Annual and sustainability report 2011

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Group Management

Group Management consists of Pål R. Amundsen, Elisabeth Hegg Gjølme, Gro Bakstad, Dag Mejdell, Randi Løvland, Arne Bjørndahl and Tore K. Nilsen.

PÅL R. AMUNDSEN

Group Director of Logistics Solutions since June 2010

Born: 1968

Previous positions: Marketing Director of Logistics Division, Norway Post Group, Brewery Director and Logistics Manager, Ringnes AS and Transport Officer, Norwegian Armed Forces

Education: Master of Social Science

ELISABETH HEGG GJØLME

Group Director of Communications since April 2000

Born: 1960

Previous positions: Director of Communication at Telenor Mobil, Marketing and Communication Manager at Oslobanken AS, Secretary General of Young Conservatives.

Education: Bachelor of Business Administration

GRO BAKSTAD

Group Director of Accounting and Finance (CFO) since August 2006

Born: 1966

Previous positions: Director of Finance in Norway Post, Financial Advisor in Procorp, Director of Finance in Ocean Rig

Education: Master of Business Economics and CPA

DAG MEJDELL

CEO since January 2006

Born: 1957

Previous positions: CEO of Dyno Nobel ASA, different positions (including CEO and Chief Financial Officer) in Dyno ASA from 1981

Education: Master of Business Economics

RANDI LØVLAND

Group Director of HR since September 2008

Born: 1957

Previous positions: Transport Director and Communications Manager at Norway Post, Division Director and Strategy Manager at Bravida Oslo and Akershus AS, Union Manager in Den norske Postorganisasjon.

Education: Norway Post

ARNE BJØRNDAHL

Group Director of Logistics since January 2002

Born: 1952

Previous positions: Executive Vice President, Logistics Manager and Chief Financial Officer at Ringnes, Managing Director at Emo AS

Education: Bachelor of Business Administration

TORE K. NILSEN

Group Director of Mail since May 2008

Born: 1956

Previous positions: Group Director at Securitas and Divisional Manager at Security Service Europe

Education: Norwegian Police Service

Organisational chart

CEO

Dag Mejdell
CEO from
January 2006

Corporate Staff – Finance

Gro Bakstad
Senior Vice President
from August 2006

Corporate Staff – HR

Randi Løvland
Senior Vice President
from September 2008

Corporate Staff – Communication

Elisabeth Hegg Gjølme
Senior Vice President from
April 2000

Mail

Tore K. Nilsen
Executive Vice President
from May 2008

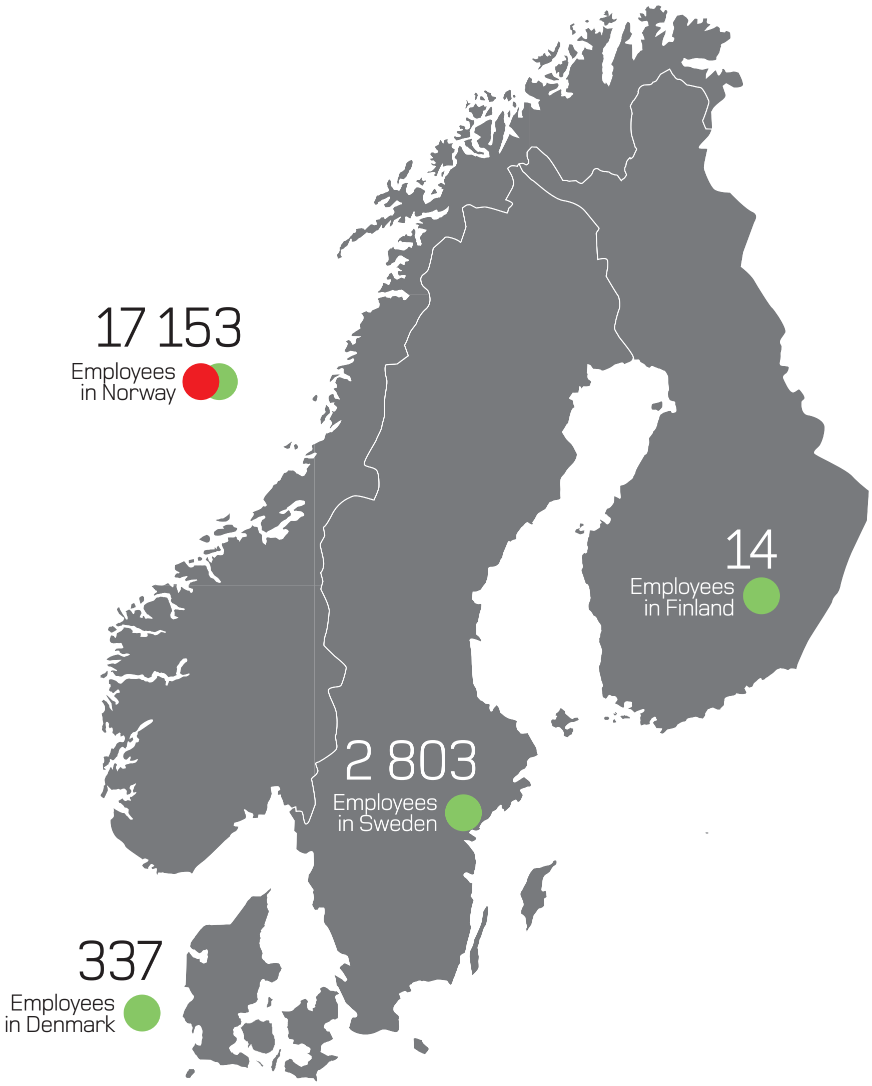
Logistics

Arne Bjørndahl
Executive Vice President
from January 2002

Logistics Solutions

Pål R. Amundsen
Executive Vice President
from June 2010

Number of employees, locations and services



NORWAY

Norway Post: Head office in Oslo, Norway

Locations: Norway, Sweden, Denmark, Finland, France, Greece, Netherlands, United Kingdom, Italy, Japan, China, Germany, Russia, Slovakia and the USA

Employees: 20 799 (of these 492 outside the Nordic region)

Norway Post covers services to private customers, the post office network and daily postal distribution to the entire Norwegian population.

Bring is aimed at business customers within mail and logistics in the Nordic area. Bring consists of nine specialists, each with key skills within their areas.

SWEDEN

Bring-specialists: Bring Parcels, Bring Citymail, Bring Express, Bring Cargo, Bring Frigo, Bring Warehousing, Bring Supply Services, Bring Dialog and Bring Mail.
Locations: Stockholm, Helsingborg, Gothenburg, Malmö, Linköping and Örebro. Total of over 50 offices throughout Sweden.

Employees: 2803

DENMARK

Bring-specialists: Bring Parcels, Bring Express, Bring Cargo, Bring Frigo, Bring Warehousing, Bring Supply Services and Bring Mail.

Locations: Copenhagen, Aalborg, Fredrikshavn, Kastrup and Odense. Total of over 10 offices throughout Denmark.

Employees: 337

FINLAND

Bring-specialists: Bring Parcels, Bring Frigo and Bring Express.

Locations: Helsinki and Vantaa

Employees: 14

Important events in 2011

January

- Norway Post issued action plans for how CO_2 emissions are to be reduced by 30 per cent by the end of 2015.
- Norway Post invited employees to test pilot the new digital postal service, Digipost.

February

- Bring Frigo acquired Coldsped's Swedish cold storage operations from Schenker AB.

March

- The South-East Norway terminal was certified as an 'Environmental Lighthouse' and thus became the biggest workplace in the country with such certification.
- Norway Post has set itself the target of becoming the world's most environmentally-friendly mail and logistics group

April

- Norway's new digital postal service, Digipost, was opened on 4 April.
- Norway Post introduced a new group-wide intranet, Mylink.

May

- A new terminal structure for letter mail is completed following changes and restructuring in Drammen, Hamar and Ålesund.

June

- Norway Post received a 'Certificate of Excellence' for good routines for handling international mail. The certificate is issued by the International Post Corporation.

July

- 70 per cent of the employees at the South-East Norway terminal now use public transport to travel to work. The goal was 50 per cent.

August

- Speed limiters in Norway Post's trucks were adjusted from 90 km/h to 80 km/h, thereby reducing emissions.

September

- This year's online shopping prizes were awarded at Load 11. The online store of the year was iPet.no.
- Norway Post received the Farmand Prize. Double gold with the best annual report for non-stock exchange listed companies as well as the best annual report on the network.

October

- The fiscal budget cut government procurements of statutory mail and banking services.

November

- The organisation survey showed that employees are happier at work than ever before.
- Norway Post acquired Toms Transport & Budservice, which will become a part of Bring Express.
- Norway Post introduced the integrity programme to supplement the Group's ethical guidelines.

Desember

- There have never been so many Christmas parcels sent as there were in 2011.
- There will be an increase in local safety deputies in the Group; from 240 to almost 400.
- The Ministry of Transport and Communication extended Norway Post's licence by one year until 31 Dec. 2012.

Annual and sustainability report 2011

22 981 Operating revenues (MNOK)

38.5 Total volume of parcels (mill. units)

2 223 Total volume of letters (mill. units)

Results

2011 was a good year for Norway Post. Comprehensive restructuring and efficiency measures in the postal activities helped to increase the Group's income by 2.4 per cent.

Sustainability

The Group presents an integrated annual and sustainability report. The environment, integration and diversity are the areas of priority within corporate social responsibility.

Organisation

Norway Post is a Nordic mail and logistics group that develops and delivers complete solutions within postal services, communications and logistics, with the Nordic area as its local market.

Key figures

Norway Post achieved a good result in 2011. The key figures also show a healthy organisation with record-low absence due to sickness and a rising reputation.

Norway Post

		2011	2010	2009	2008	2007
Operating revenues	MNOK	22 981	22 451	22 613	23 940	22 662
EBIT	MNOK	956	1 638	269	-14	813
Government procurements	MNOK	345	116	211	0	0
Share of revenue from monopoly area	(percentage)	14.5	14.7	15.3	14.8	15.8
Revenue from foreign subsidiaries	MNOK	6 446	5 959	5 855	5 871	4 886
Total parcel volume, Posten Norge AS	million units	38.5	36.6	34.9	35.0	32.1
Total letter volume, Posten Norge AS	million units	2 223	2 289	2 284	2 598	2 687
Development A and B mail	(percentage)	-6.1	-7,2	-10.1	0.7	-0.3
Delivery quality for A mail (proportion delivered overnight)	(percentage)	85.3	83.5	88.3	87.1	85.1
Proportion of machine-sorted, all letters	(percentage)	79.2	73.7	72	70	66
Employees (full-time equivalents) as at 31 December		19.622	19 884	20 555	22 221	21 389
Number of sales outlets (post office/Post in Shops)		1 413	1 434	1 443	1 479	1 487
Norway Post's reputation (proportion with a 'good impression')	(percentage)	69	63	61	55	54
Absence due to sickness, Group	(percentage)	7.1	7.8	8.1	8.2	8.0

Aiming to be an environmental world champion

CEO Dag Mejdell will rate all managers on their environmental measures. The ambition is to be the world's most environmentally-friendly postal and logistics company.

In 2011 Norway Post ended fourth of the world's postal companies in an annual environmental barometer carried out on behalf of the international industry organisation IPC. The goal is to stand alone at the top. By 2015 the Group is to have reduced CO2 emissions by 30 per cent compared with 2008.

"We still have some way to go to reach our target. This is why I am making clearer demands on all my managers, who will now be rated on the basis of their environmental targets in 2012," says CEO Dag Mejdell.

Corporate Social Responsibility

The CEO is concerned with more than financial results as he believes that everything is connected. "Good HSE and environmental results are reflected in the bottom line.

Corporate Social Responsibility is good business. Both customers and the authorities demand it of us," he says.

In 2011 Norway Post became a member of Global Compact. This is a UN initiative for cooperation with business on sustainable development. As a participant, Norway Post promises to integrate ten basic principles into its strategy and daily operations. The Group is also committed to reporting activities and improvements in this regard.

"In recent years we have improved our systematic approach to our work in this area. Membership of the UN Global Compact gives us the inspiration to become even better," emphasises Mejdell.

Progress in 2011

The four most important goals for the Group in 2011 were good financial results, good progress on non-financial targets, to build upon its Nordic position through acquisitions and to have its service obligations revised by the Norwegian Government. Mejdell acknowledges that the Group delivered well on three of these goals.

“We delivered a solid financial result. Despite a demanding market we have had improved results each year since 2008. In addition the sick leave rate fell by 0.7 percentage points, we have a better LTI-ratio (FIGURE), the number of employees incapacitated for work is declining and employee satisfaction has risen for the eleventh year in a row,” says Mejdell.

More satisfied customers

Research also shows that customer satisfaction is increasing. Progress has been made in Mail where the rating traditionally has been lowest (FIGURE). At the same time, the delivery quality of A mail and parcels was better than the previous year.

“We get results in the areas we focus upon. The most important task for my managers and me is to focus on the areas we believe are important for Norway Post to succeed as a company," says Mejdell.

Further acquisitions

After a lack of acquisitions during the financial crisis Norway Post has completed X (FIGURE) acquisitions in 2011 to build further on its strategy to make Norway Post a leading provider of logistics services in Norway and the Nordic area. All the companies acquired in 2011 have delivered good results.

“The goal for 2012 is to continue to strengthen this position through further acquisitions," maintains Mejdell.

New framework conditions

One issue that the CEO is not completely satisfied with is that the white paper on Norway Post has been delayed several times. It is now expected during the first half of 2012.

“We are holding back a need for restructuring because we have yet to receive the necessary political clarifications. We are unable to adapt to new customer requirements as quickly as we ought to. This means that we have to charge more than we would if we were operating with lower costs. For example, a reduction in the number of delivery days from six to five would save both money and the environment,” states Mejdell.

Major changes

In 2008 Norway Post initiated a comprehensive cost-reduction programme that was named Spinnaker. The background for the programme was primarily changes in demand as a result of digitalisation, which then led to a dramatic fall in letter volumes and the use of banking services. Now Mejdell can boast that the target of BNOK 2.3 in permanent cost reductions has been achieved before the programme is complete.

“I'm sure that many people were sceptical that we would reach our target. Many believed that it would fizzle out and I have been part of improvement programmes which have flopped. At the end of the year we had permanently reduced costs by BNOK 2.5 per year. Without all the measures we have taken Norway Post would have made a loss of BNOK 1.5. It’s just incredible," says Mejdell.

Positive figures from a permanent decline

Letter volumes are in decline. This is a trend all over the world and particularly in the Nordic area where digitalisation has made the most progress. In 2020 there will be just 30 per cent of the volume from the peak year of 2000.

“All the same we have managed to turn losses in the mail segment into positive figures. Managers and employees find it inspiring to succeed in a falling market,” says Mejdell.

But it has also been tough as this turnaround affects individual people.

“Restructuring leaves us with approximately 1000 employees who are surplus to requirements each year. But we have no choice. We have to manage society’s resources in the best possible manner. Fortunately, thanks to collaboration with the unions I believe we have managed to carry this out in a good way,” says Mejdell.

