities and their carrying amount 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 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 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 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 an interest rate comparable with long-term government bonds in the same 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 comprised from services is recognised in the accounts at fair value after returns, rebates and discounts. Sales within the Group are eliminated. 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 exchange risk, interest rate risk and other price risk), credit 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 utilizes derivative financial instruments to hedge certain risk exposures.

(a) *Market risk*

(i) Foreign exchange risk

The Group operates internationally and makes material purchases from foreign suppliers and is therefore exposed to foreign exchange risk. 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.

In material purchases, for instance trains, the suppliers are requested to list their price in NOK and in foreign currency. If the foreign currency is more favourable, this currency exchange risk is covered close to 100 % for the life of the contract.
The goal is to be as predictable as possible when it comes to payments to be made in the future measured in NOK.
Risk related to foreign currency exchange is included in note 35.

(ii) Floating and fixed 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. Loans with fixed interest rate expose the Group for fair value interest risk.

The Group administrates the floating interest rate risk using floating-to-fixed interest rate swaps: Interest rate swaps imply conversion from floating to fixed interest rate loans. The Group normally enters into long-term loan agreements with a floating interest rate and hedges these partially or fully to a fixed interest rate. 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.
Risk regarding interest changes is included in note 35.

(iii) Other price risk

The Group is exposed to risk regarding electricity prices. A continuous evaluation of the price of electricity is performed to possibly purchase electricity at fixed prices. The Group uses external companies to enter into these types of agreements. The goal is to have predictable expenses in the future.
Realised and unrealised gain or loss on electrical hedges is included in note 35.

(b) *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. Liquidity risk management ensures that accessible liquidity is sufficient to meet obligations, without unwanted costs. Liquidity risk is included in note 35.

(c) *Credit risk*
Credit risk is handled at Group level. The Group's exposure of credit risk is mainly influenced by individual aspects related to its customers. The train and bus segments mainly receive their income from cash sale. Other subsidiaries have its parent as its largest customer. The Group is not materially exposed to credit risk.
Excessive liquidity is placed in short-term Norwegian bonds and certificates. Limits have been established on both credit exposure towards the different sectors and certain segments based on credit evaluation.
Credit risk is included in the notes 12 and 13.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

3.3 Fair value estimation

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the 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 flow.

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 judgements 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.

2 Shares in subsidiaries

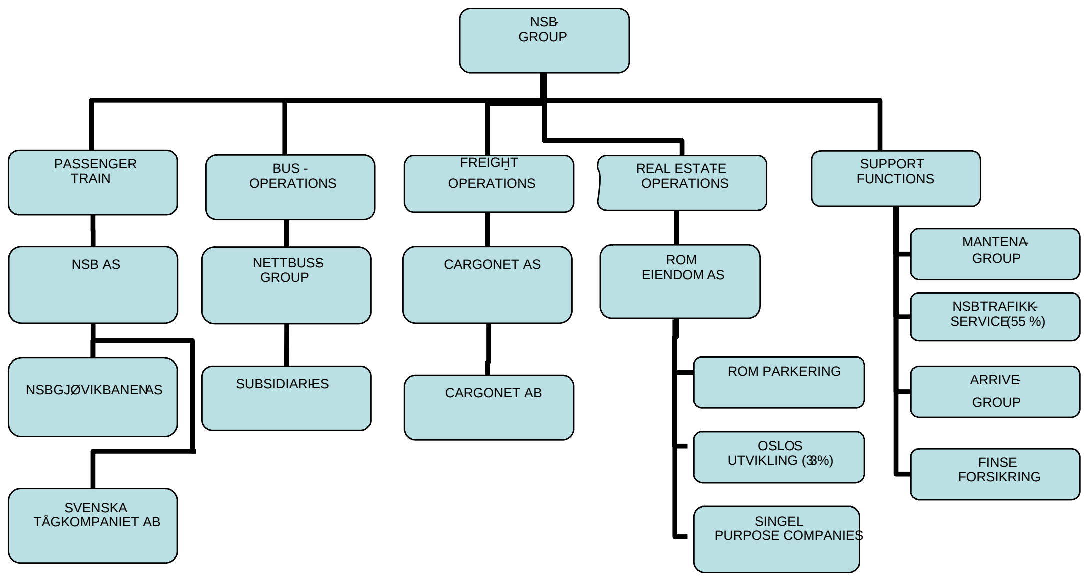
The table shows **the parent company's directly owned investments**. The Group also consists of indirectly owned companies and ownership interests.

Subsidiaries	Acquisition date	Registered office	Votes and Profits %	Equity	Profit/ loss	Cap value 31 Dec.
Nettbuss AS	1. Dec 1996	Oslo	100 %	765 877	8 061	712 752
ROM eiendom AS	18. Dec 1998	Oslo	100 %	1 024 169	164 837	601 216
Arrive AS	1. Jul 2001	Oslo	100 %	14 786	2 800	20 821
NSB Trafikkservice AS	1. Oct 2001	Oslo	55 %	3 141	1 065	563
Finse Forsikring AS	1. Dec 2001	Oslo	100 %	199 998	27 182	50 000
CargoNet AS	1. Jan 2002	Oslo	55 %	575 691	41 564	295 000
Mantena AS	1. Jan 2002	Oslo	100 %	200 700	-970	253 672
NSB Gjøvikbanen AS	1. Apr 2005	Oslo	100 %	26 918	6 930	16 000
Svenska Tågkompaniet AB	1. Jan 2007	Oslo	100 %	31 294	16 239	120 929
Banestasjoner AS	2. Jan 2002	Oslo	100 %	0	0	100
SUM				**2 842 574**	**267 708**	**2 071 053**

