Entrecampos railway station, 18:00

EUROFIMA®

Annual report 2007

Important data

	2003	2004	2005	2006	**2007**
Balance sheet					
Total	28 611	29 204	33 501	34 344	**35 335**
Assets					
Equipment financing contracts	23 232	23 921	28 433	28 787	**29 722**
Unpaid subscribed share capital	2 080	2 080	2 080	2 080	**2 080**
Liabilities					
Borrowings (1)	24 501	25 156	29 344	30 121	**31 194**
– of which subordinated liabilities	100	100	100	0	**0**
Equity capital	3 005	3 027	3 053	3 078	**3 102**
– Subscribed share capital	2 600	2 600	2 600	2 600	**2 600**
– Reserves + unappropriated surplus to be carried forward (2)	405	427	453	478	**502**
Net profit, gross operating profit and appropriation to reserves					
Net profit for the financial year	46	43	47	45	**45**
Gross operating profit	60	49	50	47	**45**
Appropriation to reserves	25	23	25	25	**24**
Ratios in %					
Operating cost (3)/Net operating income	11.5	14.2	14.0	15.1	**15.4**
Net profit/Equity capital (4)	5.0	4.6	4.9	4.6	**4.4**
Gross operating profit/Equity capital (4)	6.6	5.2	5.2	4.7	**4.4**
Equity capital/Borrowings	12.3	12.0	10.4	10.2	**9.9**
(Equity capital + subordinated liabilities)/Borrowings	12.7	12.4	10.7	10.2	**9.9**
(Equity capital + subordinated liabilities + joint shareholders' guarantee)/Borrowings	23.3	22.8	19.6	18.9	**18.3**
Guarantees					
Equipment financing contracts with guarantee (5)	24 465	24 978	29 777	30 252	**31 943**
Joint shareholders' guarantee	2 600	2 600	2 600	2 600	**2 600**
Financing and repayments					
Financing	4 015	5 112	5 330	3 422	**5 000**
Repayments	4 557	3 823	2 470	2 169	**3 733**
Repayment rate in %	113.5	74.8	46.3	63.4	**74.7**
Railway equipment financed during the financial year					
Locomotives	284	414	369	348	**257**
Multiple-unit trains					
– Motor units	177	399	600	150	**267**
– Trailer cars	182	689	675	149	**254**
Passenger cars	745	96	1 365	1 387	**480**
Freight cars	176	259	59	0	**1 106**
Other equipment	0	0	0	0	**0**

Financial data: in million CHF

Railway equipment financed: in units

(1) Amounts due to credit institutions and customers and debts evidenced by certificates
(2) After appropriation of surplus according to proposal on page 29
(3) Including financial operations charges and depreciation on fixed assets
(4) Equity capital: average of two consecutive year-end figures, after appropriation of net profit and deduction of unpaid subscribed share capital
(5) Original values before adjustment for valuation difference of related swaps

EUROFIMA® European Company for the Financing of Railroad

EUROFIMA is a supranational organization. Its shareholders, which are also its customers, are the railways of its member States. EUROFIMA fulfills a task of public interest. It is located in Basle, Switzerland.

Constitution and mission

EUROFIMA was established on November 20, 1956 based on an international treaty (the "Convention") between sovereign States. It is governed by the Convention signed by its member States, its articles of association ("Statutes") and in a subsidiary manner by the law of the country in which it is located. It was originally founded for a period of 50 years. The decision taken by the extraordinary General Assembly of February 1, 1984 to extend this period for an additional 50 years, until 2056, was approved by all member States. EUROFIMA's shareholders are railways of the European member States which are parties to the Convention.

EUROFIMA's mission is to support the development of rail transportation in Europe and to support the railways which are its shareholders, as well as other railway bodies, in renewing and modernizing their equipment.

Activity

EUROFIMA finances railway equipment through borrowings or equity capital and encourages joint purchases. EUROFIMA secures title to or obtains security interests deemed equivalent (in particular pledges) on or in respect of equipment. The general principles of EUROFIMA's activity are defined in an agreement (the "Basic Agreement") between the railways and EUROFIMA. The Basic Agreement remains valid for the entire duration of EUROFIMA's existence and can only be altered with the consent of all the railways and EUROFIMA. EUROFIMA's equity capital (paid-in share capital and reserves) is primarily used for investments in money market paper or bonds and, to a limited extent, for financing railway equipment.

Shareholders' distribution at December 31, 2007

Shareholders		Number of shares	in % of share capital
Deutsche Bahn AG	DB AG	58 760	22.60
French National Railways	SNCF	58 760	22.60
Ferrovie dello Stato S.p.A.	FS	35 100	13.50
SNCB Holding	SNCB	25 480	9.80
NV Nederlandse Spoorwegen	NS	15 080	5.80
RENFE Operadora	RENFE	13 572	5.22
Swiss Federal Railways	SBB	13 000	5.00
Železnice Srbije	ŽS	5 824 (1)	2.24
Swedish State Railways	SJ	5 200	2.00
Luxembourg National Railways	CFL	5 200	2.00
ÖBB-Holding AG	ÖBB	5 200	2.00
Portuguese Railways	CP	5 200	2.00
Hellenic Railways	OSE	5 200	2.00
České dráhy, a.s.	ČD	2 600	1.00
Hungarian State Railways Ltd.	MÁV	1 820	0.70
Železničná spoločnosť' Slovensko, a.s.	ZSSK	1 300	0.50
HŽ Putnički prijevoz d.o.o.	HŽ	520	0.20
Slovenske železnice d.o.o.	SŽ	520	0.20
Bosnia and Herzegovina Railways	ŽBH	520	0.20
Bulgarian State Railways Ltd.	BDZ	520	0.20
Javno pretprijatie Makedonski Železnici-Infrastruktura	MŽI	208	0.08
Železnica Crne Gore a.d.	ŽCG	156	0.06
Turkish State Railways	TCDD	104	0.04
Danish State Railways	DSB	52	0.02
Norwegian State Railways	NSB	52	0.02
Makedonski Železnici-Transport AD	MŽT	52	0.02
Total		**260 000**	**100.00**

(1) 2 830 shares of which EUROFIMA holds in trust

Rolling Stock

Equipment

EUROFIMA ever holds title to the equipment until the financing has been completely reimbursed or it holds a direct or indirect security interest deemed equivalent, particularly pledges. The equipment is recorded in the company's register with its number and type. Each railway is responsible for maintaining the equipment. In case of damage or loss, the equipment must be replaced without delay and at the railway's expense. If a railway does not fulfill its obligations, EUROFIMA has the right to repossess the equipment to cover its exposure. The railway continues to assume responsibility for all contracts into which it has entered with the company. EUROFIMA has never experienced a loss due to the failure of a railway to assume its contractual obligations.

Guarantee reserve and joint shareholders' guarantee

In the event of default by a railway, the guarantee reserve, as described in Article 30 of the Statutes, may be called upon. According to this article, the yearly allocation to the guarantee reserve corresponds to the balance of the net annual profit, after allocation to the ordinary reserve of 5 % of the net profit and the payment of a dividend, statutorily fixed at a maximum of 4 % of the paid-in share capital. After appropriation of the surplus, the guarantee reserve reached CHF 439.0 million on December 31, 2007.

In addition, according to Article 27 of the Statutes, each shareholder guarantees the fulfilment of all of EUROFIMA's equipment financing contracts in proportion to its holding in EUROFIMA's share capital and up to a maximum amount equal to the par value of its holding. This joint shareholders' guarantee is invoked only if the obligations due by a railway exceed the guarantee reserve and are not covered by its member State.

State guarantee

The railway shareholders' obligations towards EUROFIMA benefit from a double guarantee. Firstly, each member State is either directly liable for or guarantees the obligations of its railway under the equipment financing contracts. Secondly, each member State is either directly liable for or guarantees the obligations of its railway in such railway's capacity as a shareholder of EUROFIMA. In addition, the member States take the necessary measures to assure the transfer of funds arising from the company's activity.

On December 31, 2007, borrowings were 120 % covered by equity capital and the various guarantees.

Rating of the member States

at December 31, 2007

	Moody's Investors Service Inc.	Standard & Poor's Corporation
Germany	Aaa	AAA
France	Aaa	AAA
Italy	Aa2	A+
Belgium	Aa1	AA+
Netherlands	Aaa	AAA
Spain	Aaa	AAA
Switzerland	Aaa	AAA
Serbia	–	BB–
Sweden	Aaa	AAA
Luxembourg	Aaa	AAA
Austria	Aaa	AAA
Portugal	Aa2	AA–
Czech Republic	A1	A
Greece	A1	A
Hungary	A2	BBB+
Croatia	Baa3	BBB
Slovenia	Aa2	AA
Bosnia and Herzegovina	B2	–
Bulgaria	Baa3	BBB+
Slovakia	A1	A
FYR Macedonia	–	BB+
Montenegro	–	BB+
Turkey	Ba3	BB–
Denmark	Aaa	AAA
Norway	Aaa	AAA

Rating of EUROFIMA's liabilities

at December 31, 2007

	Moody's Investors Service Inc.	Standard & Poor's Corporation
Long term	Aaa	AAA
Short term	P-1	A-1+
Outlook	stable	stable