Digital mail

In order to take part in the digital trend Norway Post launched its Digipost service in 2011. This is a secure digital mail box for important mail that cannot be sent by e-mail. An example is sensitive patient information. At the end of 2011 around 200,000 Norwegians over the age of 15 had begun to use Digipost.

“We believe that physical mail will continue to exist in a 10 or 20 year perspective, but we also wish to take part in the digital trend. For 365 years we have been a trusted third party in the physical market. We can continue to have this role with digital mail. We have made a good start, but it takes time to change habits. If we can get the public sector in Norway to use Digipost instead of developing their own solutions, this will be good both for our customers and for the use of public resources," says Mejdell.

Growth for logistics

Right from the start when Dag Mejdell came to Norway Post he has had to balance the accelerator and the brake. For while the postal market is falling, logistics is on the way up. Almost one in three Kroner in revenue was earned outside Norway last year.

“Our ambition is to gain the number two spot for parcels in the Nordic area. We are losing tenders because we do not have a good enough network in the Nordic area. This is why we are building up our operations in both Sweden and Denmark. And in Finland we are distributing through Itella,” says Mejdell.

Before the financial crisis profitability in the logistics area was good. Declining volumes and price pressure led to the Group also implementing improvement programmes in the two Norway Post logistics divisions. These are beginning to give results.

“These are smaller-scale programmes than Spinnaker in Mail as logistics is a growing market. But I am pleased with the progress made last year. To achieve further growth profitability is essential," acknowledges Mejdell.

Nordic giant

Mejdell believes that Norway is in a position to build a Nordic giant within logistics. The Nordic market for logistics is estimated to be worth BNOK 200 per year and Norway Post currently has around 7 per cent of this market.

“We will thus continue to realise our Nordic growth strategy. But to succeed we have to become even better at integrating acquired enterprises into the Group. Our strategy is to be Nordic, integrated and industrialised,” points out Mejdell.

Coordinating and focusing

To succeed with this strategy a lot of work on coordination and integration was carried out in 2011. Parts of Bring's operations were transferred to Norway Post. The number of value chains is to be reduced and it will be easier for customers to navigate the product portfolios of Norway Post and Bring.

“We can be a difficult organisation to understand. Some products are not intuitive. For example we use too many abbreviations and names that nobody but we could have thought of,” he sighs. “This is why we are working on a better structure for our services to create a simpler and more uniform customer interface. For example we offer more than 15 ways to send a parcel in Norway. There should still be different ways to do this to meet customer demands, just not so many," says Mejdell.

Board members

Board members are Randi B. Sætershagen, Judith Olafsen, Odd Christian Øverland, Terje Wold, Gøril Hannås, Jørgen Randers, Arvid Moss, Eli Arnstad, Paul Magnus Gamlemshaug, Annemarie Elstner.

Randi B Sætershagen
Board member (since 2010)
Born: 1958
Self-employed
Education: Master of Business Economics, BI Norwegian School of Management
Offices: Board member of Gjensidige Forsikring ASA, Gjensidigestiftelsen, Elsikkerhet Norge, Briskeby Eiendom, Grid Design and more

Judith Olafsen
Employee representative (since 2004)
Born: 1958
District Employee Representative, Northern Region
Member of the executive committee of the Norwegian Postal and Communications Workers' Union (Postkom)
Employee of Norway Post since 1976

Odd Christian Øverland
Employee representative (since 2000)
Born: 1957
General Secretary of the Norwegian Postal and Communications Workers' Union (Postkom)
Employee of Norway Post since 1979

Terje Wold
Board member (since 2010)
Born: 1963
CEO of Invenia AS
Education: Master of Science (UiT), Master of Management (BI)
Offices: Chairman of the Board of Abelia (NHO), Board Member of VERDIKT (Research committee) and Tromsø International Film Festival

Gøril Hannås
Board member (since 2010)
Born: 1968
Associate Professor, Agder University
Education: PhD Logistics, Høgskolen i Molde
Offices: Board member "Miljø og samfunnsansvar i offentlige anskaffelser" Agder, Sigtor AS and Seamless AS

Jørgen Randers
Board member (since 2011)
Born: 1945
Professor of Climate Strategy and former principal of BI Norwegian School of Management
Offices: Chairman of the Board of yA Bank ASA and 21st Venture AS, member of "sustainability board" of British Telecom and The Dow Chemical Company in the USA

Arvid Moss
Board member (since 2002)
Born: 1958
Director of Norsk Hydro, Energy and Corporate Business Development
Education: Master of Business and Economics, NHH
Offices: Board member, NHO

Eli Arnstad
Board member (since 2006)
Born: 1962
Consultant
Education: BA
Offices: Board member of Vattenfall AB, AF-gruppen, Sparebank 1 SMN, University for Environmental and Biological Science and Centre for Economic Research NTNU

Paul Magnus Gamlemshaug
Employee representative (since 2004)
Born: 1953
Mail Division employee representative.
Member of the executive committee of the Norwegian Postal and Communications Workers' Union (Postkom)
Employee of Norway Post since 1974

Annemarie Elstner
Employee representative (since 2010)
Born: 1965
Logistics Division employee representative for the Norwegian Postal and Communications Workers' Union (Postkom)
Employee of Norway Post since 1985

Report of the Board of Directors 2011

Norway Post achieved a good result in 2011 as a result of comprehensive restructuring and efficiency measures in the postal business. Norway Post's biggest challenge is the decline in letter volumes. Despite this the Group's earnings grew by 2.4 per cent in 2011. Increased demand for logistics services was the most important reason for the revenue growth.

Introduction

The Group's EBIT before non-recurring items and write-downs was MNOK 1 051 in 2011, an increase of MNOK 108, or 11.5 per cent from the previous year. This is the best result in five years.

Society is changing

Norway Post's traditional postal business is under pressure and services must be adapted to new user demands if Norway Post is to remain topical and relevant in the future. Through being at the forefront of developments, restructuring on a timely basis, and working well with employee representatives the Group has gained the muscle to focus on new business areas and markets.

Uncertainty characterised the Norwegian and Nordic mail and logistics markets in 2011. Nevertheless the Group's operating revenues grew by 2.4 per cent to MNOK 22 981. Parcels and goods volumes grew while letter volumes continued to fall. In 2011 the Group acquired new logistics businesses. These and further acquisitions in the logistics segment will contribute to further growth in the future.

Last year Norway Post launched a digital mail box, Digipost. The aim is to take part in digital message transmission that builds upon Norway Post's strong position and tradition as a trusted distributor of mail.

In order to meet the development of continuing falling letter volumes, Norway Post has asked the Ministry for Transport and Communication to consider changes to the banking service obligation, sales network and Saturday delivery when the next Owner's Statement about Norway Post's operations is presented to Parliament, probably in the spring of 2012.

The postal market in Western Europe was liberalised in 2011, while 11 countries, mainly in Eastern Europe, were allowed to delay the deadline until 2013. In Norway the government will use its veto right contained in the EEA agreement and has notified the EU Commission that Norway does not wish to implement the EU's third Postal Directive. The remaining veto procedure is not yet clear. Even if Norway says no to the EU's postal directive, Norway Post will still have to adapt to developments such as falling letter volumes and continue to restructure its business and adapt service levels to the public's changed use of mail and banking services. Only 15 per cent of Norway Post's income comes from business areas in which Norway Post has a monopoly.

Norway Post takes social responsibility for how its operations affect people, the environment and society. Its main focus is on reducing the impact of its activities on the external environment and developing the Group as an attractive workplace with a diverse and inclusive working environment.

Income and portfolio development

Norway Post consists of two segments: mail and logistics. Total operating revenues in 2011 were MNOK 22 981, an increase of MNOK 531, or 2.4 per cent, from 2010.

The Group's operations outside Norway had combined operating revenues of MNOK 6 446 in 2011. This increase of 8.2 per cent from last year was mainly due to good volume development in the logistics segment, particularly in the Swedish market.

Logistics segment

Logistics was the Group's biggest segment and accounted for 58 per cent of external revenues in 2011. Total revenues from the logistics segment were MNOK 14 248, an increase of MNOK 527, or 3.9 per cent, from 2010. The increase in revenues was due to volume growth in most logistics operations. Volume development was particularly good in the Swedish market. Combined operating revenues outside Norway totalled MNOK 5 496 in 2011, which represented 38.6 per cent of the segment's total operating revenues – an increase of 9 per cent from the previous year.

Growth in parcels

The parcels area had the biggest growth with long distance/online shopping driving development. Parcel volume grew in 2011 by 5.1 per cent compared with 2010. Growth was largest in cross-border parcels as well as domestic volumes in Sweden and Denmark. In Norway, growth in online Christmas shopping contributed to record parcel volumes in November and December.

The Group has an offensive focus on growth in the parcels area for the Nordic regions based on a leading position in Norway and as a challenger in the Nordic market.

Acquisitions strengthen market positions

New acquisitions in 2011 strengthened the Group's Nordic market position and expanded its range of logistics services. The companies acquired were the Swedish cold storage operator Coldsped, the Swedish logistics companies IntertranspedIA/Ytrans, and the Norwegian companies Bergen Container & Trailer Transport (BCT) and Toms Transport & Budservice in Oslo and Trondheim.

Physical and digital mail

The mail segment accounted for 42 per cent of external Group revenues in 2011. Total revenues were MNOK 10 607, a decline of MNOK 24, or 0.2 per cent, from the previous year.

Physical letter volumes continued to fall in 2011 as a result of the transition to electronic alternatives. A and B mail declined by 6 per cent. The decline in volume was greater for A mail than for B mail. Bank and finance was the industry with the biggest decline. Newspaper and magazine distribution also declined as a result of falling subscriber numbers and increased electronic distribution. Changes in the product and format mix as well as price increases reduced the effect of the fall in volume on Norway Post's earnings.

The volume of unaddressed advertising stabilised and accounted for 53 per cent of letter volumes for Norway Post, compared with 52 per cent in 2010.

The number of bank transactions carried out via Norway Post sales outlets continued to fall and this decrease was 10 per cent compared with 2010.

Following the launch of the digital mail box, Digipost, there has been a great deal of interest from recipients. A growing number of customers are signing contracts and wish to use the channel to send secure digital mail. At the end of 2011 almost 200 000 private persons had registered as users of Digipost.

Bring Citymail Sweden experienced growth in mail volumes in 2011 as a result of new customer contracts.

Social mission and position in Norway

Through its business activities, Norway Post is a prominent member of Norwegian society. The company undertakes an important social responsibility by ensuring the nationwide operation of postal services in a proper and cost-effective manner.

Norway Post’s licence, which came into effect in 2007, was extended for up to one year in 2011.

Delivery quality for A mail delivered overnight was 85.3 per cent in 2011, compared with 83.5 per cent in 2010. The licence requirement is 85 per cent. The licence requirements for other letters and parcel products were also met in 2011.

In 2011 Norway Post’s quality follow-up system for processing international mail was certified by the International Post Corporation and awarded a ‘Certificate of Excellence’.

Since 2001 Norway Post has converted around 700 post offices to Post in Shops and customer surveys confirm that the service is working well. Norway Post sales outlets now consist of 1 234 Post in Shops, 15 business centres and 179 post offices. In recent years the post offices have been modernised and adapted for less traffic and new customer requirements.

In the Section 10 plan of 2010 the Board of Directors of Norway Post highlighted three areas in which the owner should consider whether an unchanged postal service is the correct prioritisation of society’s resources. These are Norway Post’s obligation to offer banking services throughout its entire sales network, the structural requirements of the sales network and the requirement to deliver both newspapers and letters six days a week. Updated calculations made in the autumn of 2011 showed letter volumes falling faster than previously anticipated. This increases the need for political clarification of Norway Post’s framework conditions.

In a discussion document in 2012 the Ministry of Transport and Communication proposed to limit Norway Post’s banking obligation to the rural post network. In order for Norway Post to be able to implement cost reductions for such a change to its banking obligation the continued conversion of post offices to Post in Shops is a prerequisite.

Strengthened reputation

Norway Post’s reputation advanced further in 2011. According to MMI/Ipsos, 69 per cent of the population said that they have a good impression of Norway Post, compared with 63 per cent in 2010. Customer satisfaction also made progress, particularly for Bring’s business customers.

Norway Post is the general sponsor for Norges Håndballforbund (NHF). This collaboration contributes to the profiling of Norway Post and Bring throughout Norway. At the same time, handball-related activities provide a good opportunity to bring employees from different parts of the Group together and build unity and pride. The agreement with NHF runs until 2014 and is worth approximately MNOK 10 per year. The Group also collaborates with the Swedish handball association in order to increase awareness of Bring in the Swedish market.

Norway Post's historic collections and exhibitions at the Postmuseet are run by Maihaugen at Lillehammer in accordance with an operating agreement to which Norway Post contributes approximately MNOK 6 each year.

Profitability

The Group's operating result (EBIT) before non-recurring items and write-downs for continued operations was MNOK 1 051 in 2011 which was MNOK 108, or 11.5 per cent, more than in 2010. Measures taken to improve profitability had a positive effect in the Mail segment in 2011, while the Logistics segment was affected by pressure on margins. The Group's EBIT margin before non-recurring items and write-downs for 2011 was 4.6 per cent compared with 4.2 per cent in 2010.

The 12-month return on invested capital before non-recurring items and write-downs (ROIC) for 2011 was 18.3 per cent compared with 15.8 per cent in the previous year.

The group's EBIT before non-recurring items and write-downs was MNOK 956, which was MNOK 682 less than the previous year, due to significant positive non-recurring items in 2010. These were mainly related to MNOK 759 being taken to income in connection with the transition to the new AFP scheme on 1 January 2011 as well as gains from the sale of property.

The Group's efficiency programme, Spinnaker, which was launched in 2008, had resulted in an accumulated positive effect of approximately BNOK 2.4 at the end of 2011.

Earnings before taxes on ordinary operations in 2011 were MNOK 373, which was MNOK 96 higher than in 2010.

Logistics Segment

The Logistics segment's operating result (EBIT) was MNOK 96 in 2011, compared with MNOK 272 in 2010. Despite volume growth the result was weakened by increased transport costs, changes to the product mix and strong competition. Profits were also negatively affected by write-downs of goodwill totalling MNOK 137.

A range of efficiency measures have been implemented to exploit economies of scale and ensure improved profitability in future. These include the coordination of goods and parcel production. With effect from 1 January 2012 the terminal operations of Bring Cargo AS (including around 600 employees) were transferred to Norway Post.

This transfer of operations lays the foundation for building additional joint goods and parcels terminals in Norway and coordinating the collection and delivery of consignments. A future-oriented logistics centre for Norway Post and Bring is also planned for Alnabru in Oslo. Such a centre will be the hub of the Group's logistics operations and result in significant efficiency and environmental benefits.

The Group also plans to coordinate its terminals for operations in Sweden and Denmark.