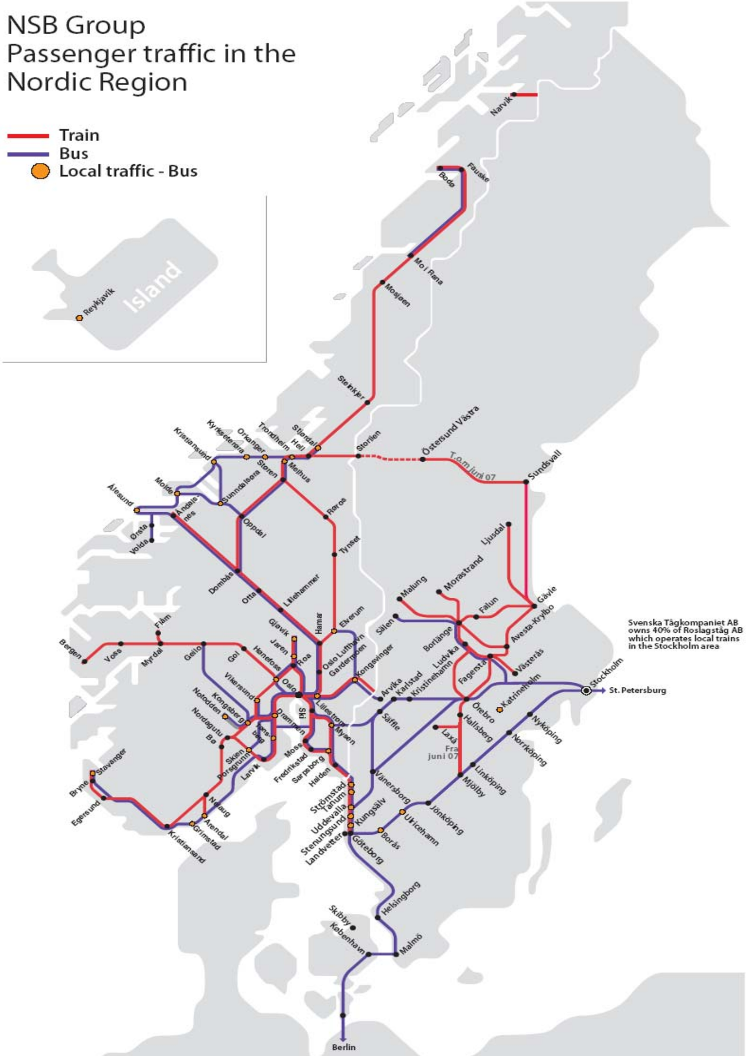
3 Group and company structure

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

- Included in Passenger traffic (rail) are the operations of NSB AS, NSB Gjøvikbanen AS as well as Svenska Tågkompaniet AB.
- The Nettbuss Group is included in the Bus business segment.
- The CargoNet Group is included in the freight traffic (rail) business segment.
- ROM eiendom Group is included in the real estate Group.
- Mantena Group which performs workshop- and maintenance, NSB Trafikkservice AS, and as well as administrative functions in Finse Forsikring AS and Arrive Group are all included in support functions.



4 NSB Group's passenger operations in Scandinavia



5 Investment properties

Accounting for investment properties is done using the cost method.

At 1 January 2006	
Acquisition cost	430 316
Accumulated depreciation	-151 562
Net book amount 01.01.2006	**278 754**
Year ended 31 December 2006	
Opening net book amount 01.01	278 754
Additions	190 015
Disposals	-4 185
Acc. depreciation disposals	0
Transfers to/from investment property	-13 183
Transfers to/from assets held for sale	-25 377
Depreciation	-25 829
Impairments	-9 297
Closing net book amount 31.12.2006	**390 898**
At 31 December 2006	
Acquisition cost	568 289
Accumulated depreciation	-177 391
Net book amount 31.12.06	**390 898**

Year ended 31 December 2007	
Opening net book amount 01.01	390 898
Additions	147 754
Disposals	-3 712
Acc. depreciation disposals	0
Depreciation	-43 258
Impairments	-5 263
Closing net book amount 31.12.2007	**486 419**
At 31 December 2007	
Acquisition cost	707 068
Accumulated depreciation	-220 649
Net book amount 31.12.	**486 419**

Fair value at 31 December 2007
(including properties under construction available for sale)
At 31.12.07 the Group's investment properties had a fair value of 3 477 MNOK. Changing the return on capital by 0,5 % the value will be reduced to 3 246 MNOK, and if the return on capital is reduced by 0,5 % the value increases to 3 740. The value evaluations were performed by a qualified, independent company and based on market value.

Investment properties, rental income and operating expenses	**2007**	**2006**
Rental income	225 000	186 623
Operating expenses	115 390	120 583

6 Property, plant and equipment

	Machinery & Equip.	**Transpor-tation**	**Land and buildings**	**Under Construct.**	**Total**
At 1 January 2006					
Acquisition 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 01.01.	613 372	6 015 314	774 874	515 328	7 918 888
Year ended 31 December 2006					
Opening net book value 01.01.	613 372	6 015 314	774 874	515 328	7 918 888
Exchange differences	6 957	-2 505	-1 515	0	2 937
Acquisition of subsidiary	918	74 298	427	0	75 643
Additions	115 372	486 098	42 254	417 018	1 060 742
Disposal at acq. cost	-13 368	-75 537	-23 626	-231 933	-344 464
Transf. to/from assets held for sale	0	0	0	-3 687	-3 687
Depreciation	-132 494	-543 054	-58 780	-3 494	-737 823
Impairments	-8 791	-5 693	-11 822	0	-26 306
Closing net book value 31.12.	581 966	5 948 921	721 812	693 232	7 945 929
At 31 December 2006					
Acquisition 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	-3 494	-8 915 503
Net book value 31.12.	581 966	5 948 920	721 812	693 232	7 945 929
Year ended 31 December 2007					
Opening net book value 01.01.	581 966	5 948 920	721 812	693 232	7 945 930
Exchange differences	1 342	-30 709	-7 890	0	-37 257
Acquisition of subsidiary	0	3 409	0	0	3 409
Additions	156 448	1 159 634	63 969	823 212	2 203 263
Disposal at acq. cost	-42 527	-163 744	-21 400	-450 591	-678 262
Transfers to/from investm. property	0	0	0	-80 024	-80 024
Transf. to/from assets held for sale	0	-20 760	0	0	-20 760
Depreciation	-147 920	-586 610	-44 107	0	-778 637
Impairments	-1 597	-14 160	0	-544	-16 301
Closing net book value 31.12.	570 758	6 394 858	739 334	985 285	8 690 235