Report of the Board of Directors to the General Assembly

Annual report 2007
51st financial year

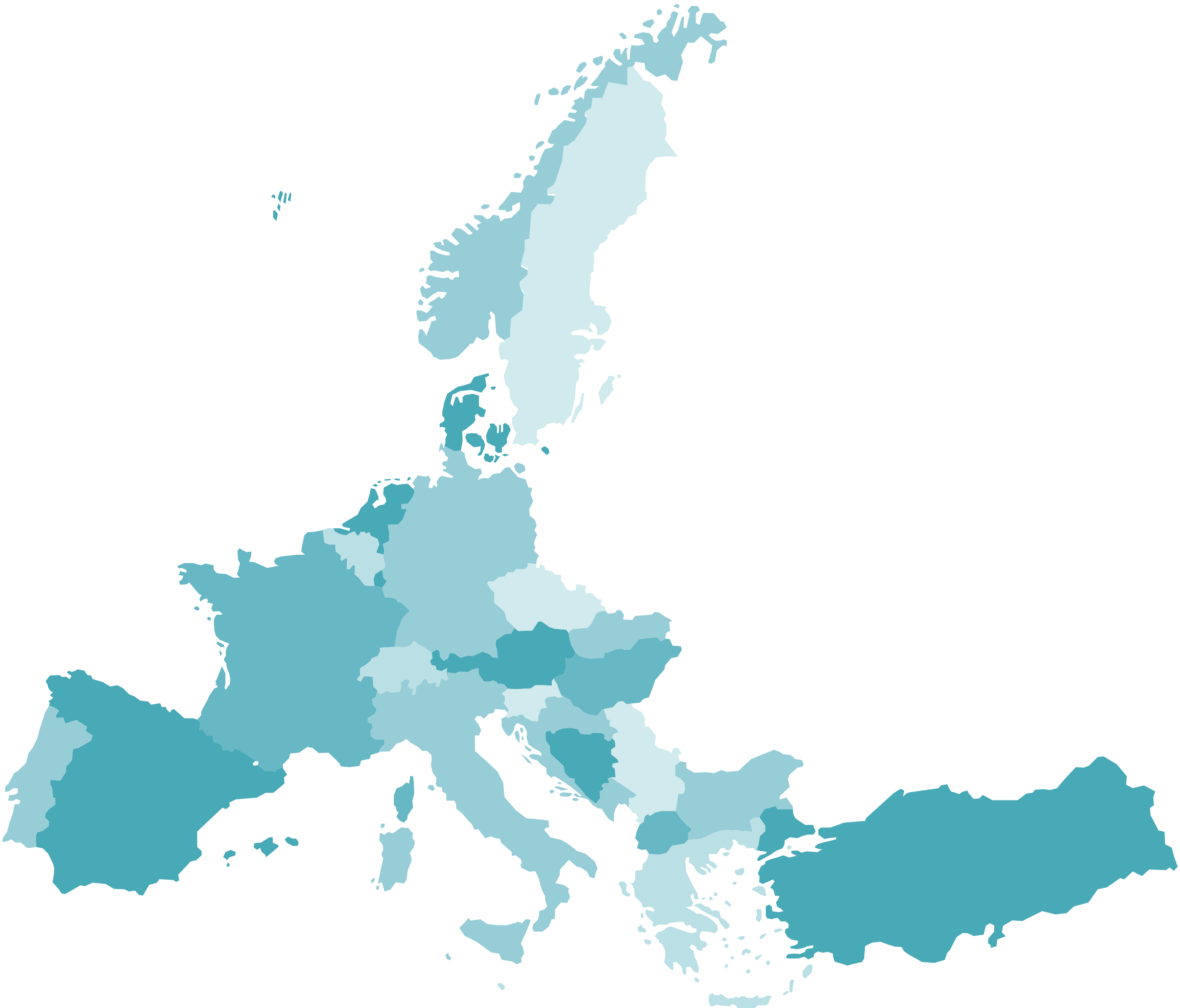
European Company
for the Financing
of Railroad Rolling Stock

Europäische Gesellschaft
für die Finanzierung
von Eisenbahnmaterial

Société européenne
pour le financement
de matériel ferroviaire

Società europea
per il finanziamento
di materiale ferroviario

EUROFIMA®



This annual report is available on EUROFIMA's website www.eurofima.org
or upon request from the company's office.

Vila Nova de Gaia, 09:48

Oriente railway station, Lisboa, 18:27

Porto, 13:49

Contents

Foreword

The year 2007 has seen an unprecedented increase in commodity and energy prices; from the start of the year, the price of oil has nearly doubled, from USD 50 per barrel to almost USD 100. The arrival on the world market of more than one billion of new workers – from India, China and the Central Eastern European countries mainly – during the last 15 years has considerably accelerated world growth. The demand for commodities and energy has exploded accordingly and pushed their prices to new highs, the rise in the global demand dramatically exceeding the supply capacity.

This sharp but at least partly structural increase in energy price is strongly felt by consumers and industries. For most sectors, it mechanically deteriorates their competitiveness; for individuals, it reduces their purchasing power. Such an evolution brings therefore by itself a strong motivation for each of us to screen its own organization, in order to save energy, make a better use of it, rely more on renewable energy sources and fight carbon dioxide emission.
In other words, global warming being obviously a major challenge worldwide for both present and future generations, the massive and durable surge in the cost of energy is, in fact, the most efficient incentive for all to adopt a new behavior in terms of energy consumption, including transportation.
The sector of transportation – railways in particular – has indeed a significant role to play in reducing energy waste and complacent attitudes. By providing safer, more efficient and competitive links for both passengers and freight, railways could significantly contribute to a better global energy balance and an improved purchasing power for many. The influence of the cost of transportation for households is indeed far from negligible: in terms of disposable income, trans-

Aveiro – Aguda, 09:37

Faro railway station, 14:21

portation is the second heaviest expense (15 to 17 %) after housing (25 %) for an average Western European citizen.

Resolute investment in new competitive rail infrastructure and new rolling stock is nowadays underway more or less everywhere in Europe. New high-speed lines and new trans-alpine tunnels are opened; new inter-city, inter-region and local rail transportation is put into operation, improved or intensified throughout Europe. This reality is illustrated by the strong performance of the railway companies in terms of million passengers kilometers: they are clearly on the rise.

EUROFIMA – as a public international body focused on railway equipment improvement – plays a major role in that field.

Despite troubled times on the financial markets and an unprecedented credit squeeze at the end of 2007, the results of last year developed positively. They again show a strong commitment of the staff to fulfill their mission: the volume of new financing notably exceeded last year; the latest one billion USD bond issue was again a success; no overdue payments were recorded and two shareholders doubled their shareholdership in 2007.

It is therefore my pleasure to express here in the name of the Board of Directors our sincere gratitude for the work done; for the challenges ahead, I convey to all members of EUROFIMA my best wishes of success.

Marcel NIGGEBRUGGE
Chairman of the Board

Governing bodies

As a public international body, EUROFIMA is governed in the first place by an International Treaty (the "Convention") concluded between 25 sovereign member States, its articles of association ("Statutes") and only subsidiarily by Swiss law. The member States have reserved extensive corporate governance rights over EUROFIMA. The following changes to EUROFIMA's organization require the consent of the member States: head office, objective, duration, conditions for admission of shareholders, quora applicable to important shareholders' resolutions, equal voting rights of directors, all terms dealing with the shareholders' liability and the establishment of branches. EUROFIMA has to report annually on its activities to the member States.
EUROFIMA is managed and administered by the General Assembly, the Board of Directors and the Management. The General Assembly convenes at least once a year. It decides on the maximum amount of borrowings to be contracted during a given period. It approves the management rules established by the Board of Directors and the annual accounts. Decisions are taken by the majority of votes of the shares represented. However, to amend the Statutes, to reduce or to increase the stated share capital, to transfer shares and subscription rights, to dissolve the company, to appoint liquidators and to extend the company's duration, a majority representing at least seven-tenths of the stated share capital is required.
The Board of Directors is responsible for conducting the company's business. It adopts decisions in matters that involve lending, borrowing and administrative matters. It meets at least once quarterly, taking decisions on the basis of the majority of the directors present or represented. With the exception of certain reserved powers, the Board of Directors is authorized to entrust all or part of the management of the company to one or several of its members (representatives) or third persons who need not necessarily be directors (members of the Management). As a result, the day to day management has been delegated to members of the Management. In this regard, the Board of Directors establishes management rules and guidelines determining the rights and responsibilities of the Board of Directors, its representatives and the Management. The Board of Directors authorizes all equipment financing contracts and all borrowings within the limits laid down by the General Assembly. Board members are appointed by the General Assembly, with two members for each shareholder holding at least 2 % of the share capital. They are appointed for a period of three years and are eligible for re-election. The Board of Directors consists of 25 members. The Chairman and Vice-Chairmen of the Board of Directors are designated by the General Assembly.
The company's body of Auditors is composed of five members appointed by the General Assembly. It approves the yearly internal control programme and usually meets twice a year in connection with the examination of the internal control reports, the drawing up of the company's annual accounts and their audit by the independent auditors.
No advance or credit is granted to members of EUROFIMA's administrative, managerial and supervisory bodies, and no commitment is entered into on their behalf by way of guarantees of any kind.

