

# Interim report T1 2015

/ NSB-GROUP /



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**INTERIM REPORT T1 2015**

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# Key information

OPERATIONAL KEY FIGURES	T1 2015	T1 2014
<b>Passenger train</b>		
Number of train journeys – Norway (mill.)	22.3	21.2
Produced seat kilometers in Norway (mill.)	3,272	3,128
Punctuality – passenger train in Norway	91 %	92 %
Customer satisfaction – pass. Train (index 0-100)	73	72
<b>Bus transport</b>		
Number of bus journeys (mill.)	37.5	49.9
Produced kilometers (mill.)	58.4	65.8
Customer satisfaction express bus (index 0-100)	81	82
<b>Freight transport</b>		
Number of transported TEU – freight train (1.000)	124.1	125
Punctuality – freight train	90 %	92 %

FINANCIAL KEY FIGURES	Per April 2015	Per April 2014
<b>Group profit</b>		
Operating revenue	4,935	4,740
Operating profit	690	379
Profit before income tax expense	598	232
<b>Group cash flow</b>		
Net cash flow from operations	1,196	490
<b>Group balance sheet</b>		
Net interest bearing debt - nominal value	6,670	7,691
<b>Equity</b>		
Return on equity (ROE)	22.2 %	17.9 %
Equity ratio	30.1 %	30.4 %

The numbers in the brackets in the report are comparative numbers from the same period the previous year.

All accounting figures are in MNOK.

Comments are based on accumulated numbers for the year, except when otherwise stated.



# Board of Director's report

Large increase in number of travelers for the train due to extended offer and increasingly more new trains utilized has resulted in a considerable growth in train passenger traffic in Norway. Through investments in new trains, the customers have an improved service in Norway, which has been well received and resulted in considerable growth in passenger train traffic. Customer satisfaction has increased during the 1<sup>st</sup> interim period in 2015.

The bus operations have also had a positive development after a period of restructuring. The number of journeys and activity are somewhat reduced due to sale of activity in Denmark at the end of last year.

The freight operations show a positive development and the effects from the restructuring measures start being noticeable.

The real estate operations, through Rom Eiendom, still have high activity and contribute with good results.

## Development in profit/loss

### Profit for the Group

The year to date profit for the NSB-Group is characterized by more revenue and improved profit compared to the same period last year:

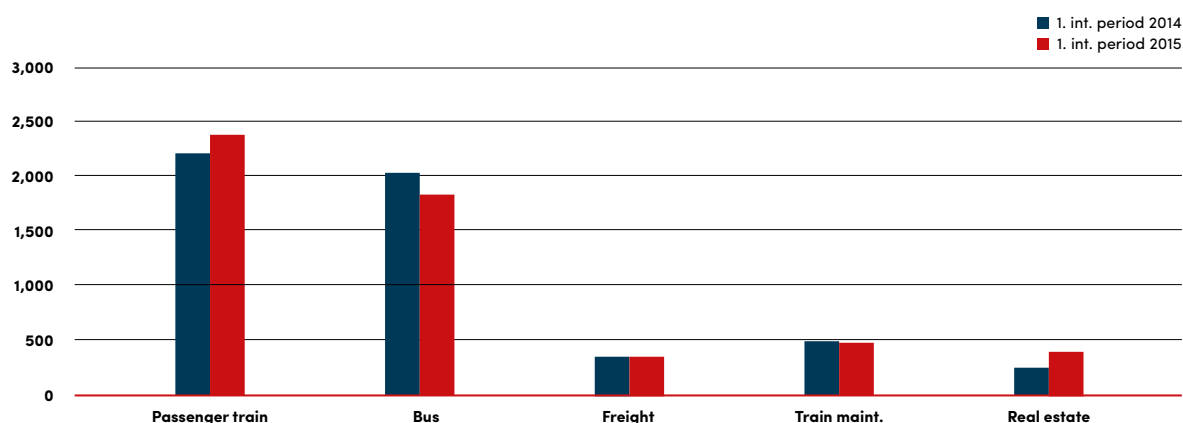
- // Operating profit shows a positive development in the 1<sup>st</sup> interim period in 2015 compared to the corresponding period in 2014. Operating revenue for the Group is 4,935 (4,740) MNOK, an increase of 4.1 %.
- // The operating profit is 690 (379) MNOK, an increase of 82 %.
- // Profit after income tax expense is 477 (175) MNOK, an increase of 172 %.

### Results for the operating segments

#### Operating revenue

There is mainly the passenger train- and the real estate operations that show a positive development compared to last year.