At 31 December 2007					
Acquisition cost	1 811 493	14 152 478	1 282 751	988 780	18 235 502
Accumulated depreciation	-1 240 735	-7 757 620	-543 417	-3 495	-9 545 267
Net book value 31.12.	570 758	6 394 858	739 334	985 285	8 690 235
Depreciation period	5 - 30 yrs	6 - 30 yrs	0 - 50 yrs		

Economic life for technical division's plant and equipment
Management determines economic life and depreciation plan for property, plant and equipment. Management will increase depreciations 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 2006			
Acquisition cost	332 924	0	**332 924**
Accumulated amortisation and impairments	-125 888	0	**-125 888**
Net book value 01.01.	207 036	0	**207 036**
Year ended 31 December 2006			
Opening net book value 01.01.	207 036	0	**207 036**
Exchange differences	314	0	**314**
Additions	874	0	**874**
Acquisition of subsidiary	31 376	4 228	**35 604**
Impairments	-8 856	0	**-8 856**
Amortisation	0	-602	**-602**
Closing net book value 31.12.	230 744	3 626	**234 370**
At 31 December 2006			
Acquisition cost	365 488	4 228	**369 716**
Accumulated amortisation and impairment	-134 744	-602	-135 346
Net book value 31.12.	230 744	3 626	**234 370**
Year ended 31 December 2007			
Opening net book value 01.01.	230 744	3 626	**234 370**
Exchange differences	-2 324	-651	**-2 975**
Additions	1 000	36	**1 036**
Acquisition of subsidiary (note 32)	0	87 442	**87 442**
Impairments	-8 715	-456	**-9 171**
Amortisation	-122	-11 029	**-11 151**
Closing net book value 31.12.	220 583	78 968	**299 551**
At 31 December 2007			
Acquisition cost	364 164	91 055	**455 219**
Accumulated amortisation and impairments	-143 581	-12 087	**-155 668**
Net book value 31.12.	220 583	78 968	**299 551**
Amortisation period		3 – 10 yrs	

A segment level summary of the goodwill allocation are as follows:	**2007**	**2006**
	Bus	**Bus**
Norway	193 885	193 825
Sweden	24 773	34 927
Denmark	1 925	1 992
	220 583	230 744

Goodwill is allocated to the groups cash-generating units identified according to the value the asset contributes to the segment. Liquidity prognosises are used based on the management approved budgets for a period of 5 years. Cash flow past these five year period is based on the estimates growth rate which is presented below.

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

Bus	Norway	Sweden	Denmark
Growth rate [1]	2,40	2,40	2,40
Discount rate[2]	10,21	10,21	10,21

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 net cash flows based on the past performance and its expectations of market development. The weighted average growth rate used is consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specifics 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 base don both geographical belonging and the density connected to the cash flows to the different acquisitions:

Norway:	Sweden:	Denmark:
Region Drammen	Orusttrafiken AB	Netbus Danmark AS
Region Møre	Säfflebussen AB	
Region Trøndelag		

8 Investments in associates

Sales analysis pr. category	2007	2006
Book value 01.01.	90 434	91 572
Acquisition of associate	14 371	2 545
Disposal of associate	-32 673	-2 202
Share of profit/loss	23 924	-2 340
Exchange differences	-902	859
Book value 31.12.	95 154	90 434

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

Investments in associates at 31.12.07 include goodwill of 9 696 TNOK (2006: 6 967 TNOK).

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

2006	Registered office	Assets	Liabilities	Revenues	Profit/loss	% interest held
Tågkompaniet AB	Stockholm	0	0	75 744	-558	34
Oslo S Parkering AS	Oslo	34 448	30 966	5 303	-341	25
Linjearkitekter	Oslo	402	189	806	0	30
Oslo S Utvikling AS	Oslo	176 960	163 043	683	-5 572	33
Ålmhults Terminal AB	Ålmhult	5 388	1 594	477	29	33
Hallsberg kombiterminal AB	Hallsberg	3 294	1 771	10 126	-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
Nor-Way Bussekspress AS	Oslo	12 239	5 772	35 805	1 185	25
Agder Last AS	Arendal	3 538	2 103	10 803	-206	38
Elverum Rutebilstasjon AS	Elverum	1 847	211	1 131	8	50
KR Trafiken AB	Østersund	79 058	76 621	66 036	1 018	25
Stadsbusserna AB	Østersund	720	50	20 940	1 561	50
Active Travel Norway AS	Oslo	185	319	1 047	-346	24
Total		4 437	318 736	309 175	-2 340	