Board of Directors
at January 1, 2008

Honorary Chairpersons:
Claire Dreyfus-Cloarec
Paris
Etienne Schouppe
Liedekerke
Wolfgang Vaerst
Frankfurt am Main

Chairman:
Marcel Niggebrugge
Member of the Board,
Chief Financial Officer,
NV Nederlandse Spoorwegen, Utrecht

Vice Chairmen:
Claude Alain Dulex
Chief Financial Officer,
Member of the General Management,
Swiss Federal Railways SBB, Bern
Luigi Lenci
Financial Director,
Ferrovie dello Stato S.p.A., Rome
Jean-Pierre Menanteau
Member of the Executive Committee,
in charge of Finance, Purchase, IT
and Telecommunications, French
National Railways Company, Paris
Wolfgang Reuter
Group Treasurer,
Deutsche Bahn AG, Berlin

Members:
Michel Allé
General Director,
SNCB Holding, Brussels
Aggelos N. Androulidakis
President of the Board of Directors,
Hellenic Railways, Athens
Nicolas Th. Beis
General Director of Administration and
Finance, Hellenic Railways, Athens

Pilar Cutanda González
Financial Director,
RENFE Operadora, Madrid
Lennart Dahlborg
President,
Swedish State Railways, Stockholm
Paulo José da Silva Magina
Member of the Board of Directors,
Portuguese Railways, Lisbon
Jean-Luc Drugeon
Director of Financial Operations, French National Railways Company, Paris
Reto Feissli
Head Corporate Treasury,
Swiss Federal Railways SBB, Bern
Natalia Garzón Pacheco
General Manager of Finance and Planning, RENFE Operadora, Madrid
Jannie Haek
Chief Executive Officer,
SNCB Holding, Brussels
Mats Hanser
Member of the Board of Directors,
Swedish State Railways, Stockholm
Bojan Ilkic
Assistant General Manager for Strategy and Development,
Železnice Srbije, Belgrade
Ronald Klein Wassink
Corporate Treasurer,
NV Nederlandse Spoorwegen, Utrecht
Alex Kremer
General Director, Luxembourg National Railways, Luxembourg
Gerhard Leitner
Chief Financial Officer,
Rail Cargo Austria AG, Vienna
Alfeu Pimentel Saraiva
Director of Finance,
Portuguese Railways, Lisbon
Milanko Šarančić
General Director,
Železnice Srbije, Belgrade
Hartwig Schneidereit
Head of Capital Market Department,
Deutsche Bahn AG, Berlin
Erich Söllinger
Chief Financial Officer,
ÖBB-Holding Ltd., Vienna
Jeannot Waringo
Chairman of the Board of Directors,
Luxembourg National Railways,
Luxembourg

Secretary:
Bernard de Closset
Senior Vice President,
EUROFIMA

College of Auditors:
José Luis Martínez Giménez
Director of Accounting Systems,
RENFE Operadora, Madrid
Alfred Lutschinger
Director of Finance and Participations,
ÖBB-Infrastruktur Betrieb AG, Vienna
Stefano Pierini
Head of Financial Markets,
Ferrovie dello Stato S.p.A., Rome
Dick Snel
Chief Financial Officer,
NV Nederlandse Spoorwegen/Servex,
Utrecht
Marc Wengler
Deputy General Director,
Luxembourg National Railways,
Luxembourg

Management:
André Bovet
Chief Executive Officer
Bernard de Closset
Senior Vice President,
Head of Treasury
Martin Fleischer
Senior Vice President,
Head of Capital Markets
Marco Termignone
Senior Vice President,
Head of Accounting, IT, Payments

Independent auditors:
PricewaterhouseCoopers AG
St. Jakobs-Strasse 25
P.O. Box
CH-4002 Basle
Tel: + 41 58 792 51 11
Fax: + 41 58 792 58 82

Changes in the Board of Directors and Auditors during 2007:
The following members resigned:
Claire Dreyfus-Cloarec
Chairwoman
Diethelm Sack
Vice-President of the Board of Directors
Dolores Herrero Perez de Castro
Auditor

The outgoing members were sincerely thanked for their active service.

Report on the company's situation

Economic environment
Financing and repayments during the financial year 2007
Equipment financed during the financial year 2007
Equipment financing contracts at December 31, 2007
Equipment at December 31, 2007
Results in 2007 and outlook for 2008

Economic environment

International outlook

The economic outlook for 2007 is very differentiated depending on whether the first half or the second half of the year is taken into consideration.

The first semester was dominated by a strong growth rate of the world economy and a widespread climate of strong confidence; the economic indicators were actually so favourable at this point that many Anglo-Saxons analysts called it a *goldilock* situation: low inflation, well under control; strong and generalized growth rate, without any significant risk of overheating; substantial increase in world trade exchanges; employment and purchasing power on the upside; record high earnings for many businesses. The stock markets, on the rise over the last four years, celebrated with pomp such a remarkable performance. Neither the skyrocketing oil and commodity prices, nor the continuing decline of the US dollar against most currencies was able to alter the widespread optimism.

In complete contrast, the second half of the year saw a brutal crisis hit the banking world and the financial circuits worldwide. The explosion of the delinquencies in the sub-prime sector in the USA suddenly triggered a generalized credit crunch crisis. Years of massive and complex collateralized investments were suddenly put into danger. Credit spreads exploded, putting an abrupt end to many years of easy credit. Enormous write-offs started to hit most financial institutions around the globe, cutting dividends and triggering urgent needs for re-capitalization.

The gloomy prospect of a recession in the USA therefore gained credibility at the end of the year. A certain decoupling with the other major economic blocs – in particular with the BRIC countries and the EU zone – would appear possible but only to a limited extent.

Stagflation itself looked more and more likely for 2008, due to commodity and food prices. Such a scenario clearly put major central banks in a particularly awkward position.

Foreign exchange and financial markets

Major central banks were indeed taken on the wrong foot by the credit crunch crisis. They were suddenly obliged to fully revert the liquidity normalization process in which they had been engaged for months. The paralysis of normal credit channels forced them to intervene massively by injecting hundreds of billions of extra-liquidity into the money markets.

The Federal Reserve Bank was in dire straits more so than anyone else. On one hand, the scary prospect of inflation would urge them to maintain a restrictive monetary policy; on the other hand, the need to avoid a recession and to mitigate the paralysis of the money markets was requiring urgent rate cuts and massive new money market facilities.

The prudent increase of money market rates was put to an abrupt end in August. The ongoing loss of confidence was such that all banks dramatically reduced their exposure on each other, forcing the central banks to accommodate the massive lack of credit.

Long term government bond yields – particularly in the USA – also brutally reverted the June 2007 tentative to break on the upside the 15 year disinflation trend.

On the exchange rate front, 2007 will remain in our mind as another year of US dollar weakness, in particular against the EUR. The US unsolved twin deficits, the questionable geopolitical options of the Bush administration and the emergence of China as a future superpower, contributed to weaken structurally the American currency.

The year 2008 opened in a rather sluggish climate because of the risks that weigh on economic developments. The non-US propellers of the world growth remained very active; but there was little doubt that the globalization process at work for many years would limit the economic decoupling between the USA and the rest of the world.

The 2007 credit crunch crisis is unprecedented and already appears as one of the most serious in the history of modern capitalism. The high complexity of financial mechanisms involved, the total lack of liquidity of most related products and the enormous size of relevant investments, unfortunately bode ill for a continuing financial turmoil in 2008.

Financing and repayments during the financial year 2007

Funding activity

Besides an increased activity in the money markets through its commercial paper programme to benefit from much improved terms for top rated issuers EUROFIMA played in 2007 again a visible role in the debt capital markets.

EUROFIMA's public bond issuance amounted to a total of CHF 4 billion and streched over 10 different currencies. Total funding in its strategic US dollar, Australian dollar and Swiss franc markets accounted for 76 %.

In the US dollar market, EUROFIMA continued its presence in the benchmark segment and launched another 1 billion bond, again with a 10-year maturity. A further tightened spread to the most expensive supranational and agency borrowers, a significant over-subscription and a broad distribution by region evidence the progress made.

In the Australian dollar market, the organization opened a new 2022 line, offering the longest maturity available in the Kangaroo market. Existing lines were systematically increased to add liquidity: the 2014 bond was tapped to become already EUROFIMA's 3rd Kangaroo with an aggregate amount of 1 billion. The 2016 bond now stands at 650 million, the 2020 bond at 500 million.

In the Swiss franc market, the focus was on long tenors and liquid sizes as well. A new 2024 bond found strong demand and reached a volume of 600 million by year-end. The 2026 bond was further increased to become EUROFIMA's first outstanding 1 billion bond in its own domestic market. The 2030 bond now reaches 400 million.

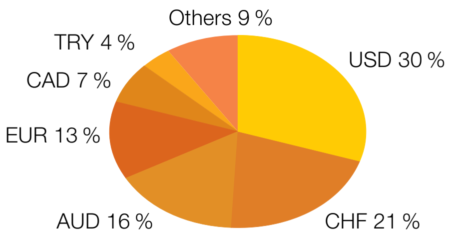
The remaining funding was more opportunistic, arbitrage driven and very diversified with regards to tenors and markets, ranging from several 1-year bonds in currencies like Turkish lira, South African rand or Mexican peso, to a 20-year "Maple" bond in Canadian dollars.

Financing

Based on the exchange rates fixed at the date of the balance sheet, financing in 12 different currencies reached the equivalent of CHF 5 000 million. This total is distributed as follows:

Type of financing	Equivalent in million CHF
Bond issues	1 046
Programme for the Issuance of Debt Instruments	2 920
Loans	15
Commercial Paper	1 019
Total	**5 000**

Distribution of financing according to currencies

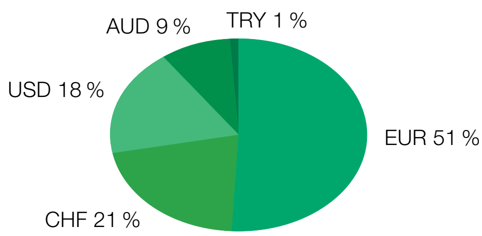


Evolution of financing (in million CHF)

Repayments

Based on the exchange rates fixed at the date of the balance sheet, repayments reached the equivalent of CHF 3 733 million, CHF 778 million of which are due to repayments on short-term financing.

Distribution of repayments according to currencies



Lisboa–Entroncamento, 07:47

Equipment financed during the financial year 2007

EUROFIMA concluded 37 contracts with 16 shareholders or their affiliates for the financing of railway equipment or leasing contracts concluded by the shareholders. The railway equipment and the related financing amounts are given below.

Country	Railway/ Company	Locomotives			Multiple-unit trains			Passenger cars	Freight cars	Amount of financing (in million CHF)
		main-line		shunting	motor units		trailer cars			
		diesel	electric		diesel	electric				
France	SNCF		18							84
Italy	FS		92			86	86	185		997
Belgium	SNCB							80		216
Spain	RENFE					8	8			75
Switzerland	SBB		43	22		48	24			520
Serbia	ŽS		6			10	10			23
Montenegro	ŽCG	4				4	4			7
Austria	ÖBB	1	17	1	48		48	15	1106	466
Portugal	CP					29	30			103
Greece	OSE		24		15		15	160		523
Hungary	MÁV	8	21					4		42
Croatia	HŽ							15		25
Slovakia	ZSSK				11		11	21		28
Czech Republic	ČD					4	8			50
Switzerland	CISALPINO AG					4	10			47
Total		**13**	**221**	**23**	**74**	**193**	**254**	**480**	**1106**	**3 206**

EUROFIMA holds title or security interests deemed equivalent (in particular pledges) to the railway equipment until the funds have been fully reimbursed.
For the distribution of the railway equipment see page 13.