Mail Segment

The Mail segment's operating result (EBIT) was MNOK 940, an improvement of MNOK 70 from 2010. The result was negatively affected by the continuing fall in volume in addressed mail, while price increases and comprehensive efficiency measures improved profitability.

A positive effect of the fact that Norway Post has improved efficiency more than anticipated is that the need for government procurements of commercially unprofitable services has been found to be less than previously estimated. For 2010 the Government paid MNOK 116 to Norway Post for statutory services under its licence. In the fiscal budget for 2011 MNOK 345 was allocated for such government procurements. The need for government procurements will be recalculated in 2012 to ensure that compensation is in line with actual costs and exclusive profits from business areas for which Norway Post has a monopoly.

In 2011 the South-East Norway terminal took over letter production from Drammen and Hamar. In this way the terminal restructuring process which began in 2004 was completed and the number of letter terminals in Norway reduced from 32 to 9. The effects of this change are estimated to produce an annual cost saving of almost half a billion Kroner.

For Bring Citymail Sweden the financial crisis and geographical expansion in recent years have had negative results. The company is carrying out extensive efficiency measures, cost reductions in management, and sales efforts are being increased to achieve a satisfactory level of profitability.

Stable financial result

In 2011 the Group had net financial expenses of MNOK 156 compared with MNOK 139 in 2010. The Group had long-term liquidity reserves of MNOK 4 732 as at 31 December 2011 compared with MNOK 5 621 in 2010. These reserves consisted of invested funds and available credit facilities. An agreement for a new credit facility of MEUR 300 was entered into in April 2011 which replaced a prior credit facility.

In 2011 the Group has made use of the opportunity to apply the option in IAS 19 Employee benefits to include changes to estimates not recognised in the income statement as other income and expenses directly in equity. For Norway Post this entails that as at 31 December 2011 the accounts reflect the assumed correct financial obligation for defined benefit pension schemes. The corresponding figures have been restated. Refer to note 30 of the accounts for more detailed information.

At Norway Post's general meeting in 2011 a dividend of MNOK 138 for 2010 was declared.

Earnings before taxes for continued operations were MNOK 800 in 2011 compared with MNOK 1 491 in 2010. In 2010 earnings were positively affected by the non-recurring effect of MNOK 759 related to the transition to a new AFP scheme from 2011 as well as the sale of property.

Associated companies

Norway Post owns 40 per cent of EDB ErgoGroup ASA. For accounting purposes, Norway Post's ownership interest is treated as an associated company, and the Group's share of the result is classified under operations. Norway Post's share of EDB ErgoGroup's result after taxes in 2011 was MNOK 95. (See note 24). EDB ErgoGroup ASA will change its name to EVRY ASA at the General Meeting on 23 April 2012.

Goodwill

The Group has a total of BNOK 2.3 related to goodwill from previous acquisitions recorded in the balance sheet. An evaluation of the current value of cash flows related to the acquired units in relation to the values recognised in the balance sheet as at 31 December 2011 resulted in a total of MNOK 138 being written down in 2011 of which MNOK 137 applied to the Logistics segment and MNOK 1 to the Mail segment.

Investments

Total investments in continued operations in 2011 came to MNOK 636, MNOK 15 lower than in 2010. The majority of these investments were for IT and operational assets. The cash flow from operations and investment activities in 2011 totalled MNOK 954, compared with MNOK 499 in 2010. The reasons for this increase include variations in accruals and a lower level of investment activities.

The Board of Directors confirms that the annual financial statements are presented on the basis of continued operations and that the prerequisites for continued operations exist.

Risk

Risk management and internal control are integrated into the Group's business processes and are central elements of Norway Post's corporate governance. In developing strategies, business plans and goals the aim is to create value by balancing growth against profitability targets and other risks to Norway Post's activities.

As part of corporate governance the Board of Directors carries out a risk analysis to evaluate the Group's total risk. The risk analysis is carried out as a comprehensive process in which all divisions and major companies in the Group are involved.

Measures and follow-up

Assessments are followed up with actions and recommendations in order to manage and control the individual risk factors and avoid events that can be negative for the Group's operations and reputation. In addition a less comprehensive half-yearly follow-up process is carried out to see how these actions have worked and whether these have resulted in a reduction in Norway Post's risks.

Norway Post actively follows up the company's risk exposure with a focus on areas such as strategic acquisitions or the sale of businesses, regulatory conditions, competitive conditions, operational conditions, the implementation of major projects, available competence and resources as well as developments in sick leave and incapacity for work.

Risk management and internal control processes are described in more detail in the statement concerning the company's principles for corporate governance.

Reduced financial risk

In 2011 Norway Post continued the measures started in 2009/10 to reduce financial risk and increase financial freedom. Discipline in the use of capital, few acquisitions and a focus on cost-reducing and revenue-increasing measures resulted in lower costs and a satisfactory result despite the decline in volume in the Mail segment in 2011. The Logistics segment increased its earnings but also had certain cost-related challenges in 2011.

This resulted in an increase in equity and created the basis for increased headroom to implement strategic investments.

Loans of approximately MNOK 2 100 fell due for repayment in 2011 and were partly replaced by a new bond loan of MNOK 500. The Group also replaced a committed overdraft facility of MEUR 500 from 12 international banks which would have fallen due in October 2012 with a new overdraft facility of MEUR 300 from five Nordic banks. The loan agreements were signed in the first half of 2011 before European debt problems led to pressure on credit margins and resulted in generally difficult capital markets. Credit and counterparty risk for the placement of surplus liquidity is deemed to be limited as Norway Post's counterparties generally have high ratings.

Debt covenants

Some of Norway Post's loan agreements contain debt covenants that limit the net interest-bearing liabilities/EBITDA to 3.5 and require a minimum equity ratio of 25 per cent. As at 31 December 2011 net interest-bearing liabilities/EBITDA was 0.5 (down from 1.0 in 2010) and the equity ratio was 35.9 per cent (up from 34.3 per cent in 2010).

Norway Post uses financial instruments to manage the risk associated with interest rate changes, exchange rate changes, diesel prices and aviation fuel.

Fine from the ESA

In 2010 the European Supervisory Authority (ESA) imposed a fine of 12.89 million Euro (approximately MNOK 100) in connection with previous exclusivity clauses for Post in Shops agreements from 2000 - 2006. Norway Post disputes the ESA decision and has brought the case before the EFTA court with a plea for the fine to be ruled invalid. In addition DB Schenker has lodged a compensation claim as a result of alleged losses caused by the exclusivity clauses.

Allocation of annual profits

In 2011 Norway Post recorded a post-tax profit of MNOK 291. The Company had MNOK 963 in distributable reserves as at 31 December 2011.

The Norwegian government's dividend policy for Norway Post is that 50 per cent of Group post-tax profits can be paid as a dividend. Before the annual dividend is determined an independent assessment of the Group's financial situation and future prospects shall be carried out.

The Board of Directors proposes that a dividend of MNOK 186 be paid from the annual profits for the year and that remaining profits be transferred to other equity. The proposed dividend is equivalent to 50 per cent of the Group's post-tax profits for the year.

Norway Post's general meeting is not bound by the Board's proposal for the distribution of dividend.

Corporate social responsibility

Norway Post works systematically to ensure the Group's activities contribute to sustainable development in line with the demands of customers and the Government's ownership policy.

The company's corporate culture is characterised by an active attitude to taking social responsibility. A good reputation will help to attract and motivate employees, strengthen competitiveness and provide increased freedom to develop further the Group's business.

As a participant in the Global Compact, the UN initiative for sustainable development in business, Norway Post has undertaken to integrate ten fundamental sustainability principles in its strategy and operations, as well as report activities and improvements related to all areas with a social impact, within the economy, environment and social conditions/HSE. This will be followed up in the Group's reporting which comprises a combined annual and sustainability report based on the framework of the Global Reporting Initiative (GRI).

Social conditions

Systematic health, safety and environment work

Norway Post's operations are labour intensive. Health, Safety and the Environment (HSE) is therefore a high priority and the Group's aim is for nobody to be injured or become sick as a result of their work. Continuous and focused work is thus underway to reduce sick leave, the number of employees who are incapacitated for work and lost-time injuries.

At the end of 2011 the Group had 19 622 full-time equivalent positions which was 262 less than at the end of 2010. Norway Post reflects the diversity of today's society and in the Norwegian part of the Group, 11 per cent of employees have immigrant backgrounds. Over 70 nationalities are represented among Norway Post’s employees.

The aim is to continue to develop the diversity within the Group and increase the proportion of employees with immigrant backgrounds at more levels in the business. The Group wants to be seen to be creating opportunities through ethnic and cultural diversity, providing equal opportunities for work and a career and ensuring the successful integration of employees with different ethnic backgrounds. Language tuition is a vital part of this work. Other measures are implemented on the basis of experience and increased knowledge. Norway Post has been a racism-free zone for more than ten years and at all Norway Post’s premises there are posters that state that all are welcome regardless of skin colour, religion or cultural background. The agreement on racism-free zone with Norwegian Peoples Aid and Postkom was renewed in 2012 and extended to cover the entire group.

Norway Post was also hit by the events of 22 July 2011. Two post offices were in the area of the terrorist attack in Oslo and children of postal employees as well as Group employees were on Utøya using their leisure time for voluntary political work. The Group stands for inclusion and diversity, respect and openness. After 22 July these values have been given even greater significance.

Satisfied employees

The annual organisation survey shows an increasing level of satisfaction amongst the Group’s employees. Overall employee satisfaction in 2011 was 77 points (on a scale from 1 to 100 where 100 is best) compared with 75 last year.

Sick leave in the Group in 2011 was 7.1 per cent which was 0.7 per cent lower than the previous year. The proportion of employees who were incapacitated for work was 1.3 per cent in 2011 compared with 1.5 per cent in 2010. To a large extent the Group has directed its focus towards following up sick leave and has introduced a good system and structure for follow-up on an individual basis. In 2011 more preventive work was carried out for employees who were at work, whether they were healthy or exposed to health problems, in order to contribute to a working environment that promotes good health.

Nobody should be injured at work

Norway Post's vision is that nobody shall be injured at work. Efforts to reduce personal injuries have been concentrated on building a safety culture. The increased reporting of near-accidents has raised awareness of risk areas and contributed to preventive work.

The number of lost-time injuries fell by 8.7 per cent in 2011 and the LTI-ratio was 11 in 2011 compared with 12 in the previous year.

The most common cause of injury is falling and these mainly occur during the winter on slippery surfaces.

Pay and equality

Salaries, other remuneration and accrued pensions for executive management totalled MNOK 24.4 in 2011, compared with MNOK 27.7 the year before.

Norway Post's recruitment policy and tariff agreement require moderate gender quotas to increase the number of female managers and employees in male-dominated job categories. Norway Post is concerned about equality on all levels.

After a review of the pay differential between women and men in the Norwegian part of the business no significant pay differences were found that could be due to gender in the Group.

Norway Post's Group management is 43 per cent female. The proportion of women among employees in the Group is 40 per cent, and 30 per cent among managers.

Management development

Norway Post is working on the continuous improvement of leadership through the systematic development of all Group managers. The choice of development measure is made based on an annual assessment, a so-called leader review, of the individual manager’s performance and potential. Joint Group programmes are offered to executive, middle and first line managers. The aim of a talent programme is to increase managers’ skills to allow them to take up new internal positions.

182 managers completed individual programmes in 2011. These management programmes have had a documented effect in the form of greater employee satisfaction and lower sick leave.

Employee development

The Group sees the importance of developing expertise – both operations-related training and more general management, talent and employee development. The focus on internet-based learning has been strengthened with the e-learning portal ‘Akademiet’ where courses and competence-raising measures are made available to employees. In 2011 an introduction programme for new employees and a course in Norway Post’s ethical guidelines were launched.

The Group also offers foundation courses in basic competence and each year awards grants to employees who wish to increase their formal competence individually.

Integrity programme

In order to follow up the implementation of ethical guidelines and ensure that all those who represent the Group act in an ethical and responsible manner, a Group-wide integrity programme has been created. The programme includes a handbook and an e-learning module. The aim is to ensure a high ethical standard within anti-corruption, competitive practices, social dumping and the processing of information.

Moderate criminality

Crime against Norway Post is still considered to be moderate. In 2011 the Group had a decline in the number of reported case in most categories of criminality. One post office was robbed in 2011. The biggest challenges are related to mail that gets lost internally and disloyal employees.

Norway Post has a high level of focus on all types of criminality, and active work continues to prevent and solve cases. Types of criminality that seem to represent a growing threat are the theft of personal information from post boxes as preparation for identity theft, threats against employees and the theft of trailers and complete trucks with valuable content. Norway Post remains continuously updated with regard to the threat level in terms of terrorism.

Terrorism and crime prevention measures and emergency plans are continuously improved. After the terrorist attacks on 22 July 2011 there has been an extra focus on these areas. This includes a risk assessment of Posthuset and a number of measures have already been implemented to strengthen security. External requirements are also significant to security work. For example, as a result of EU requirements and national regulations on airmail security, Norway Post has been granted the status of a ‘Security Approved Postal Delivery Company'. This has resulted in stricter requirements for access control and training.

The environment

As one of the Nordic region's biggest transport operators, Norway Post has a particular responsibility to reduce environmental impact and increase energy efficiency in the Group. The aim is to reduce CO2 emissions by 30 per cent by the end of 2015, based on emission levels in 2008.

Some of the most important measures to reduce the impact on the climate include transport optimisation, the transfer of freight from air to the ground and from road to rail, the use of alternative vehicles and fuel, the use of renewable energy and other energy efficiency measures, as well as the raising of competence among managers and employees.

The International Post Corporation (IPC) carried out an annual ranking of environmental work carried out by the world's postal companies. In 2011 Norway Post moved up to 4th place in the world from 5th place last year.

Reduced CO2 emissions

In 2011 Norway Post reduced CO2 emissions by 5 per cent from 2010. Energy emissions from buildings were reduced by 10 per cent in 2011 as a result of electricity saving measures.

Norway Post launched its first climate-neutral product, 'Climate-Neutral Service Parcel' in 2011. More services will become climate-neutral in 2012.

Norway Post had 372 electric vehicles at the end of 2011. In Trondheim, Norway Post has switched from courier vehicles to electric vehicles, carts and walking routes, so that mail is now distributed CO2-free in the city centre. This scheme is unique in a European perspective. An equivalent initiative has been taken in Ålesund and several cities will follow suit.

Corporate governance

The composition of the Board was changed in 2011 as Jørgen Randers was elected while Sigbjørn Molvik left the Board. Norway Post's Board is 50 per cent female.

Best practice

The Board of Directors emphasises the importance of establishing and further developing a high standard for corporate governance, equivalent to Norwegian standards for best practice. As a limited company wholly owned by the Government, the Group's corporate governance is based on Norwegian law and the Norwegian Government's ownership policy in force at any given time.

Each year the Board presents a statement on the company's corporate governance which forms part of the annual and sustainability report. The goal of this declaration is to give those with interests in Norway Post confidence in the company's leadership systems.