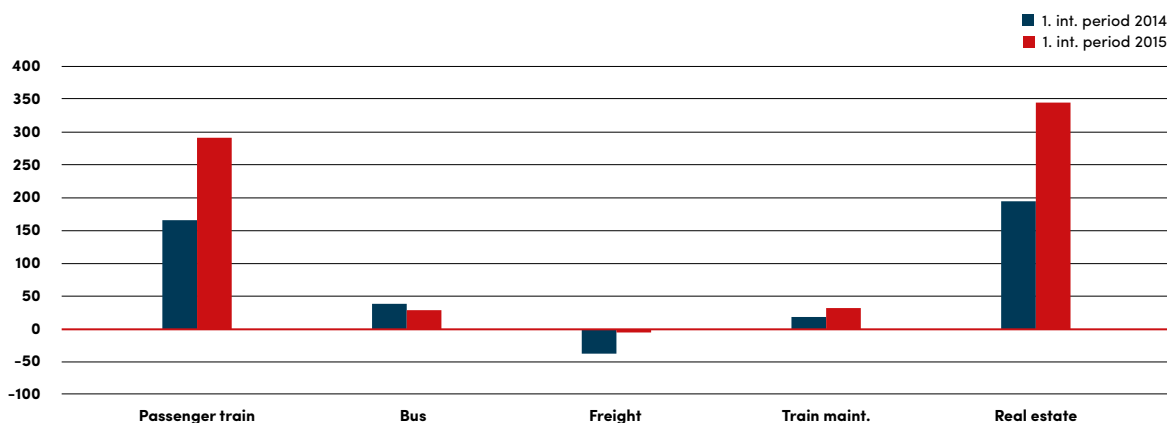
**Figure; Year to date operating revenue for the business segments in 2015 and 2014**



### Operating profit

The operating profit improved by 311 MNOK (+ 82 %) for the Group as a whole compared to the same period last year. The development in passenger train, freight, train maintenance and real estate all contribute positively to this effect.

**Figure; Year to date operating profit for the business segment in 2015 and 2014**



### Passenger train

The interim period is characterized by continued positive development in the number of journeys. Last year's restructure of the timetable and investment of several new train sets have resulted in a positive contribution to the production. Operating deviations due to faulty infrastructure were high in February, but not for the interim period as a whole. This has contributed to the high production. NSB Passenger train produced 3,272 (3,128) million seat kilometers in Norway. The customers have made 22.3 (21.2) million journeys, which is a growth of 5.2 %.

The operating profit for the Group's passenger train operations is 292 (166) MNOK, an increase of 75.9 %. The improvement is mainly due to more journeys due to increased service provided.

In connection with the upgrade of capacity to strengthen the service offered to the passengers, NSB Passenger train has invested in a total of 81 new train sets with delivery completed by 2016.

Customer satisfaction increased during the 1<sup>st</sup> interim period to 73 points, which is the best result ever achieved in these polls.

### Bus



The operations show a positive development after completed restructuring measures last year. During the course of the year several large tenders will be analyzed and handed in, which requires a considerable effort. The number of journeys is 38.0 (49.9) million, a reduction of 11.9 million compared to last year (in 2014, the numbers include the operations in Denmark which were sold during the course of that year).

The operating profit for bus is 29 MNOK (38 MNOK), a decrease of 23.4 %. 42 MNOK have been invested in new buses during this interim period.



## Freight



Volume in the form of transported TEU is reduced to 124 (125) thousand during the 1<sup>st</sup> interim period in 2015. The number of TEU kilometers is 90.3 (90.1) million.

The operation CargoNet has improved after a period of restructuring. The company's management works on completion and follow-up of the improvement measures of the efficiency plan that were adopted. The operating profit from this business segment is -5 (-38) MNOK, an improvement of 33 MNOK, which is mainly due to completed cost reductions. In line with the improvement plan CargoNet expects a positive operating profit for the year as a whole.

Completed tender process on maintenance of rolling stock, and signed contracts, will result in lower operating costs and affect profits in the years to come.

## Train maintenance



The NSB-Group train maintenance business segment performs maintenance on trains both in Norway and in Sweden. The main customers are companies within the NSB-Group.

The operating profit for train maintenance is 32 (18) MNOK, an increase of 77.7 % compared to last year.

The operations show a stable development with positive profits.

## Real estate



The operating profit for the real estate operations is 344 (195) MNOK, an increase of 76.4 % compared to 2014.

The operating revenue increases by 149 MNOK during the 1<sup>st</sup> interim period in 2015 compared with 2014. The main reason for improved profits for the 1<sup>st</sup> interim period is the sale of a newly built property in Oslo. Additionally, there are positive unrealized value changes of 63 (88) MNOK. This is due to continued positive value development on central properties in Oslo.