Equipment financing contracts at December 31, 2007

The following tables show the breakdown of the financing provided by EUROFIMA.

Currency distribution

Currency	Equipment financing contracts		
	in currency units	equivalent in CHF	in %
	(in million)	(in million)	
CHF	2 248.1	2 248.1	7.04
EUR	12 457.8	20 697.4	64.80
JPY	3 300.0	33.0	0.10
SEK	3 729.3	655.4	2.05
USD	7 342.7	8 309.4	26.01
	–	31 943.3	100.00
Valuation difference of swap agreements		–2 221.0	
Total	**–**	**29 722.3**	

Geographical distribution

Country	Railway/Company	Total financed	
		in million CHF	in %
Germany	DB AG	2 672.6	8.37
France	SNCF	4 752.7	14.88
Italy	FS	4 473.2	14.00
Belgium	SNCB	3 750.6	11.74
Netherlands	NS	1 075.6	3.37
Spain	RENFE	2 979.3	9.33
Switzerland	SBB	3 112.4	9.74
	CISALPINO AG	187.6 (1)	0.59
Serbia	ŽS	187.5	0.59
Montenegro	ŽCG	26.5	0.08
Sweden	SJ	1 352.6	4.23
Luxembourg	CFL	295.9	0.93
Austria	ÖBB	2 823.7 (2)	8.84
	CRL	24.9 (3)	0.08
	IWAG	71.4 (3)	0.22
Portugal	CP	1 248.2	3.91
Hungary	MÁV	508.8 (4)	1.59
	ROeEE/GySEV	4.0 (5)	0.02
Czech Republic	ČD	274.1	0.86
Slovakia	ZSSK	157.2	0.49
Greece	OSE	1 531.4	4.79
Croatia	HŽ	138.8	0.43
Slovenia	SŽ	255.9	0.80
Bosnia and Herzegovina	ŽBH	13.5	0.04
Bulgaria	BDZ	16.6	0.05
FYR Macedonia	MZT	8.0	0.03
	MZI	0.3	0.00
Total		**31 943.3**	**100.00**

(1) Obligations guaranteed by FS and SBB
(2) Equipment financing contracts concluded with ÖBB until December 31, 2004 and with ÖBB-Holding Ltd. and its direct and indirect holdings since January 1, 2005
(3) Obligations guaranteed by ÖBB
(4) 204.8 million of which assumed by the Hungarian State
(5) 2.4 million of which assumed by the Hungarian State
The remaining 1.6 million is guaranteed by MÁV

Equipment at December 31, 2007

The following table indicates the equipment of each shareholder or their affiliates to which the company holds title or in which it has a direct or indirect security interest deemed equivalent, in particular pledges.

Country	Railway/ Company	Locomotives			Multiple-unit trains			Passenger cars	Freight cars	Other equip-ment
		main-line		shunting	motor units		trailer cars			
		diesel	electric		diesel	electric				
Germany	DB AG		443	12	14	40	260		3 161	5
France	SNCF		251	14	6	288	1 138		12	
Italy	FS	1	625		75	344	464	2 897		
Belgium	SNCB	101	143	11	152	187	269	1 014	1 300	28
Netherlands	NS		49	80		63	140	241		
Spain	RENFE		270		9	417	543	39		
Switzerland	SBB		153	48		278	559			
	CISALPINO AG					12	30			
Serbia	ŽS	2	60	40		35	41	70		
Montenegro	ŽCG	8	7	2		8	8	22	10	
Sweden	SJ	50	146			76	175	425	5 856	
Luxembourg	CFL		19			27	39		470	
Austria	ÖBB	84	382	92	68	185	264	389	284	
	CRL								175	
	IWAG	3	44	7					8 085	
Portugal	CP	28	50	46	128	263	414	81	1 496	
Greece	OSE	36	30		58	40	151	266	278	
Hungary	MÁV	152	248	114	126	18		99		
	ROeEE/GySEV		4	6						
Croatia	HŽ	6	8	10	9	8	7	135	708	22
Slovenia	SŽ		20			60	20			
Bosnia and Herzegovina	ŽBH							3	58	
Slovakia	ZSSK				44		11	123		
FYR Macedonia	MZT		3		2		4			
	MZI							1		
Czech Republic	ČD		5			15	30	26		
Bulgaria	BDZ	5	8							
Total		**476**	**2 968**	**482**	**691**	**2 364**	**4 567**	**5 831**	**21 893**	**55**
of which under construction			60			8	8	80	600	

Results in 2007 and outlook for 2008

Results 2007
EUROFIMA's core activity, the financing of railway equipment, developed favourably in 2007. At CHF 3.2 billion, the volume of new railway equipment financing concluded during the year rose by 39.7 %. Earnings remained slightly short of the previous year's level as a result of lower net interest income and lower income from other financial operations. Gross operating profit and net profit amounted to CHF 44.6 million (–4.4 %) and CHF 44.5 million (–1.8 %) respectively.

Profit and loss account
At CHF 29.6 million, net interest income continued to be the largest source of income. While conform to the budgeted target, net interest income decreased by 4.6 % compared to the prior year. At CHF 17.0 million, commissions income on equipment financing contracts remained the second largest source of income. It developed positively for the third year in a row increasing by 2.5 %. Commissions income benefited from the vigorous railway equipment financing activity.
At CHF 6.1 million, the third largest source of income, namely income from other financial operations, came short of the budgeted target. It decreased by 13.7 % mainly due to lower security gains.
At CHF 8.1 million, operating costs were successfully kept under control through ongoing budgetary discipline. Total operating costs, including operating expenses, financial operations charges and depreciation on fixed assets, were reduced by 1.8 %.
Reflecting the positive evolution of the counterparty risk in the equipment financing contracts and swaps portfolios, no additional allocation to the provisions had to be made.

Balance sheet
Total assets expanded for the fourth consecutive year. At CHF 35.3 billion, total assets grew by CHF 990.7 million (+2.9 %). On the basis of unchanged exchange rates versus the previous year, total assets would reach CHF 35.6 billion (+3.7 %).
Equipment financing contracts totalled CHF 29.7 billion (2006: CHF 28.8 billion). They remained the largest single asset accounting for 84.1 % of EUROFIMA's balance sheet. The credit quality of this portfolio continued to be very high with no credit losses being recognized during the year. As of December 31, 2007, no payment under any asset was overdue. A solid balance sheet structure was maintained. After appropriation of profits

Net profit and gross operating profit (in million CHF)

from the financial year 2007, equity capital amounted to 9.9 % of total borrowings, compared to 10.2 % in 2006. Provisions and reserves totalled CHF 753.6 million (2006: CHF 730.0 million).

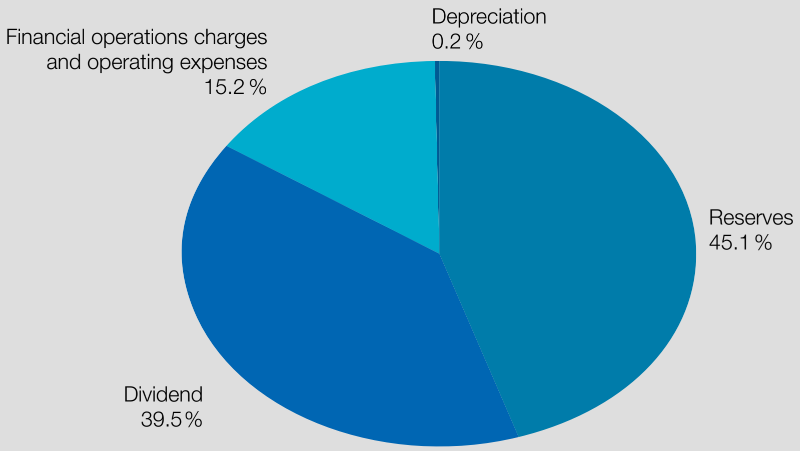
Financial risk management

EUROFIMA's financial risk management aims to ensure sustainable profitability and to maintain financial viability. As a result, EUROFIMA's approach towards financial risk taking is conservative.
Risk management activities seek to appropriately identify, measure and report financial risks as well as to limit their potential adverse effect on the financial performance to levels acceptable to EUROFIMA.
A comprehensive set of internal guidelines and policies has been laid down by the management. It covers specific areas such as foreign exchange risk, interest rate risk, liquidity risk and the use of derivative financial instruments. Such guidelines and policies are reviewed regularly and can be viewed by all staff on the intranet. Exposure to foreign exchange risk, interest rate risk and counterparty risk is controlled by a system of pre-approved maximum limits. Such limits are reviewed and adjusted periodically in the light of external developments and experience.
EUROFIMA is an end user of derivative financial instruments. Used derivative financial instruments are primarily interest rate and currency swaps, forward rate agreements and foreign exchange contracts. EUROFIMA is not a user of credit derivatives. EUROFIMA uses derivative financial instruments to protect itself against market risks in its borrowing, lending and investment activities.