The Board's audit committee supports the Board in carrying out its responsibility for financial reporting, risk management, internal control and external auditing. The audit committee had 6 meetings in 2011.

The Board's remuneration committee holds regular meetings throughout the year and prepares and recommends proposals to the Board related to remuneration for the Group CEO. The committee also contributes to the thorough and independent handling of remuneration issues for leading employees. The committee's roles and tasks were clarified through a review of the remuneration committee's mandate in 2011.

Shared values

Norway Post has established Group-wide core values, governing principles for the Group and central disciplines, leadership principles and ethical guidelines. Norway Post also had a Group-wide Whistle Blowers' channel, the Warning Institute. No major cases were reported in 2011.

Evaluation of own work

The Board carries out an annual evaluation of its work, competence and its working methods and also evaluates the content of the instructions for the Board of Directors together with the company's principles for corporate governance.

In addition to being a decision-making and control body, the Board wishes to be a valuable discussion partner for the company's management and owner, based on good insight into Norway Post's strategies, value chain and processes, combined with relevant external competence.

Future prospects

There is increasing uncertainty in the international economy, but the Board expects the Norwegian economy to continue to have moderate growth. The Nordic area and Europe face major challenges. An economic upturn is not expected before 2014. Nevertheless there are positive indicators that mean that the Group expects cautious growth also in 2012.

The main challenges for the Group are to adapt costs to falling volumes in the Mail segment, strengthen market position and profitability in the Logistics segment, and balance an improvement in operations with continued growth and acquisitions.

The Group will continue to have a major focus on improving profitability and completing efficiency programmes in all parts of its business. The development of a joint improvement and performance culture is a vital part of this work.

Margin pressure in Logistics

Although the market and volumes are developing in a positive direction in most logistics areas, the Logistics segment is still expected to be affected by strong competition and pressure on margins. The biggest growth is still expected in parcels where long distance/online shopping is the most important driver. An important measure to improve efficiency and benefit from economies of scale is coordination in the production and transport of mail, parcels and freight.

Physical and digital mail

The decline in letter volumes is a major challenge for the Group. New forecasts show that letter volumes in 2020 are expected to constitute just 30 per cent of the volume of the top year of 2000. Norway Post is focused on developing and adapting services to new customer and user requirements. The new digital postal system, Digipost, is an open and common solution for all types of mail and can also meet companies' and public services' requirements for digital communication with residents.

Need for political clarification

In the Section 10 plan of 2010 Norway Post presented the Ministry of Transport and Communication with its proposal that a political assessment must be carried out as to whether the concession requirements governing Norway Post's service are in line with the actual requirements in Norwegian society, and if the benefits to society are in proportion to the costs. The Board drew particular attention to three aspects that should be considered. These are Norway Post's obligation to offer banking services throughout its entire sales network, the structural requirements of the sales network and the requirement to deliver both newspapers and letters six days a week.

In January 2012 the Ministry of Transport and Communication sent out a proposal to limit Norway Post's banking obligations to the rural post network for consultation. In the fiscal budget for 2012 grants for government procurements of postal and banking services were also reduced. In order for Norway Post to be able to implement cost reductions for such a change to its banking obligation the continued conversion of post offices to Post in Shops is a prerequisite. New calculations show that there are grounds to convert about 150 more post offices to Post in Shops. At the same time the Group wishes to introduce a new and simpler shop concept with a focus on parcel delivery to meet the growth in the market for online business and parcels.

Preventive work

The Group will undertake continuous, long-term and systematic work within sustainability with a particular focus on health, safety and the environment (HSE) and climate.

The Board would like to thank the employees of the Group for their cooperation and joint responsibility for Norway Post's development.

Statement of the board of directors

We confirm that, to the best of our knowledge, the financial statements have been prepared in accordance with approved accounting standards and give a true and fair view of the Group and the parent company's consolidated assets, liabilities, financial position and results of operations.

The Board also confirms that that the Report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the parent company together with a description of the key risks and uncertainties that the company is facing.

Oslo, 30 March 2012

Arvid Moss (leder)

Eli Arnstad (nestleder)

Randi Sætershagen

Gøril Hannås

Jørgen Randers

Terje Wold

Odd Christian Øverland

Annemarie Elstner

Paul Magnus Gamlemshaug

Judith Olafsen

Dag Mejdell (konsernsjef)

Accounts

Key figures

		2011	2010	2009
Results				
Operating revenues	MNOK	22 981	22 451	22 613
Earnings before interest and taxes (EBIT)	MNOK	956	1 638	296
Income before taxes from continued operations	MNOK	800	1 499	70
Profitability and return on equity				
Calculated key figures incl. non-recurring items*, write-downs and share of profit from associated companies:				
EBIT margin 1)	%	4,2	7,3	1,3
Profit margin 2)	%	3,5	6,7	0,3
Return on invested capital 3)	%	16,6	27,4	4,8
Calculated key figures excl. non-recurring items*, write-downs and share of profit from associated companies:				
EBIT before non-recurring items, write-downs and share of profit from associated companies 4)	MNOK	1 051	952	820
EBIT margin	%	4,6	4,2	3,6
Profit margin	%	4,3	3,5	2,7
Return on invested capital	%	18,3	15,9	13,2
Capital and liquidity				
Cash flow from operations	MNOK	1 418	1 123	1 988
Investments excl. acquisitions	MNOK	457	651	1 385
Equity ratio 5)	%	35,9	34,3	25,8
Net debt ratio 6)		0,2	0,3	0,6

** Non-recurring items consist of restructuring costs and the loss on sale of fixed assets/subsidiaries etc.*

Definitions

1) EBIT margin: EBIT/operating revenues
2) Profit margin: Income before taxes/operating revenues
3) Return on invested capital: EBIT/average invested capital
Invested capital: intangible assets + tangible fixed assets + net. working capital
4) EBIT before non-recurring items and write-downs: earnings before gain/loss on sale of fixed assets etc., restructuring expenses, income from transferring to the new pension scheme, write-downs and income/expenses from associated companies
5) Equity ratio: equity/total assets
6) Net debt ratio: (interest-bearing liabilities - liquid assets)/total equity

Income statement

Amounts in MNOK

Posten Norge AS				Group			
2009	2010	2011		Note	2011	2010	2009
12 376	12 177	12 203	Operating revenues	1	22 981	22 451	22 613
			Operating expenses				
1 820	1 688	1 659	Cost of goods and services		8 281	7 908	7 755
6 517	6 262	6 479	Payroll expenses	2	9 078	8 733	9 159
393	406	429	Depreciation and amortisation	8, 9	696	686	643
60	44	25	Write-downs	8, 9	173	149	372
3 286	2 911	2651	Other operating expenses	4	3 874	4 172	4 236
137	(794)	(1)	Other (income) / costs	5	20	(864)	157
			(Earnings)/expenses from associated companies	10	(98)	29	(5)
164	1 660	961	Earnings before interest and taxes		956	1 638	296
744	599	351	Financial income	6	284	580	554
902	1 008	625	Financial expenses	6	440	719	780
6	1 251	686	Income before taxes from continued operations		800	1 499	70
133	451	395	Taxes	7	427	531	49
(127)	801	291	Income after taxes from continued operations		373	969	21
			Income after taxes from discontinued operations	24		(686)	132
(127)	801	291	Net income (loss) for the year		373	282	153
			Net income (loss) attributable to majority interests		372	282	146
			Net income (loss) attributable to minority interests		1		7
			Proposed transfers and allocations				
		(186)	Dividends				
(181)	(54)	(84)	Group contributions				

Comprehensive income

Amounts in MNOK

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
(127)	801	291	Net income for the year	373	282	153
			Translation differences:			
(75)			Result of hedging of investments in foreign entities		(115)	225
21			Tax		32	(63)
			Translation differences from the hedging of investments in foreign entities	(1)	104	(276)
			Cash-flow hedging:			
69	(12)	(26)	Changes in value	(26)	(12)	69
26		4	Transferred to income	4		26
(27)	3	6	Tax	6	3	(27)
			Pension			
42	493	(114)	Changes in estimates	(138)	460	250
(12)	(138)	32	Tax	39	(129)	(70)
			Other income/(cost) assosiated companies	(6)		
44	347	(98)	Other income/(costs) directly included in equity	(122)	343	134
(83)	1 148	193	Comprehensive income	251	625	287
			Comprehensive income is split as follows:			
			Majority interests	250	625	280
			Minority interests	1		7
				251	625	287

Balance sheet

Amounts in MNOK

Posten Norge AS						Group			
01.01.09	31.12.09	31.12.10	31.12.11		Note	31.12.11	31.12.10	31.12.09	01.01.09
				Assets					
980	1 008	1 002	920	Intangible assets	8	3 270	3 368	6 224	6 795
868	772	347	339	Deferred tax asset	7	435	447	958	1 064
982	1 185	1 016	954	Tangible fixed assets	9	4 025	4 137	4 841	4 406
73	73			Investment properties				73	108
5 235	5 139	3 739	3 624	Investments in shares	10,21	4	5	5	6
11	11	1 462	1 462	Investments in associated companies	10	1 538	1 465	51	56
2 502	1 784	2 135	2 018	Interest-bearing non-current receivables	11	13	29	67	43
30	72	25	18	Other non-current receivables	12	25	38	141	85
10 681	10 044	9 728	9 335	Fixed assets		9 311	9 490	12 361	12 563
55	34	25	25	Inventories	13	32	27	52	65
1 559	1 338	1 273	1 342	Interest-free current receivables	14	3 435	3 288	4 145	4 775
2 394	2 105	1 152	897	Interest-bearing current receivables	11	353	635	76	84
993	1 334	2 047	2 093	Liquid assets	15	2 238	2 232	1 934	1 837
5 001	4 811	4 496	4 357	Current assets		6 059	6 182	6 207	6 761
388	37	33		Assets held for sale	16		128	37	438
16 070	14 893	14 256	13 692	Assets		15 370	15 800	18 605	19 762
				Equity and liabilities					
3 120	3 120	3 120	3 120	Share capital		3 120	3 120	3 120	3 120
992	992	992	992	Share premium reserves		922	992	992	992
146	(5)	1 150	1 221	Other equity		1 438	1 322	690	482
(75)	(7)	(14)	(30)	Other reserves		(30)	(14)	(7)	(75)
				Minority interests		(2)	(2)		7
4 183	4 100	5 248	5 303	Equity	17	5 517	5 418	4 795	4 526
2 519	2 423	965	1 106	Provisions for liabilities	18	1 400	1 218	2 856	3 148
4 527	3 727	1 678	2 208	Interest-bearing non-current liabilities	19	2 261	1 736	3 852	4 701
258	101	5	35	Interest-free non-current liabilities	20	35	5	102	393
4 785	3 828	1 683	2 243	Non-current liabilities		2 295	1 741	3 954	5 094
928	958	2 945	1 609	Interest-bearing current liabilities	19	829	2 119	194	62
3 597	3 526	3 285	2 978	Interest-free current liabilities	20	4 862	5 172	6 660	6 794
58	57	130	454	Taxes payable	7	467	131	145	138
4 583	4 541	6 360	5 041	Current liabilities		6 158	7 422	6 999	6 994
16 070	14 893	14 256	13 692	Equity and liabilities		15 370	15 800	18 605	19 762
				Guarantees/mortgages	25				

Cash-flow statement

Amounts in MNOK

Posten Norge AS 2009	Posten Norge AS 2010	Posten Norge AS 2011		Notes	Group 2011	Group 2010	Group 2009
			Cash flow from operating activities				
644	1 906	1 315	Provided by the year's operations *)		1 541	2 078	1 589
376	852	(167)	Changes in working capital		(196)	222	563
(153)	(1 013)	80	Changes in other receivables and provisions		72	(1 177)	(164)
867	1 745	1 228	Net cash flow from operating activities		1 418	1 123	1 988
			Cash flow from investing activities				
(81)	(302)	(49)	Investments in subsidiaries, excl. cash holdings on acquisition date	27	(153)	(1)	(20)
(542)	(399)	(278)	Investments in tangible fixed assets/IT development, etc	8,9	(458)	(651)	(1 385)
	(177)		Investments in associated companies			(178)	
	61		Sales of subsidiaries, excl. cash holdings on sale date	27		(142)	6
228	197		Sales of tangible fixed assets		116	216	303
489	(282)	125	Changes in other fixed assets		30	132	(78)
94	(902)	(201)	Net cash flow from investing activities		(464)	(624)	(1 174)
			Cash flow from financing activities				
24		1 300	New non-current and current debt raised	19	1 324		
(642)	(190)	(2 099)	Repayment of non-current and current debt		(2 132)	(200)	(709)
3	240		Group contributions/dividends received				
(4)	(181)	(182)	Group contributions/dividends paid	17	(139)	(1)	(8)
(619)	(131)	(981)	Net cash flow from financing activities		(948)	(201)	(717)
342	712	46	Total change in cash and cash equivalents		6	298	97
992	1 334	2 047	Cash and cash equivalents at start of period		2 232	1 934	1 837
1 334	2 047	2 093	Cash and cash equivalents at end of period	15	2 238	2 232	1 934
			*) This figure is made up of:				
6	1 251	686	Earnings before tax		800	1 499	246
453	450	454	+ Depreciation and write-downs intangible and tangible assets	8,9	869	836	1 312
267	27	208	+ Write-down shares	10			
			+/- Share of profits(losses) of associated companies	10	(98)	29	(5)
(5)	241	(3)	+/- Unrealised financial items		4	(125)	285
32	12	11	+/- Net interest expenses/income	6	92	94	156
(56)	(36)	(24)	- Tax paid		(51)	(126)	(152)
174	167	151	+ Interest received		79	87	43
(208)	(174)	(173)	- Interest paid		(167)	(175)	(251)
	14	7	-/+ Other unrealised operating expenses/(income)		25	39	8
(19)	(46)	(1)	- Loss/(gain) on sale of fixed assets		(10)	(80)	(53)
644	1 906	1 315	= Provided by the year's operations		1 541	2 078	1 589

Changes of equity

Posten Norge AS

Amounts in MNOK

	Majority interests				
	Share capital	Share premium reserves	Other reserves	Other equity	Total equity
Equity as at 01.01.2009	3 120	992	(75)	146	4 183
Net income for the year for Posten Norge AS				(127)	(127)
Other comprehensive income			68	(24)	44
Total comprehensive income			68	(151)	(83)
Equity as at 31.12.2009	3 120	992	(7)	(5)	4 100
Equity as at 01.01.2010	3 120	992	(7)	(5)	4 100
Net income for the year for Posten Norge AS				801	801
Other comprehensive income			(8)	355	347
Total comprehensive income			(8)	1 151	1 148
Equity as at 31.12.2010	3 120	992	(14)	1 151	5 248
Equity as at 01.01.2011	3 102	992	(14)	1 151	5 248
Net income for the year for Posten Norge AS				291	291
Other comprehensive income			(16)	(82)	(98)
Total comprehensive income			(16)	209	193
Dividend paid				(138)	(138)
Equity as at 31.12.2011	3 120	992	(30)	1 221	5 303

Group

	Majority interests						
	Share capital	Share premium reserves	Other reserves	Other equity	Total	Minority interests	Total equity
Equity as at 01.01.2009	3 120	992	(75)	482	4 519	7	4 526
Net income for the year for the Group				146	146	7	153
Other comprehensive income			68	66	134		134
Total comprehensive income			68	212	280	7	287
Dividend distributed				(2)	(2)	(6)	(8)
Other changes in equity				(2)	(2)	(8)	(10)
Equity as at 31.12.2009	3 120	992	(7)	690	4 795		4 795
Equity as at 01.01.2010	3 120	992	(7)	690	4 795		4 795
Net income for the year for the Group				282	282		282
Other comprehensive income			(8)	352	343		343
Total comprehensive income			(8)	633	625		625
Dividend distributed						(1)	(1)
Other changes in equity						(1)	(1)

Equity as at 31.12.2010	**3 120**	**992**	**(14)**	**1 322**	**5 420**	**(2)**	**5 418**
Equity as at 01.01.2011	**3 120**	**992**	**(14)**	**1 322**	**5 420**	**(2)**	**5 418**
Net income for the year for the Group				**372**	**372**	**1**	**373**
Other comprehensive income			**(16)**	**(107)**	**(123)**		**(123)**
Total comprehensive income			**(16)**	**265**	**249**	**1**	**250**
Dividend distributed				**(138)**	**(138)**	**(1)**	**(139)**
Other changes in equity				**(12)**	**(12)**		**(12)**
Equity as at 31.12.2011	**3 120**	**992**	**(30)**	**1 438**	**5 520**	**(2)**	**5 517**

See note 17 for further details.