There is high activity in the real estate operations with several on-going development projects. The largest of these projects are in close proximity to Oslo S, Grefsen, Bergen and Jessheim stations. There has been a positive start to activity in Østbanehallen that was reopened at the start of the New Year.



## Financial areas

### Financial items

Financial items show a net loss of -92 (-147) MNOK, an improvement of 55 MNOK. The change is mainly due to positive effects of unrealized value changes in financial items when measured at fair value. Unrealized value changes amount to 56 (8) MNOK, an increase of 48 MNOK.

### Liquidity

The Group's liquidity, including restricted tax withholdings of 204 (189) MNOK, is at the end of the 1<sup>st</sup> interim period 3.684 (1.928) MNOK. Liquidity is placed in Norwegian banks. Additionally, 305 (343) MNOK is placed in short term commercial papers and bonds with short maturities, and 62 (61) MNOK in equity funds.

A financial reserve of 2,000 MNOK has been established through a syndicated revolving loan facility which expires in April 2017, as well as an overdraft facility of 50 MNOK.

These financing reserves have not been utilized as at the end of the interim period.

### Interest bearing debt

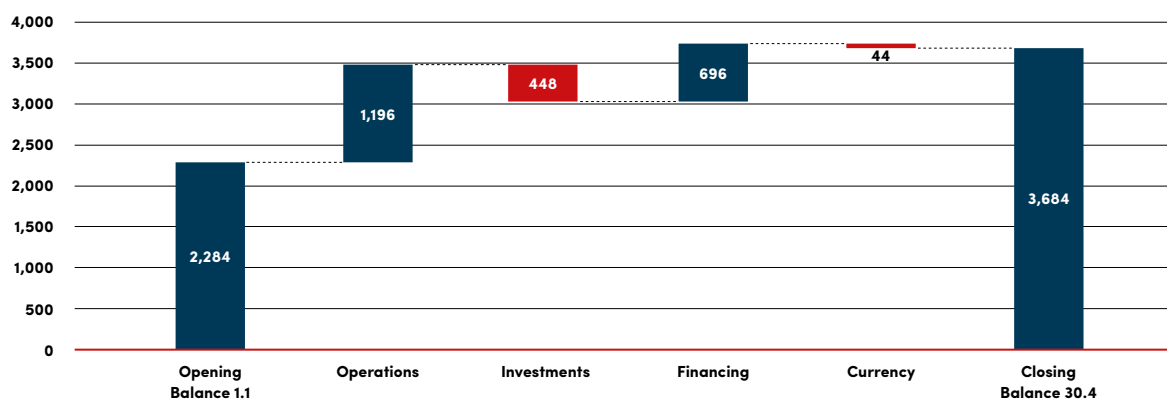
During the 1<sup>st</sup> interim period 300 MNOK of commercial papers have been repaid. Two new commercial papers totaling 1,000 MNOK have been issued during the 1<sup>st</sup> interim period.

Total interest bearing debt for the Group, except retirement benefit obligations, is 13,845 (11,818) MNOK as at the 1<sup>st</sup> interim period. The nominal value of the debt is 10,722 (10,022) MNOK. The difference between total and nominal value of debt is linked to value changes and interests. Net interest-bearing debt is 6,670 (7,691) MNOK. The Group's long-term financing is obtained through a 1,750 (1,500) MEUR Euro Medium Term Note Program (EMTN).

### Cash flow for the period

The Group has net changes in cash from operations, financing, investments and accounted for currency effects, of 1,444 MNOK for the interim period. Cash at hand as at the 30<sup>th</sup> April is 3,684 MNOK.

**Figure; Effects on cash during this period's cash flows**



## Dividends for last year

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At the General Assembly meeting on the 27<sup>th</sup> May 2015 there was decided a dividend payment of 753 MNOK for 2014. The dividend is suggested paid during the 2<sup>nd</sup> interim period.

## Events after the interim period

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### New railway reform

On the 12<sup>th</sup> May 2015 the Norwegian Ministry of Transportation and Communications (the "Ministry of Transport") submitted a white paper on a proposed reform of the Norwegian railway sector to Stortinget (the Norwegian parliament), as it announced in its inauguration address. The proposal put forward in the white paper will affect the NSB-Group significantly. The aim for the government with the reform is to achieve a clearer division of roles in the sector while facilitating tenders in the passenger rail service. If the reform receives the support of the Parliament and is implemented as described, it will have the following implications for the NSB-Group:

- The real estate company of the NSB-Group will be governed by the new infrastructure company
- The ownership of the train maintenance company of the NSB-Group will be transferred to the Ministry of Transport
- The ownership of the NSB-Groups trains will be transferred to the government
- Competition will gradually be introduced to the passenger train operations
- The NSB-Group will continue to be a 100% state owned company
- The white paper emphasizes the importance of that the structural changes to the NSB Group will be implemented in such a way so that they do not create unnecessary challenges to the operational business. Furthermore, that the future NSB-Group must have a capital structure that is sufficient to support its activities both in the transition period and in the future organizational structure.