(i) Foreign exchange and interest rate risks

EUROFIMA's exposure to foreign exchange and interest rate risks arises primarily from the fact that borrowing operations are often carried out in a currency and with interest rate structures differing from those of the equipment financing contracts. The resulting foreign exchange and interest rate risk created in this normal course of business are hedged by using interest rate and currency swaps systematically on a back-to-back basis. As a result, the currency and interest rate risk profile of the borrowings is matched synthetically with the profile of the equipment financing contracts and the funds warehoused pending their disbursement to the railways.
Pre-funding is limited to a maximum amount of EUR 1 billion. Pre-funding allows tapping into the capital markets when borrowing conditions are favourable. All pre-funding operations are transacted (after swaps) on a variable interest basis so that the funds can be warehoused with a minimum interest rate risk until they are needed for lending disbursement.
An open exposure to foreign exchange and interest rate risks exists only in the investment of the equity and the management of the liquidity. Such exposure is kept within very narrow limits.
The largest part of the equity is invested in interest-bearing securities and placements with credit institutions. The interest bearing securities consist primarily of securities issued by highly rated financial institutions (including asset backed securities), governments and supranational public institutions. It is also used to a limited extent (at year end: CHF 222.3 million) to fund individual equipment financing contracts. Such investments of the equity are exposed to changes in market interest rates. Indeed, the interest income derived from such investments is influenced by the level of market interest rates prevailing at the time of their investment or re-investment. The organization's earnings are also affected by the fluctuations in the market value of

Use of net operating income



the marked-to-market security holdings which can be induced by changes in market interest rates and credit spreads.

(ii) Credit risk
Credit risk corresponds to the potential loss that could result from a deterioration in the creditworthiness of counterparties or their default. Credit risk is the main financial risk inherent in EUROFIMA's operations. EUROFIMA is primarily exposed to credit risk in its core activities, namely borrowing and lending. It is also exposed to credit risk in its treasury operations through the financial assets and derivative instruments used for investing and managing the liquidity and equity funds.
EUROFIMA follows a prudent approach towards credit and counterparty risk. Only financial counterparties with a high credit rating are accepted. Individual counterparty limits are monitored and reviewed on a regular basis.
Swap counterparty exposure is carefully monitored. EUROFIMA follows a policy of provisioning for its counterparty risk with financial swap counterparties. In 2007, it intensified its use of one way credit support agreements to minimize its exposure to swap counterparty risks. Such credit support agreements result in collateral being posted by the swap counterparty once the exposure exceeds a pre-agreed threshold.
The credit risk inherent in the portfolio of equipment financing contracts is reviewed and monitored regularly. EUROFIMA aims at adequately covering the potential counterparty exposure with the weakest railways by the sum of the country risk provision and the guarantee reserve.

(iii) Liquidity risk
EUROFIMA's objective is to maintain an adequate pool of liquidity to cover any short-term cash requirements. This pool of funds is invested in placements with credit institutions as well as highly rated debt instruments. EUROFIMA strives to secure a level of net liquidity that would meet its liquidity needs under distressed conditions for a period of twelve months.

Outlook for 2008
The year 2007 has seen unprecedented turbulences in the world credit markets. With the problems the financial community faced in the past year not having disappeared, the year 2008 is likely to be a generally difficult year in the financial markets. Therefore, the monitoring and management of financial risks, in particular credit risk, will remain a key priority of EUROFIMA in 2008. Despite these difficult market conditions EUROFIMA is confident to achieve a satisfactory financial performance over the next twelve months. While a moderate increase in earnings is budgeted, the demand for new equipment financing contracts should not exceed the high level of the previous year.

Borrowings [1] and equity capital in million CHF

(1) Amounts due to credit institutions and customers and debts evidenced by certificates

Aveiro–Aguda, 09:34

Braga railway station, 11:08

Annual accounts

Profit and loss account 2007

Balance sheet at December 31, 2007

Flow of funds statement 2007

Ponte de 25 Abril, Lisboa, 08:57

Ponte de 25 Abril, Lisboa, 08:57

Profit and loss account 2007

	Notes	2006 CHF	**2007 CHF**
Interest and similar income	(1)	1 566 560 839	1 779 612 696
Interest and similar charges	(2)	–1 535 568 997	–1 750 053 789
Net interest income		**30 991 842**	**29 558 907**
Commissions income	(3)	16 605 293	17 014 553
Income from other financial operations	(4)	7 035 401	6 073 600
Net operating income		**54 632 536**	**52 647 060**
Financial operations charges	(5)	–858 498	–1 006 351
Operating expenses	(6)	–7 047 292	–6 992 627
a) Personnel expenses		*–5 785 871*	*–5 818 308*
b) Other operating expenses		*–1 261 421*	*–1 174 319*
Gross operating profit		**46 726 746**	**44 648 082**
Depreciation on fixed assets	(7)	–361 054	–116 066
Provisions and other value adjustments	(8)	–1 000 000	0
Net profit for the financial year		**45 365 692**	**44 532 016**

Balance sheet at December 31, 2007 Before appropriation of surplus

Assets	Notes	2006 CHF	%	**2007 CHF**	**%**
Cash, postal account, due from banks and money market paper	(9)	1 679 341 040	4.9	**1 785 519 667**	**5.0**
Fixed income and other securities	(10)	928 206 377	2.7	**975 415 668**	**2.8**
Equipment financing contracts	(11)	28 787 038 312	83.8	**29 722 306 559**	**84.1**
Fixed assets	(12)	1	.	**1**	**.**
Unpaid subscribed share capital	(13)	2 080 000 000	6.1	**2 080 000 000**	**5.9**
Other assets	(14)	7 454 438	.	**6 449 932**	**.**
Accrued income and prepaid expenses	(15)	861 901 022	2.5	**764 948 465**	**2.2**
Total		34 343 941 190	100.0	**35 334 640 292**	**100.0**
Liabilities					
Amounts due to credit institutions and customers	(16)	4 315 696 484	12.6	**3 826 838 537**	**10.8**
Debts evidenced by certificates	(17)	25 805 276 303	75.1	**27 367 506 268**	**77.5**
a) Senior borrowings		*24 024 598 050*		***25 523 326 339***	
b) Other debts evidenced by certificates		*1 780 678 253*		***1 844 179 929***	
Other liabilities	(18)	28 470 335	0.1	**25 628 162**	**0.1**
Accrued expenses and deferred income	(19)	842 341 368	2.5	**739 482 352**	**2.1**
Provisions for liabilities and charges	(20)	253 326 127	0.7	**252 622 384**	**0.7**
Subscribed share capital	(21)	2 600 000 000	7.6	**2 600 000 000**	**7.4**
Reserves	(22)	451 940 000	1.3	**476 709 000**	**1.3**
Surplus to be distributed		46 890 573	0.1	**45 853 589**	**0.1**
a) Unappropriated surplus previous year		*1 524 881*		***1 321 573***	
b) Net profit for the financial year		*45 365 692*		***44 532 016***	
Total		34 343 941 190	100.0	**35 334 640 292**	**100.0**

Flow of funds statement 2007

	2006 CHF	**2007** **CHF**
Net profit for the financial year	45 365 692	44 532 016
Depreciation on fixed assets	361 054	116 066
Provisions and other value adjustments	1 000 000	0
Gross operating profit	*46 726 746*	*44 648 082*
Accrued income and prepaid expenses	–30 112 825	96 952 557
Accrued expenses and deferred income	34 865 177	–102 859 016
Other	4 695 228	–3 587 749
Net flow of funds resulting from operating activity	**56 174 326**	**35 153 874**
Borrowings	3 422 046 137	5 000 269 110
Repayments	–2 168 718 432	–3 733 416 924
Equipment financing contracts	–2 294 442 300	–3 205 759 332
Repayments from the railways on equipment financing contracts	1 539 464 995	1 424 770 965
Adjustment of book value and valuation difference of swap agreements	–74 556 432	653 170 227
Net flow of funds resulting from financing activity	**423 793 968**	**139 034 046**
Dividend	–20 800 000	–20 800 000
Net flow in equity capital	**–20 800 000**	**–20 800 000**
Increase (+)/Decrease (–) in liquid assets and securities holdings	459 168 294	153 387 920
Liquid assets and securities holdings at the beginning of the financial year	2 148 379 123	2 607 547 417
Liquid assets and securities holdings at the end of the financial year	**2 607 547 417**	**2 760 935 337**

Appendix

RENFE 103

RENFE 103

ČD–Regionova Trio

ČD–City Elefant

Accounting and valuation principles

General principles
The company's annual accounts include the profit and loss account, the balance sheet, the flow of funds statement and the appendix. Even though not subject to legislation by the European Union, EUROFIMA prepares its annual accounts in conformity with the fourth directive of the European Union (78/660/EEC) as well as with the directive of December 8, 1986 relating to annual accounts and consolidated accounts of banks and other financial institutions (86/635/EEC).
The items of the profit and loss account and the balance sheet are detailed in the explanatory notes.

Assessments made in preparing the annual accounts
In the process of preparing the company's annual accounts, the management has to make estimates affecting the company's net profit and its financial situation as well as other information disclosed in the annual report. Such assessments are based on the available information and the management's best estimates of the situation. Therefore, the future financial outcome may deviate from the assessments made.

Introduction of the euro
The introduction of the euro in 1999 led to a change in the distribution by currency of certain elements in the balance sheet. The euro, the former ECU, and all the currencies which joined the European Monetary Union are presented in a consolidated manner.
However, debts evidenced by certificates, which are not subject to redenomination by EUROFIMA, continue to be listed under their original currencies and denominations.

Accounting conventions
The annual accounts are prepared in accordance with the historical cost convention, except some items described in the explanatory notes, which are recorded at their market value. All transactions concluded up to the closing of the books are recorded. Transactions are booked on the balance sheet on a value date basis. They are recorded off-balance sheet upon conclusion until their value date. Their total is indicated under the item "Off-balance sheet business".

Foreign currency conversion
The annual accounts are expressed in Swiss francs. All book entries are recorded in their original currencies. Income and expenses are converted at the exchange rates prevailing on the day of their booking. As of the closing of the books, the accounts on the balance sheet and the outstanding foreign exchange contracts are revalued at the exchange rates prevailing on the balance sheet date. Profits and losses resulting from this revaluation are taken to the profit and loss account. Exchange rates used for the closure of the financial year are listed in the explanatory notes.