Statement of the Board of Directors

Statement of the Board of Directors regarding the annual report

We confirm that, to the best of our knowledge, the financial statements have been prepared in accordance with approved accounting standards and give a true and fair view of the Group and the parent company's consolidated assets, liabilities, financial position and results of operations. We also confirm that the Report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the parent company together with a description of the key risks and uncertainties that the company is facing.

Oslo 30 March 2012

Arvid Moss (leder)
Eli Arnstad (nestleder)

Randi Sætershagen
Gøril Hannås
Jørgen Randers

Terje Wold
Odd Christian Øverland
Annemarie Elstner

Paul Magnus Gamlemshaug
Judith Olafsen
Dag Mejdell (konsernsjef)

Auditor's report

Link to a copy of the orginal document (pdf), with signatures

To the General Meeting of Norway Post

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements for Norway Post, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the balance sheet as at 31 December 2011, the statements of income, changes in equity and cash flows for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Group Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Group Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and for such internal control as the Board of Directors and Group Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements. The aim is to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Conclusion

In our opinion, the financial statements of Norway Post have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2011 and its financial performance and cash flows for the year then ended in accordance in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and Statement on Corporate Governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements and statement on Corporate Governance, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the international standard on assurance engagements (ISAE) 3000, "Assurance Engagements Other than

Audits or Reviews of Historical Financial Information", it is our opinion that the Board of Directors and Group Chief Executive Officer have fulfilled their duty to properly record and document the Company's accounting information as required by law and generally accepted bookkeeping practice in Norway.

Oslo 30 March 2012

ERNST & YOUNG
Jan Wellum Svensen
Certified Public Accountant

Notes

Norway Post was established as a company on 1 December 1996 and is today a limited liability company that is 100 percent owned by the State through the Norwegian Ministry of Transport.

Development of the group

Since it was formed the Group has strengthened its position by making acquisitions in all segments.

From 2009 - 2011 the following companies were established, merged, bought or sold in the group's segments.

Mail Segment:

2009: During the fourth quarter of 2009 it was decided that the operations of Bring Citymail Denmark A/S would be wound up. As part of efforts to reorganise the ownership structure Posten Norge AS acquired all the shares of Bring City Mail Sweden AB and Bring Mail Nordic AB from Bring Citymail AB in November 2009.

2010: In February 2010, the company Posten Eiendom Espehaugen AS was sold to Tine BA. The 49% stake in Itella Information AS was sold in September 2010.

2011: In 2011 Bring Mail Nordic AB established a wholly owned subsidiary, Bring Mail Nordic AB. In addition, Posten Norge AS acquired the subsidiary Posten Eiendom Skien AS.

Logistics Segment:

2009: In December 2009 Posten Norge AS acquired the remaining shares in the four companies Bring Cargo Stockholm AB, Bring Cargo Gøteborg AB, Bring Cargo Linkøping AB and Bring Cargo Jønkøping AB from Bring Cargo Halmstad AB and Bring Cargo Jønkøping AB. As a further simplification of the group structure Posten Norge AS´ subsidiary Cetei AB was merged into its wholly-owned subsidiary CombiTrans AB which is now directly owned by Posten Norge AS. Bring Cargo Sweden AB was sold by Bring Logistics Denmark A/S to CombiTrans AB in December 2009. In addition FSD HoldCo AB and FSD NewCo AB became part of Bring Frigo AB through a downstream merger, and the company is now directly owned by Posten Norge AS. Bring Logistics Linehaul AS was established in 2009 to develop competitive solutions for linehaul.

2010: In March Bring Logistics Linehaul AS established two new subsidiaries in Sweden and Germany, Bring Linehaul AB and Bring Linehaul Gmbh. Bring Cargo AS sold the wholly-owned subsidiary Breivika Industriveg 33A AS in July 2010. The Group established the company Bring Denmark A/S in November 2010. As part of the simplification of the Group's structure Bring Express Helsinki OY was merged into Bring Express Suomi OY and Bring Express Jønkøping AB and Bring Express Ørebro AB were both merged into Bring Express Sweden AB.

2011:

As a simplification of the Group's structure Posten Norge AS' subsidiary Bring Logistics Linehaul AS was merged into the subsidiary Bring Logistics Nettlast AS, which changed its name to Bring Linehaul AS. In May, Bring Logistics Sweden AB merged into the parent company CombiTrans AB, and in December, the operation of Bring Express AS Norway Branch were transferred to a new Swedish company Bring Express AB, which is wholly owned by Bring Express AS. Bring Frigo AB took over Coldsped's cold storage business in Sweden in April. The acquisition coversed the facilities in Ørebro, Jordbro, Kalmar, Kristanstad, Esløv og Malmø.

In July, Bring Cargo AS established the company Bring Eiendom Haugesund AS, which invests in and develops real estate. In October CombiTrans AB purchased the company IntertranspedIA AB and its wholly owned subsidiary Ytrans AB, which operates an international groupage, part- and full load service in Europe. In December Bring Express Norway AS acquired Toms Transport & Budservice AS and Toms Transport & Budservice Trondheim AS, which are engaged in distribution, messenger service and truck service. In the same month Bring Linehaul AS bought the company Bergen Container & Trailer Transport AS, to provide even better solutions to the linehaul operations. In April, Bring Express Suomi sold its 50% stake in Bring Express Eesti OU and in October Bring Frigo Norge AS closed down its wholly owned subsidiary Transportsentralen Rogaland AS. In December, Posten Norge established Bring Frigo Holding AB, a new holding company in Sweden.

Accounting principles

The consolidated financial statements and financial statements of Norway Post AS have been prepared in accordance with prevailing International Financial Reporting Standards (IFRS), which have been determined by the International Accounting Standards Board and approved by the EU. The financial statements have been prepared on the basis of historical costs. Financial instruments that are classified as “fair value through profit or loss” or “available for sale” are assessed at their fair value.

1. Changes in accounting principles and note disclosures
The accounting policies applied are consistent with previous years, as the EU during 2011 has neither adopted new standards nor implemented changes to existing standards from the IASB that materially affect the financial statements of Posten Norge AS. The Group has adopted the amended IAS 24 - Related Party Disclosures from 01.01.2011 and adopted the amendment to IAS 1 - Presentation of financial statements in accordance with the IASB's annual improvements project (May 2010). In 2011, the Group has made use of the opportunity to apply the option in IAS 19 Employee Benefits to recognise unrecorded actuarial gains and losses as other income or expense directly in equity. The comparative figures have been restated accordingly.

2. Adopted standards that are not yet effective or lacked approval by the EU
The following standards and statements that are relevant to Norway Post have been issued but have yet to take effect or lack approval by the EU for the 2011 financial year:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 9 - Financial Instruments (new)
- IAS 19 - Employee Benefits

These standards are not used by Norway Post in this year's financial statements. The standards are assumed not to have a significant impact on future periods, but they can lead to new disclosures.

3. Estimates
The financial statements have been prepared in accordance with IFRS. This means that management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities. Areas in which such estimates are significant include pensions, goodwill, trademarks, other intangible assets, tangible fixed assets, restructuring provisions and other provisions.

There is uncertainty linked to the assessment of the recorded values for goodwill and other intangible assets. This applies in particular to assumptions and parameters in connection with the estimation of future cash flows when evaluating write-down amounts and the choice of discount rate when calculating the present value of the cash flows. Other intangible assets mainly comprise IT development and IT projects under development.

There is also uncertainty related to the estimation of pension obligations, and uncertainty especially related to a defined benefit scheme including the AFP schemes for Norway Post and Norwegian subsidiaries. This uncertainty is related to any discrepancy between actuary estimates, including demographic assumptions used as the basis in calculating pensions, and final outcomes. Future events may lead to the estimates changing. The changes will be recognised when a new estimate is determined. The same applies to write-down assessments for tangible fixed assets. Restructuring provisions and other provisions are inherently uncertain with regard to the liability's settlement date and settlement value.

4. Presentation currency
The group’s presentation currency is NOK, which is also the parent company’s functional currency. For consolidation purposes, balance sheet figures for subsidiaries that use a different currency have been translated at the rate applicable on the balance-sheet date and subsidiaries’ income statements have been translated at the average exchange rate for each month. Translation differences are included as other income or costs directly included in equity. Translation differences are included in the translation differences fund (see note 17). If a foreign subsidiary is sold, the accumulated translation differences linked to the subsidiary are recognised in the income statement.

5. Consolidation principles
The consolidated financial statements show the total financial results and financial position of the parent company, Posten Norge AS, and the companies in which Posten Norge AS has a controlling influence. A controlling influence is normally achieved when the group owns, either directly or indirectly, more than 50 per cent of the shares in the company or is able to exercise actual control over the company.

The consolidated financial statements have been prepared using uniform accounting principles for similar transactions and other events provided the circumstances are otherwise the same. Items in the income statement and balance sheet have been classified according to uniform definitions. All significant intercompany transactions and balances, including internal profits and unrealised gains and losses, have been eliminated.

5.1 Consolidation principles: Subsidiaries
Companies in which the Group has control (subsidiaries) are fully consolidated line by line in the consolidated financial

statements. The acquisition method has been used for recognising acquired enterprises. Companies bought during the year are incorporated in the financial statements from their acquisition date, while companies that are sold are included in the financial statements until the date when they are sold. In the event of the sale of a stake in a subsidiary leading to a loss of control and thus the deconsolidation of the subsidiary the remaining investment is measured at fair value at the time of the transaction. Any change in the value of the part not realised is also recognised in the income statement. The fair value of the remaining stake is considered to be the new acquisition cost for this investment.

Added value on the purchase of enterprises is allocated to identifiable asset and liability items on the acquisition date. Added value that is not allocated to asset and liability items is classified as goodwill in the balance sheet. Should negative goodwill arise from the transfer of operations, the identification and measurement of identifiable assets and liability items is reassessed. Any negative goodwill that arises following this reassessment is taken to income immediately.

When agreements for additional compensation are entered into when companies are acquired the amount of additional compensation is measured at fair value and included in the acquisition costs at the time of acquisition. The change in value of the additional compensation is only recognised as goodwill if the change is within a "12 month window" and is a result of new or changed facts and circumstances that did not exist at the time of acquisition. Other changes in value of the additional compensation are recognised in the income statement. Adjustments are assessed at the exchange rate on the balance sheet date or alternatively at the rate when determined if this differs from the balance sheet date.

The minority interests' share of equity is shown in a separate line in the Group's equity. The minority interests include the minority interests' share of the balance sheet value of subsidiaries, including their share of the identified added values on the date when a subsidiary is acquired. The Group had no acquisitions in 2010 and in 2011 only a few small acquisitions of 100% owned subsidiaries / sub groups. Use of alternative assessment methods for minority interests under IFRS 3R has not been relevant. The minority interests' share of the net income is shown in the income statement after tax costs and total profit.

5.2 Consolidation principles: Associated companies
An associated company is defined as a company in which the group has a considerable influence. A considerable influence normally exists when the Group owns 20-50 per cent of the voting capital. Shares in associated companies are recognised according to the equity method. The principle for classifying the Group's share of the associated company's net income has changed. This share was previously classified as a financial entry, but with effect from 2010 is classified as an operational entry. The corresponding figures have been adapted accordingly.

5.3Consolidation principles:Discontinued operations
The post-tax profits for a discontinued operation that represent a separate and significant operation are presented on a separate line in the income statement together with the gains or loss after taxes from the sale of the operation. The corresponding figures for earnings have been restated in the same way, while the corresponding figures for the balance sheet and cash flow statment have not been restated.

5.4 Consolidation principles: Held for sale
Assets are classified as held for sale when they have been designated for sale, are expected to be sold within a period of one year and an active sales process has begun. If the Group has committed to a plan for sale which entails the loss of control over a subsidiary, all assets and obligations of the subsidiary are classified as held for sale regardless of whether or not the company will maintain a non-controlling interest in its former subsidiary following the sale. Assets which meet the criteria to be classified as held for sale are valued at whichever is the lower of their balance sheet value and their fair value after deducting sales costs. Such assets are no longer amortised. Assets which meet the criteria to be classified as held for sale are presented separately in the balance sheet and the results of discontinued operations are presented separately in the statement of comprehensive income.

6. Segment reporting
Reporting segments are aggregated from underlying operating segments on the basis of an assessment of the risks and yields relating to the types of products, services, production processes, customer groups, distribution channels and statutory or other requirements, as well as management reporting. The division of reporting segments has been prepared in accordance with areas whose operating results are reviewed regularly by Norway Post's board so that the board can decide which resources will be allocated to the segment and assess its earnings. The segments' accounting principles are the same as those used to prepare and present the consolidated financial statements.

7. Revenues
Revenues are recognised once they have been earned. This means that there are transactions or other factors which will generate financial benefits that can be measured reliably. Sales revenues are presented net of value added tax and discounts. In all segments revenues from the sale of goods and services are recognised on the date when the products or services are delivered to the customer, and when the risk has been transferred and an account receivable has been established in relation to the customer.

7.1. Revenues Mail Segment
The segment's revenues are generated from the sale of letter products, small packages, postage stamps, banking services, product sales and dialogue services.