In the white paper they have not addressed the point regarding execution time and form of implementation, but it is envisaged that the Norwegian parliament will make a decision during the spring of 2015.

### Possible claims against Nettbuss

ESA has announced that in a case against Aust Agder County regarding wrongfully paid subsidies, ESA claims that the county has paid too much in subsidies to Nettbuss in the period 2004-2014. According to the verdict, the Aust Agder County will prepare a claim towards Nettbuss regarding a repayment of wrongfully paid out subsidies. Nettbuss argues that ESAs calculation model does not take into account certain revenue that will reduce the claim considerably.

There are no material events after the date of the interim period report other than ones mentioned in this report.





## Closing statement

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The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

We also confirm, to the best of our knowledge, that the interim management report expresses the most central risk factors the Group faces in the next reporting period, as well as transactions with related parties in the current interim period.

The Board of Directors and CEO confirm, to the best of our knowledge, that the condensed set of financial statements for the 1<sup>st</sup> interim period in 2015 have been prepared in accordance with current accounting standards and give a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole as at the end of the interim period as well as an overview over important events in the accounting period and their influence on the accounts.

**Oslo, 2<sup>nd</sup> June 2015**

*Board of Director's NSB*



Kai Henriksen / *Chairman of the Board*



Bjarne Børgersen



Wenche Teigland



Åsne Havnelid



Tore Helderup Rasmussen



Audun Sør-Reime



Rolf Jørgensen



Jan Audun Strand



Geir Isaksen / *CEO*



# Income statement

	1 <sup>st</sup> interim period 2015	2014	Year 2014	Last 12 months
<b>Operating revenue</b>	<b>4,935</b>	<b>4,740</b>	<b>15,336</b>	<b>15,531</b>
Payroll and related expenses	2,241	2,395	6,975	6,821
Depreciation and impairment	501	513	1,624	1,612
Other operating expenses	1,575	1,568	5,064	5,071
<b>Total operating expenses</b>	<b>4,317</b>	<b>4,476</b>	<b>13,663</b>	<b>13,504</b>
Share of loss(-)/profit of joint ventures	7	1	102	108
Share of loss(-)/profit in associates	2	26	45	21
Unrealised value change investment property	63	88	181	156
<b>Operating profit</b>	<b>690</b>	<b>379</b>	<b>2,001</b>	<b>2,312</b>
Financial income	75	91	381	365
Financial expenses	-205	-220	-661	-646
Net financial expenses - pensions	-18	-26	-76	-68
Unrealised fair value changes	56	8	-48	-
<b>Net financial items</b>	<b>-92</b>	<b>-147</b>	<b>-404</b>	<b>-349</b>
<b>Profit before income tax</b>	<b>598</b>	<b>232</b>	<b>1,597</b>	<b>1,963</b>
Income tax expense	-121	-57	-88	-152
<b>PROFIT FOR THE YEAR</b>	<b>477</b>	<b>175</b>	<b>1,509</b>	<b>1,811</b>
<b>Attributable to</b>				
Non-controlling interest	3	2	4	5
Equity holders	474	173	1,505	1,806
<b>TOTAL</b>	<b>477</b>	<b>175</b>	<b>1,509</b>	<b>1,811</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Profit for the year	477	175	1,509	1,811
<b>Items that will not be reclassified to profit or loss</b>				
Deviation retirement benefit obligations	-	-	-735	-735
Tax related to items that will not be reclassified	-	-	198	198
<b>Items that can be reclassified in net income in later items</b>				
Change in value of reclassification of investment property	3	-	1	4
Currency translation differences	-19	-9	3	-7
Tax related to items that are not reclassified	-	-	-1	-1
<b>Total comprehensive income for the year</b>	<b>461</b>	<b>166</b>	<b>975</b>	<b>1,270</b>
<b>Attributable to</b>				
Non-controlling interest	3	2	4	5
Equity holders	458	164	971	1,265
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>461</b>	<b>166</b>	<b>975</b>	<b>1,270</b>