Amounts due from banks and money market paper
Amounts due from banks are recorded at their nominal values. Money market paper is valued at adjusted cost, while the difference between the effective cost and redemption value is included linearly in the profit and loss account over its residual life.

Fixed-income and other securities
Within the framework of its liquidity management and the reinforcement of its creditworthiness, EUROFIMA has split its holdings of debt securities into two categories:

a) Investment securities holdings
These securities are purchased with the intention of holding them on a durable basis and for use on a continuous basis in the activities of the company (financial investments). The risks associated with these securities, related funding and risk hedging are managed to generate a steady profit stream from the investment securities holdings. These securities are divided into two categories: first, those intended to be kept until their final maturity; second, those available for sale, but not constituting trading positions. They are booked at the cost at which they were acquired, excluding the accrued coupon. Premiums or discounts are amortized linearly over the remaining life. Interest rate related fluctuations are not taken into account. At every closing of the books, a global value adjustment is made on the securities' book value for possible diminution in value of a permanent nature.

b) Marked-to-market securities holdings
These security positions are held for the shorter term against first liquidity requirements or for temporary hedging purposes (current assets). These securities are part of the item "Cash, postal account, due from banks and money market paper" which constitutes the first liquidity of the company. They are marked to market and the resulting unrealized profits and losses are taken to the profit and loss account.

Equipment financing contracts

Equipment financing contracts are recorded on the balance sheet at their nominal values. Interest relating thereto is booked in the profit and loss account under "Interest and similar income". When the proceeds from a borrowing in a given currency are transformed by a currency swap into the currency desired by the railways, the equipment financing contracts concerned are booked in the currencies resulting from the exchanges. Contrarily, the borrowings are booked in the original currencies. At every closure of the accounts, the valuation of the related currency swaps adjusts the item "Equipment financing contracts".

Fixed assets

Fixed assets are recorded on the balance sheet at their acquisition cost increased by the appreciation resulting from investments and after deduction of cumulative depreciation. Fixed assets acquired in the course of normal replacement are written off fully during the year of their acquisition.

Provisions

General risk provisions are maintained to cover prudently the overall counterparty risks inherent in the equipment financing contracts and swaps portfolios. The accumulated provisions are based on a periodic review and assessment of the existing and anticipated collectibility risks in the total portfolios. While EUROFIMA has not written off any of its outstanding equipment financing contracts, a 100 % interest and other charges provisioning is established with respect to principals and interests overdue by more than 180 days. Adjustments to the accumulated provisions are recorded in the profit and loss account.

Reverse repurchase transactions (reverse repos)

These consist of transactions through which the company invests part of its short-term liquidity with credit institutions, which in turn provide collateral in the form of debt securities. This type of transaction constitutes an irrevocable engagement to terminate the transaction at a predetermined date and price. They are recorded in the balance sheet at the net amount paid under "due from banks".

Derivative financial instruments

In the normal course of its borrowing, lending and investment activities, EUROFIMA is a careful end-user of financial derivatives. These instruments include primarily swaps, foreign exchange forward contracts, options and forward rate agreements. They are used by EUROFIMA to protect or hedge itself against interest rate and foreign exchange risks associated with its assets, liabilities and anticipated future cash flows. The total amount of the outstanding contracts with external counterparties (i.e. non-shareholders) is given under the item "Off-balance sheet business".
Derivative instruments used for such protection or hedging purposes are generally valued in the same way as the underlying items they are designed to hedge. Most of these instruments are held on a long-term basis, with no turnover before maturity. Derivative transactions treated in the accounts as hedges are clearly designated as such at the inception of the contract. Realized net profits resulting from the early termination of a hedge are spread over the remaining term of the instrument, i.e. up to the original final maturity.

Taxation

The Additional Protocol to the Convention relative to EUROFIMA's constitution of October 20, 1955 and amended March 4, 1998 defines the tax exemptions to which the company is entitled in Switzerland.

Depreciation

The railway equipment represented by the equipment financing contracts is depreciated directly by the railways.

Explanatory notes

The financial year coincides with the calendar year (January 1 – December 31). The amounts are indicated in CHF.

Exchange rates at the date of the balance sheet

Currency	CHF	Currency	CHF
1 AUD	0.992950	100 MXN	10.409850
1 CAD	1.156650	100 NOK	20.845000
100 DKK	22.279650	1 NZD	0.874950
1 EUR	1.661400	100 SEK	17.575000
1 GBP	2.258300	1 TRY	0.966650
1 HKD	0.145050	1 USD	1.131650
100 ISK	1.816700	1 ZAR	0.165900
100 JPY	0.999350		

Profit and loss account

1 Interest and similar income

This position includes interest from equipment financing contracts (1 686 277 746), bank deposits (17 578 512), money market paper (34 043 279) as well as fixed income and other securities (37 828 490). The foreign exchange result (11 523) and other interest and similar income (3 873 146) are also included in this position. This item increased by 213.1 million or +13.6 %.

2 Interest and similar charges

This item is composed of interest on amounts due to credit institutions and customers (209 147 921), interest on debts evidenced by certificates (1 290 462 696), net interest balance on swap agreements (250 243 141) as well as other interest and similar charges (200 031).
This item increased by 214.5 million or +14.0 %.

3 Commissions income

Income from commissions on equipment financing contracts is reported here. The commission rate is based on the borrower's creditworthiness, varying between 0.025 % and 0.5 % per annum. These commissions increased by 0.4 million or +2.5 %.

4 Income from other financial operations

This item is composed of income on securities transactions (290 221) and commissions from leasing transactions (15 000). The remaining amount contains earnings from swap agreements as well as various other sources of income (5 768 379).
This item decreased by 1.0 million or –13.7 %.

5 Financial operations charges

These are bank and borrowing charges.
This item increased by 0.1 million or +17.2 %.

6 Operating expenses

Personnel expenses

This item includes salaries (4 493 217) and employee benefits (1 340 658), particularly contributions to the pension funds for the personnel. The employees' retirement plans are guaranteed by a multi-employer plan independent of the company. Net allocations to the provisions for accrued holiday (–16 000) and seniority allowances (433) are also booked as personnel expenses. On 31.12.2007 EUROFIMA had 30 employees in permanent positions.

Other operating expenses

This item contains primarily IT services, legal and other expertise provided by third parties as well as the maintenance of the company's premises.
The operating expenses decreased by 0.1 million or –0.8 %.

7 Depreciation on fixed assets

This depreciation applies to furnishings, hardware and software as well as other fixed assets.
This item decreased by 0.2 million or –67.9 %.

8 Provisions and other value adjustments

There were no further allocations to the provisions.
This item decreased by 1.0 million or –100.0 %.

Balance sheet

Assets

9 Cash, postal account, due from banks and money market paper

This item consists of cash and postal account (37 010), amounts due from banks on demand (4 401 490), amounts due from banks due on time (769 084 100), money market paper (732 853 588) as well as the marked-to-market securities holdings (279 143 479).
The maturity structure of these assets was as follows:

– Amounts due from banks on demand and marked-to-market securities holdings	283 581 979	15.9 %
– Other assets having a maturity of less than or equal to 3 months	958 749 231	53.7 %
– Other assets having a maturity of more than 3 months	543 188 457	30.4 %
	1 785 519 667	100.0 %

The increase of this item was 106.2 million or +6.3 %.

10 Fixed income and other securities

These securities constitute the investment securities holdings. At 31.12.2007, their market value reached 952 182 798 (nominal value 986 074 250).

They consist primarily of highly rated securities. At 31.12.2007 the average rating of these securities was Aaa/AAA. None of these is pledged or subordinated and the predominant part (87.8 %) is listed on stock exchanges. The nominal value of securities due in less than one year amounted to 100 000 000.

The global value adjustment included in the book value was 9 424 000 or 1.0 %.

EUROFIMA participates in the program of loans and borrowings of securities managed by Euroclear. At 31.12.2007, the market value of the securities on-lent reached 21 495 880.

This position increased by 47.2 million or +5.1 %.

11 Equipment financing contracts

These equipment financing contracts were concluded exclusively with shareholders or their guaranteed affiliates.

Balance at 01.01.2007	28 787 038 312	
Valuation difference of swap agreements at 31.12.2006	1 465 419 601	
	30 252 457 913	
Equipment financings 2007	3 205 759 332	
	33 458 217 245	
Amortization 2007	–1 424 770 965	
	32 033 446 280	
Difference resulting from a currency change of some equipment financing contracts	–399	
Adjustment of the book value at 01.01.2007 at the foreign currency exchange rates at 31.12.2007	–90 127 839	
Valuation difference of swap agreements at 31.12.2007	–2 221 011 483	
Net book value of the equipment financing contracts	29 722 306 559	
The maturity structure of these amounts was as follows:		
– less than or equal to 1 year	981 487 598	3.1 %
– more than 1 but less than or equal to 5 years	9 349 546 304	29.3 %
– more than 5 years	21 612 284 140	67.6 %
		100.0 %
– valuation difference of swap agreements at 31.12.2007	–2 221 011 483	
	29 722 306 559	

The nominal amount of equipment financing contracts represented by debt securities was 4 473 153 360.

The net value of the equipment financing contracts increased by 935.3 million or +3.2 %.

12 Fixed assets

Fixed assets are listed as follows:

Premises “Ritterhof”, the company’s offices	
Purchase price (investments included)	4 429 434
. /. cumulative depreciation	4 429 433
Net book value	1
Fire insurance value at 01.01.2008	9 988 000
IT systems and other fixed assets	
Purchase price	2 671 276
. /. cumulative depreciation	2 671 276
Net book value	–

13 Unpaid subscribed share capital

The unpaid subscribed share capital may be called in unconditionally at any time by decision of the Board of Directors.

14 Other assets

These assets pertain to the refinancing of amounts due by a railway (5 000 000) as well as various other assets (1 449 932).

This item decreased by 1.0 million or –13.5 %.