- The sale of stamps is considered advance payment for the sale of postal services, and recognised when the service delivery occurs
- Franking machines (pre-paid franking) are taken to income on the basis of the customer's postage consumption
- Other sales of postage are billed and taken to income when letter products are delivered
- Fees for banking services are recognised on the basis of performed banking services
- International mail within ordinary terminal charge agreements is taken to income based on the calculation of volumes

and current prices, and adjusted the following year when the final prices are received from the International Post Cooperation

- Dialogue services, including precise target groups, addresses, outsourcing services within sales, customer service and customer-oriented marketing, are taken to income at the time the service is delivered and the risk is transferred to the customer.
- Revenue for parcels is recognised when the package is delivered
- Sales of goods are taken to income when the goods are delivered and the risk transferred to the customer
- According to Norway Post's license, additional costs incurred as a result of the licensing requirements are covered by exclusive rights and/ or profits and/or government purchases of commercially unprofitable services. Government payment for unprofitable operations are recognised when the allocated funds are received, limited to an amount equal to this year's estimated additional costs regarding licensing requirements reduced by income from exclusive profit.

7.2. Revenues Logistics Segment
The segment's revenues are generated by transportation and warehouse services:

- Transport services cover courier and express services and the transportation of letters, packages, goods and temperature-controlled deliveries and are taken to income at the time the service is delivered and the risk is transferred to the customer
- Warehouse services cover storage, handling and picking-up services in addition to the unloading of vehicles, sealing of pallets, installation/repair of equipment and construction of sales pallets, and are taken to income at the time the service is delivered and the risk is transferred to the customer.

8. Pensions
The group has both defined contribution and defined benefit pension schemes. The net pension expenses for the defined benefit pension schemes comprise the pension contributions during the period, including future salary increases and the interest expense on the estimated pension liability, less the contributions from employees and estimated yield on the pension assets. The premium for the defined contribution pension schemes is charged to expenses as incurred.

Prepaid pensions correspond to the difference between the estimated pension fund and the present value of estimated pension liabilities. Prepaid pensions are classified as a long-term asset in the balance sheet if it is likely that the excess value can be utilised or repaid. Similarly, when pension liabilities exceed pension assets, the difference is classified as a long-term liability. The recognition of pension funds is limited to the present value of all financial benefits that materialise in terms of refunds from the scheme or reductions in future contributions to the scheme.

The net pension expenses are classified as payroll expenses in the income statement except from the interest element, which is classified as financial income/financial expenses. Changes in the pension liabilities that are due to pension plan changes are amortised in a straight line over the estimated average remaining accrual period apart from rights accrued on the change date, which are immediately charged to expenses. In 2011 the group changed its policy for accounting for changes in liabilities and pension funds that were due to changes in actuarial gains and losses. These changes had previously been allocated over the estimated average remaining working lives of the employees for the part that exceeded the greater of 10% of the defined benefit obligation or plan asset at the beginning of the year ("corridor"). In 2011 the unrecognised actuarial gains or losses were booked as pension liabilities and future changes to actuarial gains and losses were recognised in other comprehensive income direct in equity. Comparative figures have been restated accordingly.

For the transition to new pension schemes the effect of the settlement of former schemes is presented on a separate line in the income statement. If the transitions is due to an amendment to the law the effect is measured at the time of the adoption of the amended law.

9. Taxes
Taxes include taxes payable for the period and changes in deferred taxes/tax assets. Taxes payable are calculated on the basis of the earnings before tax. The net deferred tax/tax asset is calculated on the basis of temporary differences between accounting and tax values and tax losses carried forward at the end of the financial year, with the exception of:

- deferred tax arising from initial recognition of tax non-depreciable goodwill
- temporary differences relating to investments in subsidiaries or associates because the group management itself decides when the temporary differences will be reversed, and it is assumed that this will not take place in the foreseeable future.

Tax-increasing and tax-reducing temporary differences that are reversed or can be reversed are offset against each other. Taxes are not offset across national borders. A deferred tax asset is recognised when it is probable that the company will have sufficient earnings before tax to utilise the tax asset. Deferred tax and deferred tax assets that can be capitalised are recognised at their nominal value and netted in the balance sheet. Taxes payable and deferred tax are directly included in comprehensive income or recognised directly in equity to the extent that they relate to factors that have been included or recognised in this way.

10. Tangible fixed assets
Tangible fixed assets are recognised in the balance sheet at their acquisition cost after deducting accumulated depreciation and write-downs. The cost price of fixed assets is their purchase price, including duties/taxes and direct acquisition costs related to making the fixed asset ready for use. For larger investments involving a long manufacturing period, interest is capitalised as a part of the acquisition cost. The cost price of fixed assets is broken down when the fixed asset consists of components that have different economic lives. Costs relating to normal maintenance and repairs are charged to expenses when incurred. Costs relating to replacements and renewals which significantly increase the economic life of the fixed assets are recognised in the balance sheet.

Facilities under construction are classified as fixed assets and recognised at the accrued costs relating to the fixed asset. Tangible fixed assets are depreciated in a straight line over their estimated economic life. Depreciation starts from the date when the tangible fixed asset is put into ordinary operations. Depreciation takes the fixed asset's scrap value into account. Both the remaining economic life and the scrap value are assessed annually. Facilities under construction are not depreciated.

11. Investment property
Investment property is defined as land and buildings that are rented out, investment objects only, or whose future use has not yet been determined. These assets are not used in the company's operations. In accordance with IAS 40 Investment Property, investment assets are assessed according to the cost model and valued in accordance with the requirements stated in IAS 16 Property, Plant and Equipment.

12. Intangible assets
Intangible assets are recognised in the balance sheet if probable future economic benefits can be proven and attributed to the asset and the asset' s cost price can be reliably estimated. Intangible assets with a specific economic life are recognised in the balance sheet at their acquisition cost after deducting accumulated amortisation and impairments. Acquisition costs also include salary expenses if the recognition criteria are fulfilled. Goodwill and other intangible assets with an indefinite lifetime are not amortised but are assessed for impairment each year. Refer to the more detailed description under "impairments". Intangible assets that have not been taken into use are also tested for impairment.

12.1. Intangible assets: Development costs
The group's development costs mainly relate to the development of IT systems intended for use in the group's services and, to some extent, for sales and licensing. Development costs are recognised in the balance sheet if all of the following criteria are met:

- the product or process is clearly defined and cost elements can be identified and measured reliably
- the product's technical solution has been demonstrated
- the product or process will be sold or used in the operations
- the asset will generate future economic benefits
- sufficient technical, financial and other resources are available for completing the project

If all the criteria are met, the expenses relating to development work will be recognised in the balance sheet. Otherwise, the costs will be expensed as they arise.

12.2 Intangible assets: Trademarks
Costs relating to proprietary intangible assets in the form of trademarks are expensed as they are incurred because they cannot be identified and separated from the total cost relating to the development of the company as a whole. Identified trademarks at the time of acquisition of a company are recognised in the balance sheet. Trademarks with a specific economic life are amortised over this economic life, while trademarks with an indefinite economic life are tested for impairment annually but are not amortised.

12.3. Intangible assets: Goodwill
Added value on the acquisition of an enterprise that cannot be allocated to asset or liability items on the acquisition date is classified as goodwill in the balance sheet. With investments in associated companies, goodwill is included in the cost price of the investment.

13. Shares in subsidiaries
Norway Post's annual financial statements apply the cost method to shares in subsidiaries.

14. Financial instruments
The initial valuation of financial instruments is based on their fair value on the settlement date, normally the transaction price. Financial assets are categorised as fair value through profit or loss, available for sale, or loans/receivables.

- Financial assets and liabilities that are held with the intention of making money on short-term fluctuations in price (held for trading purposes) or which are recognised according to the fair value option are classified as fair value through profit or loss.
- All other financial assets apart from loans and receivables originally issued by the company are classified as available for sale.
- All other financial liabilities are classified as other liabilities and recognised at their amortised cost.

Gains or losses resulting from changes in the fair value of financial investments classified as available for sale are recognised directly in equity until the investment has actually been sold. The accumulated gain or loss on the financial instrument that was previously recognised in equity will then be reversed and the gain or loss will be recognised in the income statement.

Changes in the fair value of financial instruments classified as fair value through profit or loss (held for trading purposes or a fair value option) are recognised and presented in the financial income/ expenses.

Financial instruments are recognised in the balance sheet when the group has become a party to the instrument's contractual terms. Financial instruments are removed from the balance sheet when the contractual rights or obligations have been fulfilled, cancelled, expired or transferred. Financial instruments are classified as long-term when their expected realisation date is more than 12 months after the balance sheet date. Other financial instruments are classified as short-term.

14.1. Financial instruments: Hedging
Before a hedging transaction is carried out, it is assessed whether a derivative is to be used to a) hedge the fair value of an asset or liability, b) hedge a future cash flow from an investment, debt payment or future identified transaction, or c) hedge a net investment in a foreign entity.

The group's criteria for classifying a derivative as a hedging instrument are as follows: (1) the hedge is expected to be very effective in that it counteracts changes in the fair value of or cash flows from an identified asset or liability, and a hedging effect that is within a range of 80-125% is expected, (2) the effectiveness of the hedge can be measured reliably, (3) there is adequate documentation at the time when the hedge is entered into showing that the hedge is very effective, (4) for cash flow hedges, the forthcoming transaction must be very likely, (5) the hedge is evaluated regularly and has proven to be effective during the reporting periods when the hedge has been intended to exist.

14.1.1. Hedging: Fair value
Derivatives that form part of fair value assessments are assessed at their fair value and changes in the fair value are recognised in the income statement. Changes in the fair value of the hedged object are similarly recognised in the income statement.

The hedge is no longer recognised when:

(a) the hedging instrument falls due or is sold, terminated or exercised, or

(b) the hedge does not meet the above-mentioned requirements for hedges.

14.1.2.Hedging: Cash flows
Changes in the fair value of a hedging instrument in a qualifying cash flow hedge are recognised as other income or expense directly in equity. The ineffective part of the hedge instrument is recognised directly in the income statement. If the hedged cash flow results in an asset or liability being recognised, all relevant gains and losses in equity are transferred from the equity and included in the initial measurement of the asset or liability. In the case of other cash flow hedges, gains and losses that were directly recognised in equity are transferred to the income statement in the same period as the cash flow that comprises the hedged object is recognised. When a hedging instrument ceases to be very effective, the hedge ceases to be recognised in the accounts. In such a case, the accumulated gain or loss on a hedging instrument in equity will not be reversed until the hedged transaction actually takes place. If the hedged transaction is no longer expected to take place, formerly accumulated gains or losses on the hedging instrument in equity will be reversed and recognised in the income statement.

14.1.3. Hedging: Hedging of a net investment in a foreign entity
The company takes positions in various currencies in order to hedge its net investment in foreign entities. Changes in the currency derivatives that are decided on for hedging purposes are reported together with translation differences in the Group's equity until any sale of the investment, following which the accumulated translation differences relating to the investment are recognised in the income statement. That part of the hedge which is not effective is expensed directly.

14.2. Financial instruments: Derivatives that are not hedging instruments
Derivatives that are not classified as hedging instruments are classified as held for trading purposes and assessed at their fair value. Changes in the fair value of such derivatives are recognised in the income statement. A derivative that is embedded into other contracts will be separated from the original contract and recognised as a derivative if the following conditions are met:

- The underlying financial reality and risk relating to the built-in derivative are not closely related to the financial reality and risk relating to the original contract
- There is a separate instrument with the same conditions as the built-in derivative that meets the criteria for a derivative
- The combined instrument (main contract and built-in derivative) is not measured at its fair value with changes in value recognised in the income statement.

15. Impairments
A need to write-down exists if the carrying amount of an assessment entity exceeds the unit's recoverable amount. The recoverable amount is the higher of the fair value less sales costs and the value in use, where the value in use is the present value of estimated cash flows relating to future use. If the cash flows relating to the individual asset are independent of cash flows relating to other assets, the individual asset comprises the assessment entity. If not, an assessment entity is created at a higher level and called a cash-generating unit. A cash-generating unit can also include goodwill and a share of common assets, and is to be consistently applied over time.

The Group calculates future cash flows based on estimated results (forecasts and long-term plans) over a five-year forecast period adjusted for depreciation, amortisation, investments and changes in working capital. The extrapolation period contains an extrapolation of the cash flows after the forecast period, using a constant growth rate. The present value of the cash flow is calculated using a weighted required rate of return on the total assets and is a pre-tax rate.

With the exception of goodwill, impairment losses recognised in income statements for previous periods are reversed if there is information that the need to write-down no longer exists or is no longer as great. However, reversal will not take place if the reversal leads to the recognised value exceeding what the recognised value would have been if normal depreciation/amortisation periods had been used.

15.1. Impairments: Goodwill and other assets with an indefinite life

Goodwill, intangible fixed assets with an indefinite economic life and intangible assets that are currently being developed are subject to an annual impairment test, irrespective of whether or not there are any indications of a fall in value.

15.2. Impairments: Financial instruments
Financial assets which are assessed at their amortised cost are written down when it is probable that the company will not collect all the amounts due to contractual factors relating to loans and receivables. The impairment is recognised in the income statement. Any reversal of previous impairment is recognised if a decline in the need to recognise an impairment can be related to an event which took place after the impairment took place. Such a reversal is presented as an income. However, an increase in the balance sheet value is only recognised to the extent that it does not exceed what the amortised cost would have been if no impairment had taken place.

In the case of financial assets classified as available for sale, the accumulated gain or loss that has previously been recognised directly in equity is recognised in the income statement for the period when there is objective information on the fall in value. A reversal of a former write-down is recognised when there is new objective information on an event related to the previous write-down. The reversal of a previous write-down is recognised in comprehensive income and directly in equity if it relates to shares classified as available for sale, but is recognised in the income statement if it relates to other financial assets.

15.3. Impairments: Other assets with a specific economic life
The write-down of other assets with a specific economic life will be considered when there are indications of a fall in value.

16. Inventories
Inventories are recognised at the lower of cost and net sales price. The net sales price is assessed as being the market price in the case of normal operations less the costs of completion/sale, marketing and distribution. Cost price is determined using the FIFO method. Obsolescent inventories are written down to their estimated sales value.

17. Accounts receivable
Accounts receivable are recognised at their nominal value, which equals their amortised cost due to their short economic life, taking bad debts into account. Should there be any objective evidence of a fall in value, the difference between the recognised value and the present value of future cash flows is charged to expenses.

18. Cash and cash equivalents
Cash includes cash in hand and at the bank. Cash equivalents are short-term liquid investments that can be converted into a known amount in cash within three months and which contain insignificant risk elements.

19. Other equity
In accordance with IAS 1 Norway Post has chosen to present comprehensive income as a separate statement.

19.1. Equity: Translation differences
Translation differences arise in connection with exchange-rate differences when foreign entities' accounts are being consolidated. Exchange-rate differences relating to monetary items (debts or receivables if settlements are neither planned nor likely to occur within a short period of time) which in reality are part of a company's net investment in a foreign entity are treated as translation differences. Should a foreign entity be sold, the accumulated translation difference linked to the entity is reversed and recognised in the income statement in the same period as the gain or loss on the sale is recognised.