# Overview financial position

	30.04.15	30.04.14	31.12.14
<b>ASSETS</b>			
Intangible assets	63	62	64
Property, plant and equipment	14,269	14,998	14,415
Investment property	4,526	4,468	4,206
Investments in associates	183	99	186
Financial assets	182	37	97
<b>Total non-current assets</b>	<b>19,223</b>	<b>19,664</b>	<b>18,968</b>
Investment in joint ventures	638	649	681
Inventories	1,312	1,246	1,437
Assets held for sale	39	42	42
Trade and other receivables	1,374	1,333	1,800
Derivative financial assets	2,766	1,440	2,252
Financial assets	368	404	387
Cash and bank deposits	3,684	1,928	2,284
<b>Total current assets</b>	<b>10,181</b>	<b>7,042</b>	<b>8,883</b>
<b>TOTAL ASSETS</b>	<b>29,404</b>	<b>26,706</b>	<b>27,851</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares and share premium	5,144	5,536	5,144
Restricted equity - revalued investment property	1,796	1,750	1,976
Retained earnings	1,924	828	1,286
Non-controlling interest	-2	-7	-6
<b>Total equity</b>	<b>8,862</b>	<b>8,107</b>	<b>8,400</b>
Borrowings	9,759	11,142	9,926
Deferred income tax liabilities	842	954	716
Retirement benefit obligations	2,536	2,281	2,552
Provisions for other liabilities and charges	107	140	114
<b>Total long term liabilities</b>	<b>13,244</b>	<b>14,517</b>	<b>13,308</b>
Trade and other payables	3,212	3,406	3,302
Tax payable	-	-	4
Borrowings	3,797	394	2,495
Derivative financial instruments	289	282	342
<b>Total short term liabilities</b>	<b>7,298</b>	<b>4,082</b>	<b>6,143</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>29,404</b>	<b>26,706</b>	<b>27,851</b>



# Business segments

The Group has operations within the following main activities:

- Passenger train: passenger transport by rail including Group functions
- Bus: passenger transport by bus
- Freight: freight transport by rail
- Train maintenance: workshop and maintenance of freight- and passenger trains
- Real estate: rental and development of property

1 <sup>st</sup> interim period 2015	Passenger train	Bus	Freight	Train maintenance	Real estate	Group
External operating revenue	2,341	1,818	344	124	310	4,935
Internal operating revenue	40	4	3	345	73	-
<b>Operating revenue</b>	<b>2,381</b>	<b>1,822</b>	<b>347</b>	<b>469</b>	<b>383</b>	<b>4,935</b>
Operating expenses	1,828	1,602	339	428	84	3,816
Depreciation, impairment	260	190	14	8	29	501
<b>Total operating cost</b>	<b>2,088</b>	<b>1,792</b>	<b>353</b>	<b>436</b>	<b>113</b>	<b>4,317</b>
Share of profit/loss in joint ventures	-3	-	-	-	10	7
Share of profit/loss in associates	2	-1	1	-1	1	2
Unrealized value changes, investment property	-	-	-	-	63	63
<b>Profit for the period</b>	<b>292</b>	<b>29</b>	<b>-5</b>	<b>32</b>	<b>344</b>	<b>690</b>
<b>Segment assets</b>	<b>14,008</b>	<b>4,095</b>	<b>801</b>	<b>723</b>	<b>8,287</b>	<b>26,638</b>
<b>Investments</b>	<b>329</b>	<b>42</b>	<b>1</b>	<b>8</b>	<b>293</b>	<b>673</b>

1 <sup>st</sup> interim period 2014	Passenger train	Bus	Freight	Train maintenance	Real estate	Group
External operating revenue	2,155	2,022	337	101	125	4,740
Internal operating revenue	53	6	6	376	108	-
<b>Operating revenue</b>	<b>2,208</b>	<b>2,028</b>	<b>343</b>	<b>477</b>	<b>233</b>	<b>4,740</b>
Operating expenses	1,818	1,780	366	451	97	3,963
Depreciation, impairment	231	226	16	9	31	513
<b>Total operating cost</b>	<b>2,049</b>	<b>2,006</b>	<b>382</b>	<b>460</b>	<b>128</b>	<b>4,476</b>
Share of profit/loss in joint ventures	-1	-	-	-	2	1
Share of profit/loss in associates	8	16	1	1	-	26
Unrealized value changes, investment property	-	-	-	-	88	88
<b>Profit for the period</b>	<b>166</b>	<b>38</b>	<b>-38</b>	<b>18</b>	<b>195</b>	<b>379</b>
<b>Segment assets</b>	<b>11,395</b>	<b>4,543</b>	<b>775</b>	<b>636</b>	<b>8,440</b>	<b>25,266</b>
<b>Investments</b>	<b>377</b>	<b>74</b>	<b>-</b>	<b>4</b>	<b>174</b>	<b>629</b>