15 Accrued income and prepaid expenses

This item covers mainly accrued, but at 31.12.2007 not yet matured, interest and commissions on equipment financing contracts (743 526 667), interest on bank deposits, fixed income and other securities (21 332 114) as well as other accrued income and prepaid expenses (89 684).

The decrease was 97.0 million or –11.2 %.

Liabilities

16 Amounts due to credit institutions and customers

The total of these liabilities was:

Balance at 01.01.2007	4 315 696 484	
Financing during 2007	14 933 512	
	4 330 629 996	
Redemptions during 2007	–332 103 944	
	3 998 526 052	
Adjustment of the book value at 01.01.2007 at the foreign exchange rates at 31.12.2007	–171 687 515	
	3 826 838 537	
The structure according to the maturities was as follows:		
– less than or equal to 1 year	105 140 605	2.7 %
– more than 1 but less than or equal to 5 years	1 078 364 638	28.2 %
– more than 5 years	2 643 333 294	69.1 %
	3 826 838 537	100.0 %

Amounts due to shareholders and related entities included in this item came to 2 095 542 106.

The amount due to credit institutions and customers payable on demand was 0.

17 Debts evidenced by certificates

The sum of debts evidenced by certificates was:

Balance at 01.01.2007	25 805 276 303	
Financing during 2007	4 985 335 599	
	30 790 611 902	
Redemptions during 2007	–3 401 312 980	
	27 389 298 922	
Adjustment of the book value at 01.01.2007 at the foreign exchange rates at 31.12.2007	–21 792 654	
	27 367 506 268	
The structure according to maturities was as follows:		
– less than or equal to 1 year	2 422 266 152	8.8 %
– more than 1 but less than or equal to 5 years	8 893 513 996	32.5 %
– more than 5 years	16 051 726 120	58.7 %
	27 367 506 268	100.0 %

A table with details on the debts evidenced by certificates at 31.12.2007 can be found on pages 30 to 33.

18 Other liabilities

This item contains future fiscal agency costs on outstanding issues (15 800), withholding tax to be paid (15 176 875) as well as other liabilities (10 435 487).

These liabilities decreased by 2.8 million or –10.0 %.

19 Accrued expenses and deferred income

This item consists of accrued, but at 31.12.2007 not yet matured, interest on amounts due to credit institutions and customers (136 358 092) as well as on debts evidenced by certificates (498 682 816), net interest on swap agreements (103 326 015) and other accrued expenses and deferred income (1 115 429).

The decrease was 102.9 million or –12.2 %.

20 Provisions for liabilities and charges

This item includes provisions covering country risks (168 250 000), risks on swaps (81 118 388) as well as expenses for various projects (2 589 525). Provisions for possible claims of the collective pension plan for the personnel (241 420), for accrued holiday (353 000) and seniority allowances (70 051) are also included in this item.

The provisions decreased by 0.7 million or –0.3 %.

21 Subscribed share capital

The subscribed share capital is made up of 260 000 registered shares of a nominal value of 10 000, 20 % of which are paid in.

22 Reserves

This item is composed of the ordinary reserve (59 709 000) and the guarantee reserve (417 000 000).

Pinhal Novo–Tunes, 09:40

Off-balance sheet business		31.12.2006	**31.12.2007**	Change	31.12.2006	**31.12.2007**	Change
Contingent liabilities		0	0	0			
Transactions with value date after balance sheet date			**Settlement amounts**				
Loans, security sales		12 810 257	0	–12 810 257			
Deposits, security purchases		14 284 720	175 750	–14 108 970			
			Notional amounts				
Off-balance liabilities for which recourse is limited to or which are offset by a matching off-balance asset of the company		1 208 022 855	1 109 920 372	–98 102 483			
Open derivative contracts			**Notional amounts**			**Estimated gross replacement values**	
Interest rate contracts		**5 038 776 373**	**4 981 112 724**	**–57 663 649**	**280 124 881**	**255 819 534**	**–24 305 347**
OTC	FRAs	363 072 600	0	–363 072 600	83 468	0	–83 468
	Swaps	4 675 703 773	4 981 112 724	305 408 951	280 041 413	255 819 534	–24 221 879
	Options	0	0	0	0	0	0
Exchange traded	Futures	0	0	0	0	0	0
	Options	0	0	0	0	0	0
Foreign exchange contracts		**23 020 590 804**	**26 999 698 348**	**3 979 107 544**	**306 806 792**	**386 326 428**	**79 519 636**
OTC	Forward contracts	498 483 580	284 633 527	–213 850 053	1 265 872	321 111	–944 761
	Swaps	22 522 107 224	26 715 064 821	4 192 957 597	305 540 920	386 005 317	80 464 397
	Options	0	0	0	0	0	0
Exchange traded	Futures	0	0	0	0	0	0
	Options	0	0	0	0	0	0
Total open derivative contracts		**28 059 367 177**	**31 980 811 072**	**3 921 443 895**	**586 931 673**	**642 145 962**	**55 214 289**
Estimated positive net replacement value of swaps taking into account legally enforceable netting arrangements					233 913 212	139 886 581	–94 026 631
Total estimated net replacement value of swaps taking into account legally enforceable netting arrangements					–840 146 725	–2 135 557 075	–1 295 410 350

The estimated gross replacement value is the sum of the positive marked-to-market values of contracts without taking into account any netting arrangements. For exchange traded contracts subject to daily margin posting, no replacement value is computed. Only external counterparties are taken into account.

Proposed appropriation of surplus

With last year's unappropriated surplus of 1 321 573 carried forward, the surplus to be distributed is 45 853 589. According to Article 30 of the Statutes, the Board of Directors proposes the following allocation of the surplus to the General Assembly:

Appropriation to the ordinary reserve	2 227 000
Dividend of 4 % (statutory maximum) on the paid-in share capital of 520 million	20 800 000
Appropriation to the guarantee reserve	22 000 000
Unappropriated surplus to be carried forward	826 589

Debts evidenced by certificates

Maturity	Callable	Interest rate in %	Initial amount		Year(s) of issuance	Outstanding amounts at December 31, 2007
Listed bond issues						
AUD						
15.09.2009		5.5	335 000 000	(1)	2004/2005	335 000 000
15.08.2010		6	400 000 000	(1)	2005/2007	400 000 000
22.08.2011		6.5	1 000 000 000	(1)	2001/2002	1 000 000 000
28.01.2014		6	1 000 000 000	(1)	2004/2005/2006/2007	1 000 000 000
29.07.2015		5.625	175 000 000	(1)	2005/2007	175 000 000
24.10.2016		5.625	650 000 000	(1)	2005/2006/2007	650 000 000
28.12.2018		6.25	1 000 000 000	(1)	2003/2004/2005	1 000 000 000
30.06.2020		5.5	500 000 000	(1)	2005/2007	500 000 000
30.03.2022		6	200 000 000	(1)	2007	200 000 000
CAD						
30.12.2008		3.625	195 000 000	(1)	2003	195 000 000
30.01.2009		4	150 000 000	(1)	2004	150 000 000
18.07.2012		5.25	200 000 000	(1)	2002/2003	200 000 000
04.12.2012		4.875	200 000 000	(1)	2002	200 000 000
12.05.2014		4.875	100 000 000	(1)	2004	100 000 000
13.12.2019		5.15	250 000 000	(1)	2004	250 000 000
30.03.2027		4.55	300 000 000	(1)	2007	300 000 000
CHF						
30.06.2008		3.375	200 000 000		1998	200 000 000
03.07.2008		2	215 000 000		2003	215 000 000
30.10.2009		2.75	600 000 000		1999	600 000 000
27.07.2010		3.375	250 000 000		2001	250 000 000
26.09.2011		2.625	200 000 000		2003	200 000 000
16.11.2011		3.375	250 000 000		2001	250 000 000
19.12.2011		2.5	445 000 000		2003/2004	445 000 000
27.02.2012		3.5	500 000 000		2002	500 000 000
09.08.2012		4.375	200 000 000		2000	200 000 000
04.12.2012		2.375	515 000 000		2003	515 000 000
19.06.2015		2.75	565 000 000		2003/2004	565 000 000
15.06.2016		2.25	350 000 000		2005	350 000 000
28.12.2018		3.25	450 000 000		2003/2004	450 000 000
03.08.2020		2.375	345 000 000		2005	345 000 000
29.12.2020		3.375	115 000 000		2004	115 000 000
22.05.2024		3	600 000 000		2007	600 000 000
15.05.2026		3	1 000 000 000		2006/2007	1 000 000 000
04.02.2030		2.875	400 000 000		2005/2007	400 000 000

Lisboa, 08:42

Maturity	Callable	Interest rate in %	Initial amount		Year(s) of issuance	Outstanding amounts at December 31, 2007
Listed bond issues (continued)						
EUR						
27.10.2009		5.75	400 000 000	(1)	1999	400 000 000
27.12.2012		4.02	120 202 400	(3)	1998	120 202 400
17.09.2014		5.41	300 000 000	(1)	2001	300 000 000
18.11.2014		11	120 202 400	(3)	1994	120 202 400
03.11.2015		10.68	120 202 000	(3)	1995	120 202 000
25.02.2019	2009	structured	75 000 000	(1)	1999	75 000 000
21.10.2019		4.375	500 000 000	(1)	2004	500 000 000
(DEM) (2)						
18.12.2009		5.625	525 000 000		1997	525 000 000
(ITL) (2)						
30.12.2009		structured	100 000 000 000	(1)	1997	100 000 000 000
16.02.2011		structured	200 000 000 000	(1)	1998	200 000 000 000

(1) Issued under the Programme for the Issuance of Debt Instruments
(2) The ISO codes in parentheses correspond to the original currencies of bond issues which have not been re-denominated by EUROFIMA
(3) Re-denominated / originally ESP