2007	Registered office	Assets	Liabilities	Revenues	Profit/loss	% interest held
Oslo S Parkering AS	Oslo	34 236	27 738	4 617	625	25
Oslo S Utvikling AS	Oslo	289 319	253 947	35 538	21 453	33
Luleå kombiterminal AB	Oslo	1 699	310	405	4	75
Ålmhults Terminal AB	Luleå	3 248	1 237	465	204	33
Hallsberg kombiterminal AB	Ålmhult	2 274	1 745	11 635	871	20
Norlandsbuss AS	Hallsberg	55 121	47 130	69 564	-469	34
Telemark Ekspressbusstrafikk	Bodø	3666	2 243	20 341	153	50
Nor-Way Bussekspress AS	Skien	13 634	6 487	30 769	1 305	25
Agder Last AS	Oslo	0	0	0	-648	0
Elverum Rutebilstasjon AS	Arendal	1 814	210	1 426	16	50
KR Trafiken AB	Elverum	72 816	70 903	54 223	1 781	25
Stadsbusserna AB	Østersund	11 811	11 364	23 246	223	50
Raumabanens Åndalsnes AS	Sarpsborg	206	48	162	-44	16
Interoperabilitetstjenester AS	Åndalsnes	11 407	11 100	1 477	5	33
Active Travel Norway AS	Oslo	553	934	1 192	-646	24
Strømstad-Tanum Buss AB	Tanumshede	17 613	14 634	12 476	0	40
Kjellgrens Busstrafikk AB	Tranemo	6 610	6 482	17 689	0	40
Acreloten 550 AB	Sverige				0	49
Trafikkterminalen Molde AS	Molde				0	40
Melhus Skysstasjon AS	Melhus				0	33
HB Kruthusterminalen	Sverige				0	50
Fredrikstad Biogass AS	Fredrikstad				0	50
Total		550 250	473 628	285 225	24 833	

9 Segment information

Primary reporting format – Business segments

At 31 December 2007, 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 through 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.– 31.12.2007:

(All numbers in TNOK)	Pass. traffic	Bus	Freight traffic	Real estate	Supp. Funct.	Group
Operating income	4 431 240	3 411 148	1 595 624	785 860	1 190 412	9 993 862
Operating expenses	3 765 450	3 059 779	1 489 535	353 212	1 121 953	8 398 914
Depreciation and impairm.	389 240	250 297	77 467	93 287	44 517	863 781
Operating profit/loss	**276 550**	**101 072**	**28 622**	**339 361**	**23 942**	**731 168**
Net financial income/exp						1 777
Share of profit/loss of associates						24 833
Profit before income tax						757 778
Income tax expense						212 506
Net income						**545 272**

Assets	6 453 136	2 357 961	870 020	3 442 232	1 086 237	14 209 586
Liabilities	1 235 598	554 388	262 418	562 926	498 807	3 114 137
Investments	598 907	567 277	285 957	430 730	24 973	1 907 844

Segment assets and liabilities are reconciled as follows:

	Assets	Liabilities
Segment assets and liabilities	14 209 586	3 114 137
Not allocated;		
Derivatives	10 745	
Tax payable		443 734
Total	**14 220 331**	**3 557 871**

Segment results 1.1 – 31.12.2006:

(All numbers in TNOK)	Pass. Train	Bus	Freight traffic	Real estate	Supp. funct.	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 and impairm.	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/exp.						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**
Assets	5 210 852	2 199 483	886 458	4 284 229	1 145 897	13 338 953
Liabilities	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

Segment assets consists 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, investments and financial derivatives available-for-sale or designated as hedges of borrowings are not included.
Segment liabilities comprise of operating liabilities, but do not include tax and borrowings including related hedging derivatives. Internal Group loans are included in the segment liabilities, but excluded in the Group liabilities.

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.

Operating income	**2007**	**2006**
Norway	8 647 740	8 201 795
Sweden	1 240 778	889 132
Denmark	105 344	76 632
Total	**9 993 862**	**9 167 559**

Total assets	**2007**	**2006**
Norway	13 090 293	12 226 481
Sweden	768 196	592 731
Denmark	255 943	21 278
Total	**14 114 432**	**12 840 490**
Associates (note 8)	95 154	90 434
Unallocated assets	10 745	408 029
Total	**14 220 331**	**13 338 953**

Assets are allocated based on where the assets are located.

Investments	2007	2006
Norway	1 432 275	985 930
Sweden	283 745	111 558
Denmark	191 824	16 746
Total	**1 907 844**	**1 114 234**

Investments are allocated based on where the assets are located.

Analysis of operating income by category	2007	2006
Transport revenue	8 799 017	8 107 596
Sales revenue	225 688	180 456
Other revenue	969 157	879 506
Total	**9 993 862**	**9 167 559**

10 Leases

	2007	2006
Lease of machinery/equipment (not incl. on the balance sheet)	92 716	124 427
Lease of property (external)	85 747	73 661
Total	**178 463**	**198 088**

11 Inventories

	2007	2006
Spare parts and components	207 290	180 876
Not completed parts	16 969	6 698
Completed parts	5 560	5 558
Developmental property for sale	1 135 900	1 126 886
Total	**1 365 719**	**1 320 018**

12 Trade and other receivables

	2007	2006
Trade receivables	1 153 163	950 724
Less: provision for impairment of receivables	-15 309	-18 114
Trade receivables - net	1 137 854	932 610
Prepayments	210 384	137 985
Other receivables	161 343	104 912
Total	**1 509 581**	**1 175 507**

Fair value of trade and other receivables are as follows:

	2007	2006
Trade receivables	1 137 854	932 610
Prepayments	210 384	137 985
Other receivables	161 343	104 912

Maturity of receivables:		
Matured receivables on balance sheet date	88 829	69 263
Matures in the next 0 - 2 months	67 188	40 588
Matures in the next 2 - 6 months	7 257	19 407
Matures after 6 months	14 384	9 268

13 Derivatives

	2007		2006	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps	190	-44 931	51 619	-58 297
Foreign currency swaps	0	0	4 951	0
Power swaps	10 555	-935	20 033	0
Total	10 745	-45 866	76 603	-58 297

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

Changes in fair value of derivatives:	**2007**	**2006**
This periods change in fair value	-53 428	66 046
Accumulated change in fair value	-35 122	18 306

Forward exchange contracts
The notional amount of the outstanding interest rate swap and currency swap contracts at 31 December 2007 is 0 TNOK (2006: 98 095 TNOK).