# Business segments

2014	Passenger train	Bus	Freight	Train maintenance	Real estate	Group
External operating revenue	6,934	5,883	1,015	278	1,207	15,336
Internal operating revenue	153	24	17	1,089	254	-
<b>Operating revenue</b>	<b>7,087</b>	<b>5,907</b>	<b>1,032</b>	<b>1,367</b>	<b>1,461</b>	<b>15,336</b>
Operating expenses	5,673	5,148	1,077	1,298	380	12,039
Depreciation, impairment	793	659	46	30	96	1,624
<b>Total operating cost</b>	<b>6,466</b>	<b>5,807</b>	<b>1,123</b>	<b>1,328</b>	<b>476</b>	<b>13,663</b>
Share of profit/loss in joint ventures	21	-	-	1	80	102
Share of profit/loss in associates	17	20	1	7	-	45
Unrealized value changes, investment property	-	-	-	-	181	181
<b>Profit for the year</b>	<b>659</b>	<b>120</b>	<b>-90</b>	<b>47</b>	<b>1,246</b>	<b>2,001</b>
<b>Segment assets</b>	<b>12,688</b>	<b>4,066</b>	<b>736</b>	<b>671</b>	<b>9,397</b>	<b>25,599</b>
<b>Investments</b>	<b>1,273</b>	<b>430</b>	<b>3</b>	<b>18</b>	<b>636</b>	<b>2,302</b>

Last 12 months	Passenger train	Bus	Freight	Train maintenance	Real estate	Group
External operating revenue	7,120	5,679	1,022	301	1,392	15,531
Internal operating revenue	140	22	14	1,058	219	-
<b>Operating revenue</b>	<b>7,260</b>	<b>5,701</b>	<b>1,036</b>	<b>1,359</b>	<b>1,611</b>	<b>15,531</b>
Operating expenses	5,683	4,970	1,050	1,275	367	11,892
Depreciation, impairment	822	623	44	29	94	1,612
<b>Total operating cost</b>	<b>6,505</b>	<b>5,593</b>	<b>1,094</b>	<b>1,304</b>	<b>461</b>	<b>13,504</b>
Share of profit/loss in joint ventures	19	-	-	1	88	108
Share of profit/loss in associates	11	3	1	5	1	21
Unrealized value changes, investment property	-	-	-	-	156	156
<b>Profit for the year</b>	<b>785</b>	<b>111</b>	<b>-57</b>	<b>61</b>	<b>1,395</b>	<b>2,312</b>
<b>Segment assets</b>	<b>11,395</b>	<b>4,543</b>	<b>775</b>	<b>636</b>	<b>8,440</b>	<b>23,077</b>
<b>Investments</b>	<b>1,225</b>	<b>398</b>	<b>4</b>	<b>22</b>	<b>755</b>	<b>2,346</b>

Segment assets in the tables above consist mainly of property, plant and equipment, intangible assets, inventories, derivatives that are mainly used for hedging towards future transactions, trade assets and other assets and cash, while deferred tax asset, investments and derivatives held for sale or used for hedging for borrowings are not included.



# Cash flow statement

	1 <sup>st</sup> interim period 2015	2014	Year 2014	Last 12 months
Profit for the period before income tax expense	598	232	1,597	1,963
Depreciation and impairment in the income statement	501	520	1,642	1,623
Gain/loss on sale of property, PPE and investment property	-160	-9	-467	-618
Net changes to obligations and retirement benefit oblig.	-15	-185	-540	-370
Net changes to provisions for other liabilities and charges	-7	-5	-31	-33
Net unrealised fair value changes	-126	-97	-126	-155
Interest items	-15	21	19	-17
Shares of profit/loss (-) from associated and joint ventures	-9	-27	-147	-129
Changes to working capital	429	40	-609	-220
<b>Net cash flow from operating activities</b>	<b>1,196</b>	<b>490</b>	<b>1,338</b>	<b>2,044</b>
Acquisition of subsidiaries less cash acquired	-	-9	-23	-14
Sale of subsidiaries less cash acquired	173	-	1,671	1,844
Loans paid to/from single purpose/joint ventures	-6	25	-148	-179
Purchase of PPE and investment property	-673	-629	-2,302	-2,346
Proceeds from sale of PPE and investment property	18	23	84	79
Dividends received	40	1	81	120
<b>Net cash flow from investment activities</b>	<b>-448</b>	<b>-589</b>	<b>-637</b>	<b>-496</b>
Proceeds from borrowings	1,000	1,397	2,289	1,892
Repayment of borrowings	-304	-588	-1,451	-1,167
Dividends paid to company's shareholders	-	-	-515	-515
Dividends paid to non-controlling interest owners	-	-	-3	-3
<b>Net cash flow from financial activities</b>	<b>696</b>	<b>809</b>	<b>320</b>	<b>207</b>
<b>NET CHANGE IN CASH AND BANK DEPOSITS FOR THE PERIOD</b>	<b>1,444</b>	<b>710</b>	<b>1,021</b>	<b>1,755</b>
Cash and bank deposits as at the beginning of the period	2,284	1,248	1,248	1,928
Foreign exchange gain/loss on cash and bank deposits	-44	-30	15	1
<b>CASH AND BANK DEPOSITS AS AT THE END OF THE PERIOD</b>	<b>3,684</b>	<b>1,928</b>	<b>2,284</b>	<b>3,684</b>