19.2. Equity: Hedging reserves
The hedging reserve includes the total net change in the fair value of the cash-flow hedges until the hedged cash flow arises or is no longer expected to arise. The hedging reserve is restricted equity.

19.3. Equity: Fair value reserve
The fair value reserve includes the total net changes in the fair value of financial instruments classified as available for sale until the investment is sold or it is ascertained that the investment is of no value. The fair value reserve is restricted equity.

19.4. Equity:Costs relating to equity transactions
Transaction costs linked to an equity transaction are recognised directly in equity after making deductions for tax. Other transaction costs are recognised in the income statement.

20. Provisions
Provisions are recognised when the company has a prevailing liability (legal or assumed) as a result of an event that has taken place and it can be proven probable (more probable than not) that there will be a financial settlement as a result of the liability and when the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. In the case of a considerable time delay, the liability is recognised at the present value of future cash flows. Uncertain liabilities assumed through the acquisition of a company are recorded at their fair value even if it is less than 50% likely that the liability materialises. Probability and fair value are assessed on an ongoing basis. Changes in fair value are recognised in the income statement.

20.1. Provisions: Restructuring
Restructuring is defined as a planned programme that considerably changes the scope of the operations or the way in which the operations are carried out, as well as severance pay in connection with reorganisation. Provisions set aside for restructuring are expensed when the programme is decided on and announced and the costs are identifiable, quantifiable and not covered by corresponding revenues. The restructuring costs include costs relating to both personnel measures and vacated premises.

21. Leasing
Leases are dealt with as either operational leases or financial leases, based on a review of the actual content of each individual lease. A financial lease is an agreement which transfers substantially all the risks and rewards incident to ownership of the

underlying asset to the Group. The group presents financial leases in the financial statements as assets and liabilities, equal to the cost price of the asset or, if lower, the present value of the cash flow due in the lease. When calculating the present value of the lease, the implicit interest rate in the lease is used when this can be determined. Alternatively, the company's marginal borrowing rate is used. The asset is depreciated in the same way as the corresponding working capital. The monthly rent is divided into an interest rate element and a repayment element. In the case of operational leases, rents are classified as an operating expense and recognised in the income statement over the term of the lease.

22. Loans

Loans are recognised as the net funds received after deducting transaction costs. The loans are then recognised at their amortised cost using the effective interest method. Amortised cost means the amount the financial obligation is valued at when purchased, less repayments (for example principal payment, interest and service charges), plus effective interest.

23. Public subsidies

Subsidies from public authorities are not recognised until it is reasonably certain that the company will meet the conditions set for receiving the subsidies, and that the subsidies will be received. Subsidies are capitalised and amortised over the same period as the cost the subsidy is intended to cover. Subsidies are recognised as a reduction in cost when they cover a specific cost.

24. Currency

Transactions in foreign currencies are translated at the exchange rate on the transaction date. On the balance sheet date, financial assets and liabilities in foreign currencies are translated at the exchange rate applicable on the balance sheet date. The income statement effects of changes in exchange rates are presented as financial income or expense.

25. Contingent liabilities and assets

Contingent liabilities include:

- Possible liabilities resulting from previous events where the liability's existence depends on future events
- Liabilities that have not been recognised because it is not probable that they will lead to payment
- Liabilities that cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the annual financial statements unless they have been acquired in a business acquisition. Such obligations are provided for. Significant contingent liabilities are stated, apart from contingent liabilities where the likelihood of the liability arising is slight.

A contingent asset is not recognised in the annual financial statements, but information on this is provided if it is probable that a benefit will accrue to the Group.

26. Events occurring after the balance sheet date

New information on the company's positions on the balance sheet date is taken into account in the annual financial statements. Events taking place after the balance sheet date that do not affect the company's position on the balance sheet date but which will affect the company's position in the future are disclosed if significant.

27. Cash flow statement

The cash flow statement has been prepared on the basis of the indirect model. Cash and cash equivalents consist of liquid assets, including liquid assets linked to the sales network.

(All figures described in the notes are in NOK millions unless otherwise stated).

Note 1 Segments

The division of reporting segments has been prepared in accordance with areas whose operating results are reviewed regularly by the Posten Norge AS board so that the board can decide which resources will be allocated to the segment and assess its earnings. Revenues, assets and investments are also reported on a geographical basis, split between Norway and Abroad depending on where the revenue is generated/localised.

The Group had three segments in 2009; Mail, Logistics and IT. As a result of the merger between ErgoGroup AS and EDB Business Partner ASA that became effective on 30.09.2010 the Group no longer has an IT segment with effect from 2010. Earnings figures are presented for continued segments and corresponding figures for 2009 have been restated accordingly.

Corresponding figures for the balance sheet and investments have not been restated but are specified as discontinued operations.

The various segments contain the following:

Mail: letter products, banking services and dialogue services. The segment is made up of the Mail Division including its subsidiaries Bring Citymail, Bring Mail and Bring Dialog.

Logistics: bulk and part load, parcels, warehousing, thermo and express. The segment corresponds to the parent company's Logistics and Logistics Solutions Divisions and the subsidiaries operating in these areas - Bring Cargo, Bring Warehousing, Bring Frigo, Bring Express, Bring Parcels, CombiTrans and Bring Supply Services.

Group administration and common costs that are not defined as ownerelated costs are allocated to the segments. Owner-related costs include costs relating to the CEO /Board, accounting and finance, organisational development, public affairs, strategy and Group information.

Breakdown by activity

2011	Mail	Logistics	Other/eliminations	Group
External revenues	9 745	13 235		22 981
Internal revenues 1)	861	1 013	(1 873)	
Total operating revenues	10 607	14 248	(1 873)	22 981
External expenses including depreciation	7 948	12 816	1 167	21 930
Internal expenses 1)	1 715	1 156	(2 870)	
Operating expenses	9 662	13 971	(1 704)	21 930
Write-downs	13	158	1	173
Reorganisation expenses	(6)	7	4	5
(Gains)/losses on the sale of fixed assets and subsidiaries		(10)		(10)
Other non-recurring items		25		25
Income from investments in associates	2	1	95	98
Earnings before interest and taxes	940	96	(80)	956
Net financial items	(104)	(30)	(22)	(156)
Taxes				427
Earnings after taxes from continued operations				373
Net income for the year				373

2010	Mail	Logistics	Other/eliminations	Group
External revenues	9 736	12 702	(5)	22 433

Internal revenues [1)]	895	1 018	(1 895)	18
Total operating revenues	10 631	13 721	(1 901)	22 451
External expenses including depreciation	8 343	12 049	657	21 048
Internal expenses [1)]	1 465	1 296	(2 309)	452
Operating expenses	9 808	13 345	(1 653)	21 499
Write-downs	51	98		149
Reorganisation expenses	(33)	15	(6)	(25)
(Gains)/losses on the sale of fixed assets and subsidiaries	(69)	(11)	(1)	(80)
Other non-recurring items			(759)	(759)
Income from investments in associates	1	1	(30)	(29)
Earnings before interest and taxes	875	275	481	1 638
Net financial items	(101)	(39)	2	(138)
Taxes				531
Earnings after taxes from continued operations				969
Earnings after taxes from continued operations				(686)
Net income for the year				296

2009	Post	Logistics	Other/eliminations	Group
External revenues	10 050	12 539	(6)	22 583
Internal revenues [1)]	610	789	(1 369)	30
Total operating revenues	10 660	13 328	(1 375)	22 613
External expenses including depreciation	8 723	11 798	659	21 180
Internal expenses [1)]	1 302	1 023	(1 711)	614
Operating expenses	10 025	12 821	(1 052)	21 793
Write-downs	329	43		372
Reorganisation expenses	166	(1)	11	176
(Gains)/losses on the sale of fixed assets and subsidiaries	(9)	(10)	1	(19)
Other non-recurring items				
Income from investments in associates	5			5
Earnings before interest and taxes	154	476	(335)	296
Net financial items	(5)	1	(221)	(226)
Taxes				49
Earnings after taxes from continued operations				21
Earnings after taxes from discontinued operations				132
Net income for the year				153

[1)] *Internal revenues and expenses at Group level in 2009 and 2010 included transactions between the Group and ErgoGroup.*

Internal revenues are from transactions between Posten Norge AS´ segments. Internal transactions are priced on the basis of normal commercial factors and as if the segments were independent parties.

The segment 'Other' includes group administration costs and shared costs that are not defined as owner-related costs, as well as eliminations.

Breakdown by activity

2011	Mail	Logistics	Other/eliminations	Group
Segment assets	5 166	6 846	684	12 696
Non-allocated assets				2 674
Total assets				15 320
Segment liabilities	3 556	3 280	(153)	6 763
Non-allocated liabilities				3 090
Total liabilities				9 853

2010	Mail	Logistics	Other/ eliminations	Group
Segment assets	5 952	6 690	478	13 120
Non-allocated assets				2 697
Total assets				15 800
Segment liabilities	3 472	2 787	266	6 525
Non-allocated liabilities				3 856
Total liabilities				10 831

2009	Mail	Logistics	Discontinued operations	Other / eliminations	Group
Segment assets	6 047	5 795	4 866	(996)	15 712
Non-allocated assets					2 892
Total assets					18 605
Segment liabilities	5 718	2 618	1 599	(172)	9 763
Non-allocated liabilities					4 046
Total liabilities					13 808

Deferred tax assets are included in unallocated assets, and deferred tax and interest-bearing liabilities are included in unallocated liabilities. To better show how the segment assets and liabilites are reported to decision makers, the specification of allocated and unallocated items has been changed. Comparable figures for 2009 and 2010 have been restated accordingly.

Investments

2011	Mail	Logistics	Other	Group
Investments in fixed assets 1)	143	232	82	458
Depreciation	448	259	(11)	696
Write-downs	13	158	1	173

2010	Mail	Logistics	Other	Group

Investments in fixed assets [1]	210	393	48	651
Depreciation	428	264	(7)	686
Write-downs	51	98		149

2009	Mail	Logistics	Discontinued operations	Other	Group
Investments in fixed assets [1]	833	235	201	179	1 448
Depreciation	439	218	295	(13)	938
Write-downs	329	43			372

[1] Investments in fixed assets include neither the purchase of enterprises nor goodwill.

	Group		
Geographic information	2011	2010	2009
External revenues			
Norway	16 791	16 168	16 547
Abroad [1]	6 190	6 283	6 066
Total revenues	22 981	22 451	22 613
Assets			
Norway	13 611	13 785	17 267
Abroad [1]	1 759	2 013	1 337
Total assets	15 370	15 800	18 605
Investments during the period			
Norway	382	556	1 322
Abroad [1]	76	96	126
Total investments	458	651	1 448

[1] Abroad mainly comprises other Nordic countries.

Note 2 Payroll Expenses and other remuneration

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
			(All amounts in MNOK)			
5 275	5 230	5 305	Salaries	7 305	7 126	7 325
699	684	697	National insurance contributions	1 075	1 034	1 047
406	219	335	Pension expenses	470	352	556
137	129	142	Other contributions	229	221	231
6 517	6 262	6 479	Payroll expenses	9 078	8 733	9 159
			(All amounts in TNOK)			
2 048	2 010	2 085	Board remuneration	2 247	2 131	2 118
1 941	1 309	1 309	Fee for financial audit	6 400	7 011	9 472
354	95	406	Fee for extended financial audit	605	290	632
652	567	521	Fee for other attestation services	636	567	720
452	490	990	Fee for tax advisory services	1 683	930	898
277	123	2 932	Fee for other non-audit services	3 246	662	4 480
14 105	13 779	13 441	Number of full-time/full-time equivalent positions	19 622	19 884	20 555
17 203	15 878	15 142	Average number of employees	21 621	22 177	23 926
19 453	18 880	18 626	Number covered by the pension plan 31.12	24 433	24 671	25 671

Employers' national insurance contributions on pensions are classified as pension costs, for more details see note 3.

Remuneration and fees
(all amounts in NOK excluding payroll tax)
External Board members do not have pension schemes or other benefits other than board remuneration. Employee representatives only have pensions schemes related to their employment by Posten Norge AS. The General Meeting determines the remuneration to the Board of Directors of Posten Norge AS. Fees paid to the Board of Directors for 2011 were approved by the General Meeting on 22.06.2011 and the members of the Board received the following remuneration in 2011.

Board of Directors	Remuneration		Remuneration
Arvid Moss	352 752	Paul Magnus Gamlemshaug	176 004
Eli Arnstad	213 750	Judith Olafsen	176 004
Sigbjørn Molvik(until 30.06.2011)	86 502	Randi Sætershagen	229 506
Odd Christian Øverland	176 004	Gøril Hannås	208 005
Jørgen Randers (from 01.07.2011)	89 502	Terje Wold	176 004
Annemarie Elstner	176 004	Siv Ryan Andersen (deputy)	16 800
		Svein Thomassen (deputy from 01.07.2011)	8 400
		Sum	2 085 237

An audit committee was established in December 2008 for Norway Post. Board members Randi Sæterhagen og Gøril Hannås have taken part in the audit committee in 2011 and received NOK 53 502 and NOK 32 001 respectively in fees for their participation. Fees for 2011 are included in the remuneration specified above.

Statement on salaries and other remuneration to senior executives
(Adopted by the Board 17.02.2012)

This statement is based on Guidelines for the employment conditions of managers in state enterprises and companies (established by the Government) and is prepared by the Board in accordance with the Articles of Association § 8, last paragraph.

The declaration will be treated in the Post's annual general meeting. The declaration applies until either the board repeals it or adopts a new declaration.

To whom the statement applies
The declaration applies to the CEO and executive vice presidents reporting to the CEO (corporate management). This group is known as "executive management".

The main principles for executive remuneration policy
The total remuneration, which in the following is referred to as executive pay in Norway Post, is to be competitive but not leading compared with similar companies. The Board shall have an overview of the total value of the individual manager's contracted compensation.

Elements of executive pay
Base salary
The main element of executive pay will be the fixed salary. The objective of Norway Post is to have competitive salaries without being a salary leader for the same type of positions.

To support the ongoing reviews of wages, market information about executive compensation is collected annually from a recognised international company with satisfactory statistics from Norway.

Variable pay
Individual agreements on variable pay can be entered into with senior management based on performance, with an economic framework of up to six months wages. Within the economic framework of six months the board may establish a long-term incentive plan that measures the value over time. A system of variable remuneration should be transparent and clearly understandable.

The individual goals should always be described and based on objective, definable and measurable criteria that the manager can actually affect.

Other benefits
Executives may have benefits in kind which are usual for comparable positions.

Insurance
Executives shall have insurance coverage at the same level as other employees.

Severance[1]
Only the CEO can have an agreement on severance pay.

Total compensation at resignation should not exceed 12 months' salary. Severance pay should be reduced proportionately with the new annual income (calculated from the period of notice). Severance pay is not payable following voluntary departure.

Options and share programmes
Executives shall not have compensation in the form of options or shares in the parent company or subsidiaries, or a cash bonus linked to an assessed value growth of the share.