Interest rate swaps and foreign currency swaps
The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2007 2 547 342 TNOK (2006: 2 063 658 TNOK). At 31 December 2007, the fixed interest rates vary from 5,64 % to 5,84 % (2006: 3,64 % to 5,00 %). The main floating rates are EURIBOR and LIBOR.

14 Other financial assets at fair value through profit or loss

Listed securities:	**2007**	**2006**
Equity securities – Europe	46 673	47 395
Bonds and certificates	1 052 060	677 034
Total	**1 098 733**	**724 429**

Financial assets at fair value through profit or loss are presented within the section of operating activities as part of the changes in working capital in the cash flow statement (note 23). Effective rate of return on short investments was 5 % (2006: 3 %), and the investments have an average term to maturity of 70 days.

15 Cash and cash equivalents

	2007	**2006**
Cash at bank and on hand	591 424	1 311 879

Includes restricted funds of 144 871 TNOK (124 815 TNOK).

16 Share capital and share premium

	No. of shares (in thousands)	**Ordinary shares**	**Share premium**	**Total**
At 31 December 2006	**3 685 500**	**3 685 500**	**1 850 000**	**5 535 500**
Change in equity	0	0	0	0
At 31 December 2007	**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 NOK 1.000,-.

17 Borrowings

Non-current	**2007**	**2006**
Bonds	1 986 076	1 253 212
Other non-current borrowings	128 941	59 142
Total	**2 115 017**	**1 312 354**

Current		
Current share of non-current borrowings	37 959	721 007
Other current borrowings	3 429	54 454
Total	**41 388**	**775 461**
Total borrowings	**2 156 405**	**2 087 815**

Notional value of long-term borrowings at 31.12.2007: 2 143 631 TNOK (31.12.2006: 1 939 142 TNOK).

Total borrowings include secured liabilities (bank and collaterialized borrowings) of 2 053 641 TNOK (2006: 1 974 219 TNOK).

The exposure of the Group's borrowings to interest changes and the contractual dates at the balance sheet dates are as follows:

	2007	2006
6 months or less	804 915	57 695
6-12 months	0	25 002
1-5 years	0	0
Over 5 years	0	0

Non-current borrowings expire in:

	2007	2006
Between 1 and 2 years	5 326	3 350
Between 2 and 5 years	2 092 074	34 614
Over 5 years	17 617	1 274 390

Effective interest rate at the balance sheet date:

	2007				2006			
	NOK	SEK	€	Other	NOK	SEK	€	Other
Bonds	0,00	0,00	4,63	2,96	3,93	0,00	4,27	0,00
Other borrowings	5,25	4,00	0,00	0,00	0,00	0,00	0,00	0,00

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

	Carrying amount		Fair value	
	2007	2006	2007	2006
Bonds	1 986 076	1 253 212	1 986 076	1 253 212
Debentures and other loans	128 941	59 142	128 941	59 142
Total	2 115 017	1 312 354	2 115 017	1 312 354

Changes in fair value on non-current borrowings:	**2007**	**2006**
This periods change in fair value	-52 332	-35 470
This periods change in fair value from the spread	-1 124	0
Accumulated change in fair value	-28 614	23 718
Accumulated change in fair value from the spread	-1 124	0

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2007	2006
NOK	39 733	800 313
SEK	6 955	0
EUR	1 311 757	1 287 502
Other currencies	797 960	0
Total	**2 156 405**	**2 087 815**

The Group has the following undrawn borrowing facilities:

Floating rate	**2007**	**2006**
- Expiring within one year	50 000	50 000
- Expiring beyond one year	1 000 000	1 000 000
Fixed rate		
- Expiring within one year	0	0
Total	**1 050 000**	**1 050 000**

The facilities expiring within one year are annual facilities subject to review at various dates during 2008. 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	**2007**	**2006**
- Deferred income tax asset to be recovered after more than 12 months	664 460	465 122
- Deferred income tax asset to be recovered within 12 months	4 731	2 466
	669 191	467 588
Deferred tax liabilities		
- Deferred income tax liability to be recovered after more than 12 months	-897 935	-938 541
- Deferred income tax liability to be recovered within 12 months	-18 242	0
	-916 177	-938 541
Deferred income tax liabilities (net)	-246 986	-470 953

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

	2007	**2006**
Book value 01.01.	-470 953	-347 683
Exchange differences	77	-24
Acquisition of subsidiary	-4 111	-2 063
Income statement charge	26 208	-121 183
Norwegian correctional tax	201 793	0
Book value 31.12.	-246 986	-470 953

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 2006	-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
Income statement charge	31 732	-7 213	-14 349	16 224	26 394
Acquisition of subsidiary	-1 601	0	-1 753	-753	-4 107
Exchange differences	10	0	0	67	77
At 31 December 2007	-603 938	-6 838	-235 786	-69 615	-916 177

Deferred tax assets	**Provisions**	**Tax losses**	**Other**	**Total**
At 1 January 2006	296 084	132 802	126 401	555 287
Income statement charge	38 030	-130 774	7 016	-85 728
Acquisition of subsidiary	0	0	-2 063	-2 063
Exchange differences	92	0	0	92
At 31 December 2006	334 206	2 028	131 354	467 588
Income statement charge	89 694	4 031	-93 911	-186
Acquisition of subsidiary	0	0	-4	-4
Norwegian correctional tax	0	0	201 793	201 793
At 31 December 2007	423 900	6 059	239 232	669 191

	2007	2006
Tax payable	239 782	131 019
Change in deferred tax	-27 276	124 727
	212 506	255 746
Tax payable in the tax expense	239 782	131 019
Tax payable – balance sheet	201 793	0
Other	2 159	0
Total tax payable on the balance sheet	443 734	131 019

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

	2007	2006
Net income before tax	757 778	766 673
28 % of net income before tax	212 178	214 668
Non-taxable income	-10 907	-2 102
Non-fiscal deductible expenses	-1 448	22 659
Not enough purposed tax in prior years	-9 813	6 760
Other	2 863	0
Utilisation of previously unrecognised tax losses	-477	0
Fiscal loss concerning unrecognized deferred tax asset	20 110	13 761
Tax cost	212 506	255 746

Deferred tax assets regarding forwarded fiscal loss are recognized when it is probable that it can be reversed. Weighted average tax rate was 28 % (2006: 33 %).