# Development in equity

	Ord. shares and share premium	Restricted equity, value changes	Accumulated currency translation	Retained earnings	Non-controlling interest	Total
<b>1<sup>st</sup> interim period 2015</b>						
Equity 1 <sup>st</sup> of January 2015	5,144	1,976	3	1,283	-6	8,400
Profit for the interim period	-	46	-	428	3	477
Changes to non-controlling interest	-	-	-	-	1	1
Changes to fund due to value changes	-	-229	-	229	-	-
From other comprehensive income	-	3	-19	-	-	-16
<b>EQUITY 30<sup>TH</sup> OF APRIL 2015</b>	<b>5,144</b>	<b>1,796</b>	<b>-16</b>	<b>1,940</b>	<b>-2</b>	<b>8,862</b>

	Ord. shares and share premium	Restricted equity, value changes	Accumulated currency translation	Retained earnings	Non-controlling interest	Total
<b>1<sup>st</sup> interim period 2014</b>						
Equity 1 <sup>st</sup> of January 2014	5,536	1,700	-	704	1	7,941
Profit for the interim period	-	65	-	108	2	175
Changes to non-controlling interest	-	-	-	8	-8	-
Changes to fund due to value changes	-	89	-	-89	-	-
From other comprehensive income	-	-	-9	-	-	-9
<b>EQUITY 30<sup>TH</sup> OF APRIL 2014</b>	<b>5,536</b>	<b>1,854</b>	<b>-9</b>	<b>731</b>	<b>-5</b>	<b>8,107</b>

	Ord. shares and share premium	Restricted equity, value changes	Accumulated currency translation	Retained earnings	Non-controlling interest	Total
<b>2014</b>						
Equity 1 <sup>st</sup> of January 2014	5,536	1,700	-	704	1	7,941
Profit for the interim period	-	132	-	1,373	4	1,509
Changes to non-controlling interest	-	-	-	9	-8	1
Changes to fund due to value changes	-	143	-	-143	-	-
From other comprehensive income	-	1	3	-537	-	-533
Dividends paid	-392	-	-	-123	-3	-518
<b>EQUITY 31<sup>ST</sup> OF DECEMBER 2014</b>	<b>5,144</b>	<b>1,976</b>	<b>3</b>	<b>1,283</b>	<b>-6</b>	<b>8,400</b>



# Notes

## Framework and accounting principles

The NSB-Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS interpretations committee (IFRIC) as determined by EU.

The consolidated financial statements for the Group have been prepared on a historical cost basis except for derivative financial instruments, certain financial assets and liabilities and investment properties which are carried at fair value.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements should be viewed in conjunction with the last published annual report containing a full description of the Group's accounting principles.

Income tax expense is calculated using nominal tax rate for each separate country. For items where one cannot assume positive results in the future, deferred tax asset has not been calculated.

Accounting principles applied in 2015 are consistent with the accounting principles that were used for the financial statements in 2014.

The comparative numbers for the 1<sup>st</sup> interim period are restated as a result of the effect from the life expectancy adjustment for the Group's public defined benefit pension plan at 31.12.2013. This is further described in the Group's annual accounts for 2014.

## Investment property

Overview of value changes to investment property	1 <sup>st</sup> interim period		Year
	2015	2014	2014
Balance sheet value 1 <sup>st</sup> of January	4,206	4,238	4,238
Reclassification from property, plant and equipment	6	-	49
Disposals	-1	-4	-783
Additions /investments	249	146	520
Value changes due to change in market value	63	66	181
Value changes when reclassifying	3	22	1
<b>Balance sheet value at the end of the period</b>	<b>4,526</b>	<b>4,468</b>	<b>4,206</b>





# Notes

## Estimation of fair value

Estimation of fair value is calculated as present value of future cash flows during and after the end of the contract period using the same principles and methodology as was the basis for the last annual accounts.