Debts evidenced by certificates

Maturity	Callable	Interest rate in %	Initial amount	Year(s) of issuance	Outstanding amounts at December 31, 2007
Listed bond issues (continued)					
(PTE) [2]					
28.05.2008		FRN	2 864 000 000 [1]	1998	2 864 000 000
GBP					
11.02.2013		4.375	100 000 000 [1]	2003	100 000 000
14.10.2014		6.125	265 000 000 [1]	1999/2000	265 000 000
07.06.2032		5.5	150 000 000 [1]	2001/2002	150 000 000
ISK					
03.11.2008		10	11 000 000 000 [1]	2006/2007	11 000 000 000
JPY					
14.05.2009		structured	3 000 000 000 [1]	1997	3 000 000 000
21.05.2009		structured	400 000 000 [1]	1997	400 000 000
MXN					
25.07.2008		7.5	750 000 000 [1]	2007	750 000 000
21.12.2010		10	700 000 000 [1]	2005	700 000 000

Maturity	Callable	Interest rate in %	Initial amount		Year(s) of issuance	Outstanding amounts at December 31, 2007
Listed bond issues (continued)						
NOK						
15.04.2009		6.625	400 000 000	(1)	2002	400 000 000
NZD						
21.10.2010		6.5	300 000 000	(1)	2004/2005/2007	300 000 000
SEK						
05.02.2008		5.625	750 000 000	(1)	1998	750 000 000
29.12.2011		4.375	700 000 000	(1)	2004/2007	700 000 000
TRY						
04.06.2008		18.25	100 000 000	(1)	2007	100 000 000
05.05.2009		14.25	100 000 000	(1)	2007	100 000 000
USD						
15.12.2009		4.36	140 000 000	(1)	2003	140 000 000
15.12.2009		3.92	100 000 000	(1)	2003	100 000 000
02.08.2012		5.125	500 000 000	(1)	2002	500 000 000
14.12.2012		4.39	100 000 000	(1)	2004	100 000 000
04.02.2014		4.25	1 000 000 000	(1)	2004	1 000 000 000
06.03.2015		4.5	1 000 000 000	(1)	2005	1 000 000 000
07.04.2016		5.25	1 000 000 000	(1)	2006	1 000 000 000
03.04.2017		5	1 000 000 000	(1)	2007	1 000 000 000
25.03.2022	2010	6.31	20 000 000	(1)	2002	20 000 000
ZAR						
08.05.2008		9	500 000 000	(1)	2007	500 000 000
30.06.2008		7	250 000 000	(1)	2005	250 000 000
15.06.2011		8.5	460 000 000	(1)	2006	460 000 000
					Equivalent in CHF	25 523 326 340
Other debts evidenced by certificates						
Unlisted stand-alone issues					Equivalent in CHF	261 330 500
Unlisted issues under the Programme for the Issuance of Debt Instruments					Equivalent in CHF	563 527 455
Commercial Paper					Equivalent in CHF	1 019 321 973
Total debts evidenced by certificates					Equivalent in CHF	**27 367 506 268**

(1) Issued under the Programme for the Issuance of Debt Instruments
(2) The ISO codes in parentheses correspond to the original currencies of bond issues which have not been re-denominated by EUROFIMA
(3) Re-denominated / originally ESP

Distribution by currency of the amounts due to credit institutions and customers and of debts evidenced by certificates at December 31, 2007

Currency	Currency units (in million)	Equivalent in CHF (in million)	in %
AUD	5 260.0	5 222.9	16.74
CAD	1 395.0	1 613.5	5.17
CHF	7 957.2	7 957.2	25.51
EUR	2 634.7	4 377.4	14.03
GBP	515.0	1 163.0	3.73
HKD	1 232.0	178.7	0.57
ISK	11 000.0	199.8	0.64
JPY	150 906.0	1 508.1	4.83
MXN	1 450.0	151.0	0.48
NOK	400.0	83.4	0.27
NZD	300.0	262.5	0.84
SEK	2 474.1	434.8	1.40
TRY	200.0	193.3	0.62
USD	6 758.3	7 648.0	24.52
ZAR	1 210.0	200.7	0.65
Total	**–**	**31 194.3**	**100.00**

Auditors' reports

Report of the independent auditors
Report to the Board of Directors and the Auditors of EUROFIMA European Company for the Financing of Railroad Rolling Stock, Basle

In accordance with the mandate given to us, we have audited, as independent auditors, the accounting records and the financial statements consisting of the profit and loss account, the balance sheet, the flow of funds statement and the notes for the year ended December 31, 2007 (as on the attached pages 20 to 34 of the annual report).
These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.
Our audit was conducted in accordance with the Swiss Auditing Standards and the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
In our opinion, the financial statements for the year then ended give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the general directives of the European Union and the accounting and valuation principles described in the annual report. Furthermore, the accounting records and the financial statements comply with the international Convention for the establishment of the company, the Statutes and the Swiss law.
We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Martin Frei

Diego J. Alvarez

Basle, March 7, 2008

Report of the auditors
to the General Assembly of the shareholders of EUROFIMA European Company for the Financing of Railroad Rolling Stock, Basle

Mr. Chairman, Ladies and Gentlemen,
As auditors of your company, elected by the General Assembly according to Article 28 of the Statutes, we have audited the accounting records and the financial statements, consisting of the profit and loss account, the balance sheet, the flow of funds statement and the appendix for the year ended December 31, 2007.
These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we have the professional qualification and independence necessary to fulfill this task.
We believe that our own examination and the review of the independent auditors' report of March 7, 2008 prepared by PricewaterhouseCoopers AG, Basle, constitute a reasonable basis for our opinion.
In our opinion, the financial statements for the year then ended give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the general directives of the European Union and the accounting and valuation principles described in the annual report. Furthermore, the accounting records and the financial statements comply with the international Convention for the establishment of the company, the Statutes and the Swiss law.
We recommend that the financial statements submitted to you be approved.

José Luis Martínez Giménez

Alfred Lutschinger

Stefano Pierini

Marc Wengler

Dick Snel

Basle, March 7, 2008

Milestones in development

1957 First issue in Swiss francs
1961 First issue in Dutch guilders
1962 First share capital increase from 50 to 100 million Swiss francs
1964 First issue in Deutsche Mark
1967 First issue in US dollars in the Euromarket
1970 Second share capital increase from 100 to 300 million Swiss francs
1971 First issue in French francs
First issue in Luxembourg francs
1972 First issue in Belgian francs
1974 First issue in US dollars in the Middle East
1975 First issue in US dollars in the “Yankee” market: Aaa/AAA ratings
1976 Third share capital increase from 300 to 500 million Swiss francs
1978 First issue in yen in the “Samurai” market
1979 First issue in Austrian shillings
1982 First issue in Sterling
1984 Extension of the duration of the company for another 50 years, until 2056
Fourth share capital increase from 500 to 750 million Swiss francs
First issue in ECU
1986 Total assets exceed 10 billion Swiss francs for the first time
Aaa/AAA ratings for various Eurobond issues
First issue in Italian lira
1987 EUROFIMA opens the Spanish “Matador” market
First issue in Australian, Canadian and New Zealand dollars
1988 Multi-currency Euro and US commercial paper programs: P-1/A-1+ ratings
1989 First issue in Swedish krona
First issue in Portuguese escudos
1990 Fifth share capital increase from 750 to 1 050 million Swiss francs
1991 Total assets exceed 20 billion Swiss francs for the first time
Programme for the Issuance of Debt Instruments in various currencies: Aaa/AAA ratings
1992 First global bond issue in Australian dollars
Admission of the Hungarian State Railways (MÁV)
1993 Sixth share capital increase from 1 050 to 2 100 million Swiss francs
1994 Total assets exceed 30 billion Swiss francs for the first time
Admission of the Croatian (HŽ) and the Slovenian (SŽ) Railways
1995 First issue in Hong Kong dollars
1996 First subordinated issue in Swiss francs to strengthen the equity capital basis
Admission of the Railways of Bosnia and Herzegovina (ŽBH) and the Railways of the Former Yugoslav Republic of Macedonia (CFARYM)
1997 First issue in South African rands
Seventh share capital increase from 2 100 to 2 600 million Swiss francs
First financing of other railway equipment
1998 First issue in Czech koruna
First issue in Polish zlotys
First issue in Greek drachmas
1999 First issue in Euro
Admission of the Bulgarian State Railways (BDZ)
2000 Adhesion of the Slovak Republic to EUROFIMA’s Convention
2001 Admission of the Railways of the Slovak Republic (ZSSK)
2002 First issue in Norwegian krona
Admission of the Railways of the Czech Republic (ČD)
2003 Increase of Railway Company JSC’s (ZSSK) participation in EUROFIMA’s share capital
Increase of Hungarian State Railways Ltd.’s (MÁV) participation in EUROFIMA’s share capital
2004 Increase of Czech Railways JSC’s (ČD) participation in EUROFIMA’s share capital
Increase of Hellenic Railways’ (OSE) participation in EUROFIMA’s share capital
First US dollar 1 billion benchmark issue
2005 First issue in Mexican pesos
First issue in Turkish lira
2006 Increase of Hungarian State Railways Ltd.’s (MÁV) participation in EUROFIMA’s share capital
First issue in Icelandic krona
50th Anniversary of EUROFIMA
2007 Increase of Portuguese Railways’ (CP) participation in EUROFIMA’s share capital
Increase of Hellenic Railways’ (OSE) participation in EUROFIMA’s share capital
First Swiss franc 1 billion benchmark issue

The paper used in this report is made of chlorine-free cellulose.

The photographs illustrating this annual report were either taken by Thomas Buser, EUROFIMA, or kindly provided by ČD and RENFE.

Designed by Matthias Bernhard AG, Baden-Dättwil

Printed by Neue Druck AG, Busslingen

Lisboa–Entroncamento, 07:37

EUROFIMA®

Registered office:
Ritterhof
Rittergasse 20
P.O. Box
CH-4001 Basle
Tel: +41 61 287 33 40
Fax: +41 61 287 32 40
www.eurofima.org