19 Retirement benefit obligations

The Group has several collective pension agreements. The obligations connected to these agreements covers 8245 employees and 3170 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:

	2007	2006
Present value of funded obligations	8 243 158	7 641 755
Fair value of plan assets	-5 211 433	-4 926 651
	3 031 725	2 715 104
Present value of unfunded obligations	134 564	121 368
Unrecognised actuarial losses	-1 973 635	-1 828 804
Liability in the balance sheet	**1 192 654**	**1 007 668**

Pension expenses

The amounts recognised in the income statement are as follows:	2007	2006
Current service cost	350 917	313 574
Interest cost	310 779	290 369
Expected return on plan assets	-239 776	-230 192
Changes and deviations in estimates allocated to net income	54 270	80 952
Total, included in employee benefit expense (note 25)	**476 190**	**454 703**

The movement in the liability recognised in the balance sheet is as follows:	**2007**	**2006**
Book value 01.01.	1 007 517	796 392
Total expense charged in the income statement	480 554	454 703
Contributions paid	-295 417	-243 427
Book value 31.12.	**1 192 654**	**1 007 668**

The principal actuarial assumptions used were:	**2007**	**2006**
Discount rate	4,90	4,41
Expected return on plan assets	5,24	5,00
Future salary increases	4,70	4,35
Future pension regulation	4,25	4,10

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

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

- Male	18 years
- Female	19 years

The pension agreement for the Swedish companies is a multi-employer plan tied to Alecta. According to the statement from *Redovisningsrådet* this is a performance based settlement. The company has not received actuary estimates for both fiscal years 2007 and 2006. This is a problem connected to most companies with a retirement benefit obligation in Alecta. In consultation with *Föreningen autoriserade 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 2007	155 049	2 671	86 581	12 790	257 091
Charged/credited (-) to the income statement:					
– additional provisions	3 000	3 426	0	51 293	57 719
– unused amounts reversed	-20 500	0	-10 372	-27	-30 899
Exchange differences	0	0	0	0	0
Provision charge	19 600	804	0	0	20 404
Used during year	0	-396	-6 209	-11 264	-17 869
At 31 December 2007	**157 149**	**6 505**	**70 000**	**52 792**	**286 446**

Analysis of total provisions:	**2007**	**2006**
Non-current liabilities	286 446	257 091
Current liabilities	0	0
Total	**286 446**	**257 091**

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 1st 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

	2007	2006
Trade payables	457 615	533 971
Social security and other taxes	163 546	214 787
Other current liabilities	2 405 725	1 893 455
Total	**3 026 886**	**2 642 213**

In 2007 the amount due to related parties is: 136 588 TNOK (2006: 212 451 TNOK).

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

	2007	2006
Profit before minority interests	**545 272**	**510 927**
Current tax	438 521	131 019
Changes in deferred tax	-226 015	124 727
Income tax expense	212 506	255 746
Depreciation and impairment of non-current ant intangible assets	863 781	808 713
Gains/losses on disposal of property, plant and equipment (see below)	-92 863	-168 987
Differences in pension cost through profit and loss and payment/disburse of the defined contribution plan	185 127	211 276
Other accruals	29 355	-35 494
Fair value gains on derivative financial instruments	53 428	-66 046
Share of profit/loss (-) from associates	-23 924	1 481
Net foreign currency exchange (gain)/loss on borrowings	-22 904	0

Changes in balance sheet accounts (without acquisitions of subsidiaries, joint ventures and foreign exchange differences):		
Inventories	-45 701	-33 604
Trade and other receivables	-333 919	70 988
Other financial assets at fair value through profit and loss	-374 304	-221 903
Trade and other payables	359 293	285 030
Cash generated from operations	**1 355 147**	**1 618 127**

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

Net book value	134 774	116 718
Profit/loss (-) on disposal of property, plant and equipment	92 863	168 987
Proceeds from disposal of property, plant and equipment	227 637	285 705

24 Assets held for sale

Non-current assets held for sale:	**2007**	**2006**
Property, plant and equipment	20 760	0
Investment property/developmental property	39 750	56 469
Intangible assets	0	0
Total	**60 510**	**56 469**
Liabilities concerning non-current assets held for sale:		
Trade and other liabilities	0	25 377
Provisions for other liabilities and charges	0	0
Total	**0**	**25 377**

Net book value for loan secured in investment property held for sale is 0 TNOK (2006: 25 422 TNOK).

25 Payroll and related expenses

	2007	**2006**
Wages and salaries including social security costs	4 092 209	3 563 754
Pension costs – defined contribution plans	17 098	5 797
Pension costs – defined benefit plans (note 19)	459 092	454 703
Other employee benefit expenses	53 189	51 471
Total	**4 621 588**	**4 075 725**

Benefits for chief executive officer and key management are referred to in the note for related-party transactions.

	2007	**2006**
Average man-labour year	9 019	8 616
Average number of employees	11 035	10 474

The calculation is based on a weighted average based on the true number of man-labour year through 2007.