According to the Group's methodology for estimating fair value, an update of the valuation of the portfolio with the assistance of external values for the material properties has been performed. In addition, the external market valuation is made on a rolling basis from a representative selection of the portfolio. During the 1<sup>st</sup> interim period in 2015, secondary valuation of a sample was made, representing 42 % of the portfolio value.

## Sensitivity analysis

Estimated fair value is particularly sensitive to changes in return/yield and assumptions about development in contract hire. The following sensitivity analysis has been performed for the 1<sup>st</sup> interim period:

Changes in assumptions	Changes in fair value	Percentage change
Reduction of 25 basis points on 1. yrs direct yield	219	5 %
Increase of 25 basis points on 1. yrs direct yield	-200	-4 %
Increase of future rental agreements under contract by 5%	256	6 %

## Unrealized value changes

Below is a specification over unrealized value changes of assets, liabilities and derivatives that are measured at fair value.

Development in the period	1 <sup>st</sup> interim period 2015	2014	Year 2014
Unrealized value changes investment property	63	66	181
Unrealized value changes reclass. Investment Property	-	22	-
Unrealized value changes reclass. Investment Property-other compr. Income	3	-	1
<b>Total unrealized value changes investment property</b>	<b>66</b>	<b>88</b>	<b>182</b>
Unrealized value changes derivatives used for hedging	577	24	757
Unrealized value changes bonds	-519	-16	-814
Unrealized value changes market placements	-2	-	9
<b>Total unrealized value changes financial items</b>	<b>56</b>	<b>8</b>	<b>-48</b>
Total unrealized value changes income statement	119	96	133
Total unrealized value changes other comprehensive income	3	-	1
<b>Total unrealized value changes other comprehensive income</b>	<b>122</b>	<b>96</b>	<b>134</b>



# Notes

## Analysis of operating income per category

The Group has one customer that constitutes more than 10 % of operating revenue. At 30<sup>th</sup> of April the public purchase of services for the NSB-Group is 997 MNOK (940 MNOK).

Income	1 <sup>st</sup> interim period		Year	Last 12
	2015	2014	2014	months
Transport revenue	4,351	4,344	13,442	13,449
Gain on sale of assets	163	11	603	755
Other operating revenue	421	385	1,291	1,327
<b>Total</b>	<b>4,935</b>	<b>4,740</b>	<b>15,336</b>	<b>15,531</b>



# Important events

## NSB Group

### *Changes to the railway sector*

The government has submitted a plan for significant changes to the railway sector in Norway.

### *Østbanehallen is re-opened under the name Ø, and aims to be Oslo's culinary venue*

Six restaurants, shops and Oslos tourist information, VisitOslo, are gathered inside the renovated hall.

## Passenger train operations

### *Trains use less electricity*

In 2014 NSB saved more than 50 MNOK by reducing the electricity costs. This equates to 30 percent lower power consumption.

NSB have over the last few years worked actively to reduce the use of power, in cooperation with Enova. This work has attracted attention among rail companies worldwide.

NSB has a goal to reduce energy consumption by another 15 percent by 2017.

### *Improved mobile phone coverage*

The goal is an improved mobile world for the traveller when NSB, National Rail Administration (Jernbaneverket) and Telenor now join forces to expand the 4G network along the country's busiest train routes - initially around Oslo and Stavanger.

Over 60 million journeys are undertaken with NSBs trains each year. It is therefore important with stronger signals along the tracks in today's current online community.

## Bus operations

### *Streamlining*

The operations have over a period gone through major restructuring measures to improve the finances and the operations. This has so far resulted in several good effects. The streamlining measures continue.

## Freight operations

### *Restructuring measures*

The operations have over a period gone through major restructuring measures to improve the finances and operations. This has so far resulted in several good effects. The streamlining measures continue.

## Train maintenance

### *New agreement*

Mantena won 3 of 4 of the tender packages which were posted for the maintenance of rolling stock for the freight operations. This provides the basis for continued good operations and focus on delivering quality.



# Important events

## Property

### *Builds a way down from the Akrobaten bridge*

In July 2014 Rom Eiendom started working on constructing a way down from the Akrobaten bridge to the platform between track 3 and 4 at Oslo S. This will be completed during the summer of 2015.

### *Renovating stations*

Rom Eiendom are constantly working to encourage activity at the stations and to make it more attractive and nice for those travelling. As an example, Rom Eiendom spent eight million kroner to refurbish Bergen station. Four other stations will also be upgraded in the near future.