26 Depreciation and impairment

	2007	**2006**
Depreciation non-current assets (note 6)	778 637	737 823
Impairment non-current assets (note 6)	16 301	26 306
Depreciation investment property (note 5)	43 258	25 829
Impairment investment property (note 5)	5 263	9 297
Depreciation intangible assets (note 7)	11 151	602
Impairment intangible assets (note 7)	9 171	8 856
Total	**863 781**	**808 713**

27 Other expenses

	2007	2006
Sales and overhead expenses	759 298	550 227
Energy used in operations	652 619	733 458
Repair and maintenance, machinery rental, property expenses	1 011 022	930 295
Other operating expenses	1 354 386	1 401 013
Total	**3 777 325**	**3 614 993**

Auditing fees (excluding VAT):	2007	2006
Auditing	5 128	4 075
Other attestation services	549	206
Tax advisory	813	397
Other services	2 492	2 786
Total	**8 982**	**7 464**

28 Financial income and expense

	2007	2006
Interest income	66 211	114 520
Dividend	3 914	308
Other financial income	16 220	6 272
Net foreign exchange gains on financing activities	-3 815	-13 360
Fair value gains on financial instruments	6 383	98 042
Interest expense	-77 166	-103 798
Other financial expenses	-9 970	-1 098
Total	**1 777**	**100 886**

Change in fair value on financial instruments caused by change in credit risk is 0 NOK (2006: 0 NOK).

Net foreign exchange (losses)/gains

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

	2007	2006
Included in financial income and expenses	-3 815	-13 360
Included in operating expenses	0	0
Total	**-3 815**	**-13 360**

29 Dividends/Earnings per share

The dividends for 2006, paid in 2007 were 380 MNOK (103,11 NOK per share). A dividend in respect of the year ended 31 December 2007 of 109,08 NOK per share, amounting to a total dividend of 402 MNOK, is to be proposed at the Annual General Meeting in 2008. 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 2007 are 145 NOK (137 NOK).

30 Commitments

Capital commitments
Capital expenditure contracted for at the balance sheet date but note incurred is as follows:

	2007	2006
Property, plant and equipment	1 076 396	248 725
Investment property	390 000	0
Total	**1 466 396**	**248 725**

Investment property – repair and maintenance	**2007**	**2006**
Contracted commitments for renovation, repair and maintenance of investment property	10 000	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:

	2007	**2006**
No later than 1 year	87 254	24 953
Later than one year and no later than 5 years	178 723	65 308
Later than 5 years	173 246	0
Total	**439 223**	**90 261**

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 liabilites 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 incorporate 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

On 10th of January 2007, NSB AS acquired the remaining 66 % of the share capital of Svenska Tågkompaniet AB and purchase was settled in cash (SEK).

Nettbuss Drammen AS acquired 100 % of the shares in Bjørhovden Bilruter AS on 1.1.2007. The purchase amount was settled in cash (NOK).

The values of the companies relates to property, plant and equipment, accounts receivable and continuing contracts. The acquisitions are shown in total. Bjørhovden Bilruter AS is immaterial compared with Svenska Tågkompaniet AB. In the acquisition analysis, additional value over booked values are spread out to the identified property, plant and equipment.

Acquisition analysis:

TNOK (translated from SEK for TKAB)	**Book value**	**Fair value**
Property, plant and equipment	13 601	18 800
Locomotives	621	16 089
Financial assets	6 563	37 832
Current assets	57 098	57 599
28 % tax on additional value recognised	0	-14 152
Total assets	**77 883**	**116 168**

Liabilities	-58 245	-58 245
Adjusted value for 34 % ownership in TKAB	0	-17 600
Net substance value owner's equity	**19 638**	**40 323**
Purchase price (cash)	0	125 219
Value of on going contracts	**0**	**84 896**
Goodwill	**0**	**0**

33 Joint ventures

The parent company has no interest in a joint venture.
The subsidiary 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 %
Alna Nord Utvikling AS	2000	Oslo	50 %
Grefsen Utvikling AS	2000	Bærum	50 %
Trekanten Utvikling AS	2005	Hamar	50 %
Gulskogen Hage-By Utvikling AS	2005	Drammen	50 %
Sjøfront Utvikling AS	2005	Oslo	50 %
Harbitz Allé 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:
* Companies within the same Group
* Ministry of Transport and Communication
* Business owned by the Government through Ministry of Transport and Communication
* Joint ventures
* Associates
* Minority shareholders in subsidiaries
* The Board of Directors and key management

Sale of goods and services:	**2007**	**2006**
Public purchase of passenger traffic services	1 592 549	1 510 000
Sales of other goods and services	226 235	219 517
Total	**1 818 784**	**1 729 517**
Purchases of goods and services:		
Purchases of goods and services	276 852	88 666

Key management compensation

Members of the Board:	Title:	2007	2006
Ingeborg Moen Borgerud	Chairman of the Board	300	300
Christian Brinch	Vice Chairman of the Board	180	180
Bård Nordheim	Member of the Board	0	84
Jon L. Gjemble	Member of the Board	150	66
Bente Hagem	Member of the Board	150	150
Tore H. Rasmussen	Member of the Board	150	150
Øystein Aslaksen	Leader of Norsk Lokmannsforbund	150	150
Ole Roger Berg	Staff representative	0	405
Ole Reidar Rønningen	Staff representative	523	507
Øystein Sneisen	Staff representative	519	447
Total		**2 122**	**2 439**

All employees are included in the collective pension agreement. The agreement 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. Fees for the staff representatives are including their wages as an employee. There are no changes in board membersor their roles in 2007.

Group management:	Title:	2007	2006
Einar Enger	Chief Executive Officer	4 048	3 327
Rolf Roverud	Vice Chief Executive Officer/ Executive Officer NSB Persontog	2 757	2 782
Kjell Haukeli	Chief Financial Officer	1 350	1 296
Arne Fosen	Chief of Strategic operations	1 929	1 492
Arne Veggeland	Executive Officer Nettbuss	1 909	1 634
Total		**11 993**	**10 531**

The Group management are included in the collective pension agreement. Premium for each individual is not identified and is therefore not included in the numbers above. The agreement's premium is included above. Rolf Roverud left his position as Vice Chief Executive Officer at the end of the year 2007.

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 goods/services

	2007	2006
Receivables from related parties:		
Associates	260 149	0
Minority shareholders	4 256	8 145
Joint ventures	0	3 800
Board of Directors and key management	0	0
Business owned by the Government through Ministry of Transport and Communication	13 564	10 549
Total	**277 969**	**22 494**
Payables to related parties:		
Associates	100 941	168 201
Minority shareholders	6 729	31 581
Joint venture	9 152	9 651
Board of Directors and key management	0	189
Business owned by the Government through Ministry of Transport and Communication	19 766	2 829
Total	**136 588**	**212 451**

There are no loans between related parties.

Guarentees:

The company has guaranteed for an agreement of trafficking. The guarantee is 69 540 TNOK (2006: 69 540 TNOK). NSB AS has also guaranteed for the pension obligations if Nettbuss AS no longer would exist, which means that the transferring agreement of 1974 can be used. The consequence is that Nettbuss AS can not make changes in its pension without first getting approval from the Board of Director's in NSB AS.

35 Risk analysis

This table shows future maturities for the Group's liabilities as at 31.12.2007:

Liquidity risk at 31.12.2007	**< 1 yr**	**1-2 yrs**	**2-5 yrs**	**> 5 yrs**
Bonds	37 959	0	1 986 076	0
Certificates	0	0		0
Other loans	3 429	5 326	20 316	17 617
Derivatives	45 866	0	0	0
Trade and other payables	3 439 808	0	0	0

Other risk evaluations as at 31.12.2007

Interest rate risk is calculated using the Group's non-current borrowings with interest rate swaps. The finance department uses what it sees as a possible development in the interest rate level in the coming period for its presentation:

Interest rate risk by increasing the rate by 50 points results in a calculated risk of -47 809 TNOK (2006: 50 points -41 880 TNOK).

Foreign currency risk is calculated using the Group's non-current borrowings in foreign currency (EUR and CHF) including currency swaps. The finance department uses what is sees as a possible development in the foreign currency in the coming period for its presentation:

The currency risk for EUR by an increase of 10 % shows a calculated risk of 1 064 TNOK (2006: -10 % 4 243 TNOK).

The currency risk for CHF by an increase of 10 % shows a calculated risk of 576 TNOK (2006: 0 % 0 TNOK).

The risk related to electricity swaps is calculated as a change from discounted cash flows on realised and unrealised contracts in a dynamic model for market price on electricity. The changes in the factors in the analysis performed by the finance department, is expectations on development of the interest rate (NIBOR) and average change in market price on electricity compared to the price on the balance sheet date.

Risk on electricity swaps with an average inflation of 20 % and interest increase of 50 points shows a calculated risk of -1 320 TNOK (2006: 20 % and 50 points -2 093 TNOK).

Group management has given the wholly owned subsidiary Finse Forsikring AS extended limits in relation to placement and surplus liquidity. The company has made investments in four noted mutual funds in the Oslo stock exchange; Skagen Global, Nordea Internasjonale aksjer, Storebrand Global Quant Equity og Delphi kombinasjon. The presentation shows the effect on the result before tax on given decline in value on the portfolio compared to value on the balance sheet date:

Portfolio risk by a decline in value of 32 % gives a calculated risk of -14 900 TNOK (2006: 20 % 9 479 TNOK).

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To the Annual Shareholders' Meeting of NSB AS

Auditor's report for 2007

This auditor's report replaces the previously issued auditor's report, dated March 6, 2008. A revised auditor's report is issued as a result of the Annual Shareholder' Meeting's use of its right in accordance with the Norwegian Companies Act § 20-4 to approve a higher dividend than that which was recommended by the Board. The allocation of the result in these financial statements was therefore reviewed again and approved in a Board meeting on June 18, 2008.

We have audited the annual financial statements of NSB AS as of December 31, 2007, showing a profit of NOK 237 632 000 for the parent company and a profit of NOK 545 272 000 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, 2007 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, June 18 2008
PricewaterhouseCoopers AS

Merete Stigen
State Authorised Public Accountant (Norway)
Note: This translation from Norwegian has been prepared for information purposes only.

Owner control and corporate governance

1. Background

The Board of Directors approved in 2005 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 shareholders, the capital markets and other interested parties have towards the company.
NSB AS and the NSB Group have one shareholder, the 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.

2. Nature of business and ownership

NSB is one of 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 Gjøvikbanen AS and Svenska Tågkompaniet AB.
- 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.
- The Real estate operation consists of the ROM Group.
- 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.

3. Dividend policy

The present long-term plans and needs for investments in the coming years should be of importance when deciding the level of dividend. Taking into consideration that NSB is a production company with a high level of locked up capital, NSB should have an equity share of more than 40 % to be able to have a sufficient degree of capital financing for its investments.

4. 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. There is no formal election committee. 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.

5. 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 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.

6. 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 established ethical guidelines for the Group.

7. 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.

8. 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. Similarly, the Ministry of Transport has entered into an agreement with NSB's subsidiary NSB Gjøvikbanen AS (formerly NSB Anbud AS) regarding operation of the Gjøvik line.

9. 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.

10. 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, and reviews the compensation of key management. The board will annually evaluate guidelines for compensating members of the key management. Information on the compensation of the board and key management is included in notes to the financial statement.

11. 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.

12. 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.