Directorships
Executives should not receive special compensation for board positions in other companies within the group.

Pension [2)]
Executives are members of the same pension scheme and have the same pension terms as other employees of the company, except as noted below.

Pension benefits for pension base exceeding 12 G
Pension benefits for pension base exceeding 12 G are organised as a defined contributrion scheme, with the contribution limited to a maximum of 30% of the base exceeding 12G. Contribution rates can be up to 10 percentage points higher than for other employees, to provide the opportunity to retire at age 65.

Payments of defined contribution shall be made to a separate legal entity, separate from the company on a legally binding basis.

The employer's payments to the contribution scheme shall be done only in the period of employment, so that no costs are incurred after a senior employee has resigned his/her position in the company.

1)Certain agreements entered into prior to 17.02.2012 differ from the principle regarding severance pay

2) Agreements entered into prior to 17.02.2012 differ from the principle regrading pensions

Group management
Group management is defined as those persons authorised and responsible for planning, executing and monitoring the

enterprise's operations. Unless otherwise stated the amounts below cover the entire year.

All amounts in NOK, and excluding employers' national insurance contributions.

Group management	Basic pay 1)	Paid bonus	Other benefits 2)	Pension cost	Period of notice	Severance
Dag Mejdell	3 447 798	627 520	7 622	2 043 736	6 months	9 months
Gro Bakstad	2 218 485	443 872	5 622	859 565	6 months	No
Elisabeth H. Gjølme	1 767 746	295 510	11 602	376 085	6 months	9 months
Randi Løvland	1 727 802	343 215	2 874	145 571	6 months	9 months
Tore K. Nilsen	2 807 963	504 573	7 622	404 691	6 months	9 months
Arne Bjørndahl	2 326 809	452 232	7 622	968 396	6 months	No
Pål Amundsen	2 056 529	336 312	7 622	207 402	6 months	9 months
Sum	16 353 131	3 003 234	50 586	5 005 446		

1) Basic pay includes wages, car expenses, holiday money and pension compensation

2) Includes company cars and electronic communication.

Posten Norge AS has a bonus programme for the CEO and Group management. The scheme has two parts, one element based on the consolidated results and one on the individual results. Achieved bonuses can be up to 25 % of the salary. The final decision regarding a bonus is determined by the board (the CEO for Group management). Bonuses are only paid to persons who are in their positions as at 31 December.

With regard to severance pay, a reduction after 3 months has been agreed in the event of alternative salary for the CEO. For other members of Group management, a reduction of severance pay in the event of an alternative salary has been agreed. No key personnel have received share-based pay or other long-term benefits.

According to the CEO’s pension contract his retirement age is 65 years, and the total pension is to be 66 per cent of his salary. Other members of Group management before 1 January 2007 have a defined benefit pension scheme financed through normal operations with a retirement age of 64 years. The scheme was closed on 31 December 2006. Members of Group management after 1 January 2007 have a defined contribution plan financed by normal operations covering early retirement from 65 years, pluss the missing contributions for that part of the salary exceeding 12G. The other pension schemes are described in more detail in note 3.

In addition, Posten Norge AS has a bonus programme for divisional management, regional management, other key personnel and sales staff. Bonus payments are based on defined Group and individual targets. Specific upper limits for bonus payments are defined in the different schemes.

The majority of the Group’s subsidiaries have bonus programmes for executives connected to achieving results and/or individual criteria. In certain companies, sales personnel, and other key personnel also have bonus-based pay, while others pay a productivity bonus to all employees.

Fees to the auditors in 2011 were paid in totality to the auditors Ernst & Young.

Note 3 Pensions

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
			Defined contribution pension plans:			
19 453	18 880	18 626	No. of members	24 375	24 519	27 861
4,9-8%	5-8%	5-8%	Percentage of salary	1-30%	2-30%	2,5-30 %
			Financial assumptions:			
4,4%	4%	2,6%	Discount rate	2,6%	4%	4,4 %
4,25%	4 %	3,5%	Expected wage regulation	3,5%	4%	4,25%
4%	3,75%	3,25%	Expected G regulation	3,25%	3,75%	4%
4%	3,75	2,5-3,25%	Expected pension regulation	0,1-3,5%	1,3-4%	1,3-4%
5,6%	5,4%	4,1%	Expected yield	4,1-6,25%	5-6,2%	5,8-6,2%
8%	8%	8%	Expected voluntary retirement (under 50 years of age)	2-12,6%	2-8%	2,5-8%
2,5%	2,5%	2,5%	Expected voluntary retirement (over 50 years of age)	0,45-2,58%	0-2,5%	0-2,5%
50%	60%	60%	Expected use of AFP	50-60%	50-60%	30-50%
K2005	K2005	K2005	Demographic assumptions on mortality rate	K2005	K2005	K2005
			Defined benefit pension plans			
			Net pension costs:			
120	76	121	Present value of the pensions earned for the year	145	107	149
			Administration costs	1	1	1
81	22	29	Interest expense on the liabilities	44	41	98
(1)	(1)	(1)	Estimated return on the assets	(11)	(11)	(11)
			Recognised pension plan changes		1	1
200	98	149	Gross pension expenses	178	138	237
(3)	(3)	(2)	Employees' 2% contribution	(10)	(11)	(11)
(71)	(19)	(25)	Interest element reclassified as a financial item	(29)	(27)	(77)
126	76	122	Net pension costs	140	100	149
371	238	311	Defined contribution pension plans	429	348	498
(91)	(96)	(97)	Employee contributions to defined contribution pension plans	(98)	(97)	(92)
406	219	335	Total pension costs included in earnings for the year	470	352	556
	718		(Income) expenses of transition to a new pension plan		759	
			Net pension liabilities:			
(25)	(25)	(27)	Estimated accrued secured liabilities	(436)	(401)	(986)
21	21	21	Estimated value of the pension assets	222	222	704
(4)	(4)	(6)	Net estimated secured pension liabilities (-)/assets (+)	(214)	(179)	(282)
(2 171)	(800)	(964)	Estimated accrued unsecured pension liabilities	(997)	(836)	(2 303)
(2 175)	(804)	(970)	Net estimated (pension liabilities)/assets	(1 211)	(1 015)	(2 585)
			Pension plan changes			6
(2 175)	(804)	(970)	Net pension assets/(liabilities)	(1 211)	(1 015)	(2 579)
			Pension assets recognised in the balance sheet			1
(2 175)	(804)	(970)	Pension liabilities recognised in the balance sheet	(1 211)	(1 015)	(2 580)
(2 175)	(804)	(970)	Net pension assets/(liabilities) recognised in the balance sheet	(1 211)	(1 015)	(2 579)
			Changes in liabilities:			

(2 200)	(2 175)	(804)	Net assets (liabilities) 01.01	(1 015)	(2 579)	(2 800)
(200)	(98)	(149)	Gross pension expenses for continued operations	(179)	(138)	(237)
			Gross pension expenses for discontinued operations			(105)
229	255	95	Premium payments and benefits paid	117	284	330
3	3	2	Contributions from members of the pension plan	2	4	3
	718		Income (expenses) due to the transition to a new pension plan		759	
			Estimated repayment of previously paid pension premiums			3
(29)			Restructuring liabilities / other liabilities transferred to pension			(34)
			Adjustment of previous period's pension liabilities	2		
42	493	(114)	Changes in unrecognised actuarial gains (losses)	(138)	460	251
			Liabilities relating to new/sold companies during the year		200	
			Exchange rate changes	(1)	(4)	10
(2 175)	(804)	(970)	Net pension assets (liabilities) 31.12.	(1 211)	(1 015)	(2 579)
			The main categories of pension assets at fair value:			
8	8	9	Equity instruments (shares, bonds)	150	158	211
2	3	2	Debt instruments	28	25	316
9	9	9	Property	36	35	116
2	1	1	Other assets	7	5	61
21	21	21	Total pension assets	222	222	704

In 2011 the group changed its policy for accounting for changes in liabilities and pension funds that were due to changes in actuarial gains and losses. In 2010 and earlier the actuarial gains and losses were allocated over the exptected average remaining working lives of the employees for the part that exceeded the greater of 10% of the defined benefit obligation or plan asset at the beginning of the year ("corridor"). In 2011 the effect of actuarial gains and losses and changes in plans were recognised in other comprehensive income. The effect in 2011 amounted to MNOK 138 and the comparative figures for 2010 and 2009 have been restated accordingly.

From 01.01.2011 the parent company and most of the subsidiaries transferred to a new AFP plan. On the basis of the change a settlement of the old pension plan was carried out. The settlement resulted in a significant reduction in pension obligations, lower pension costs due to only 2 months of pension earnings in 2010 and a non-recurring income of MNOK 759. Employees who remain members of the Norwegian Public Service Fund have kept their rights in accordance with the AFP plan in the public sector. This obligation together with the shortfall in the LO/NHO plan constitutes the remaining obligations related to the old AFP plan as at 31.12.2010.

The new AFP plan is a multiple company plan which is considered a defined benefit plan. However, there is currently insufficient information to measure the pension obligation in a reliable way so the plan must be treated as a defined contribution plan for accounting purposes until further notice. Pension costs for this plan are expected to be higher in the future.

The merger between Posten Norge AS's wholly-owned subsidiary ErgoGroup AS and EDB Business Partner ASA (EDB) was completed on 14.10.2010 and recognised in the accounts as of 30.09.2010. In the same way as the settlement of the AFP plan the loss of ErgoGroup as a subsidiary resulted in a reduction in the Group's pension obligations of MNOK 200 as well as reduced pension costs. Pension costs for 2010 have been reclassified in the Post-tax profit entry from discontinued operations and corresponding figures for 2008 and 2009 have been restated in the same way.

The group has a defined contribution pension plan for the majority of employees in Norway, Sweden and Denmark under which the premiums are charged as an expense when they occur.

In the parent company Posten Norge AS contribution rates for 2010 and 2011 were 5.0% for salaries of between 1 and 6 times the National Insurance basic amount (G) and 8% for salaries of between 6 and 12 times G. A private disability pension has been introduced which provides benefits equal to 66% of the employee's pay without paid-up policy accrual. Posten Norge AS also has obligations connected to salaried employees above 12 G. Pension obligations connected to salaried employees above 12 G and agreements on early retirement pensions are financed by the company's operations.

The defined contribution pension plans in Sweden and Denmark had variable contribution rates based on different calculation bases and rate ranges. For example in Sweden the calculation basis for some employees was a so-called "income basis amount" (IBB) which was SEK 42 800 in 2011. Contributions were calculated with a high and low rate of 4.5% and 30% respectively for earnings below and above 7.5 times IBB.

The parent company and some subsidiaries have different defined pension plans rather than the early retirement pension plan. For the parent company these pension benefits were agreed with the employee organisations in connection with the transition to a new pension plan to replace the Norwegian Public Service Fund plan. The subsidiaries have mainly used the same long-term financial premises as the parent company, but with an adjustment for country-specific macroeconomic conditions. The Group's pension assets relate mainly to Bring Cargo's defined benefit pension plans.

Some companies in the Group's Swedish operations have pension plans which, according to IAS 19, do not qualify for recognition in the balance sheet. In accordance with Swedish rules the pension liabilities are covered through a capital insurance policy. In the company accounts the amount was registered as a liability with the equivalent amount as a receivable against the capital insurance company. In the consolidated financial statements, these amounts are netted, so that the criteria stipulated in IAS 19 are met. A secured occupational pension programme in a Norwegian company was set off against pension assets in accordance with IAS 19.

Note 4 Other operating expenses

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
920	988	910	Costs of premises	1 293	1 369	1 436
232	226	251	Other rental expenses	373	344	349
93	92	100	Tools, fixtures, operating materials	137	128	142
61	68	66	Repair and maintenance of equipment	106	113	105
110	94	49	Accounting and payroll services	54	99	117
728	704	670	IT services	776	838	857
213	231	201	Other external services	418	417	366
37	41	35	Telephone expenses	94	97	100
75	74	75	Travel expenses	164	159	156
122	123	137	Marketing	166	158	176
40	47	27	Insurance, guarantee and compensation costs	71	86	82
655	224	130	Other expenses	222	364	350
3 286	2 911	2 651	Totalt operating expenses	3 874	4 172	4 236

The reduction in other expenses from 2010 was due to costs in 2010 including MNOK 100 (12.89 million Euros) related to a fine imposed on Posten Norge AS by ESA in connection with previous exclusivity clauses in Post in Shops (PiB) agreements from 2000-2006. Posten Norge AS has lodged an appeal against the decision with the EFTA court. Refer also to note 29.

In 2009 other expenses included MNOK 503 of losses on receivables concerning loans to Bring Citymail AB related to the financing of Bring Citymail Denmark A/S.

Note 5 Other income and expenses

Other income and expenses include restructuring charges, gains and losses on disposal of fixed assets and other material income and expenses that are not recurring.

Posten Norge AS 2009	2010	2011		Group 2011	2010	2009
(20)	(46)	(1)	(Gain) on sale of fixed assets etc	(11)	(84)	(26)
1			Loss on sale of fixed assets	1	4	7
156	(30)		Restructuring expenses	5	(25)	176
			Costs related to loss contracts	25		
	(718)		(Income)/expenses of transition to new pension scheme		(759)	
137	(794)	(1)	Total other income and expenses	20	(864)	157

The various elements of other income and expenses are specified in more detail under:

Gain/loss on the sale of fixed assets:

Posten Norge AS 2009	2010	2011		Group 2011	2010	2009
			Gain on sale of operations etc		35	
20	46	1	Gain on sale of fixed assets	11	49	26
20	46	1	Total gain on sale of fixed assets	11	84	26
1			Loss on sale of fixed assets	1	4	7
1			Total loss on sale of fixed assets	1	4	7

Sale of fixed assets / property
Posten Norge AS sold the mail terminals in Drammen and Hamar in 2010 with a net gain of MNOK 45. In 2011, Bring Cargo sold its terminal in Kristiansand with a gain of MNOK 4. See also note 16.

Sales of subsidiaries, etc.
In 2010, Norway Post sold the site at Espehaugen, by selling its wholly owned subsidiary Posten Eiendom Espehaugen AS, with a gain for the Group of MNOK 25.

Bring Cargo located its terminal operations together with Norway Post in Ålesund in 2010, and hence sold the property in the Ålesund department owned by its subsidiary Breivika Indistrivei 33 AS. The sale resulted in a gain for the Group of MNOK 10.

Restructuring expenses

Posten Norge AS 2009	2010	2011		Group 2011	2010	2009
161	(35)	(2)	Restructuring	3	(30)	181
(5)	5	2	Severance pay	2	5	(5)
156	(30)		Total restructuring expenses	5	(25)	176

In 2011, restructuring charges of MNOK 11 were accrued for in Posten Norge AS and provisions reversed from previous years totalling MNOK 13 million. The provisions of MNOK 11 million were for personnel-related measures,regarding restructuring in the Mail segment. For severance pay the accruals increased by MNOK 3 on the basis of a new assessment of the estimate per 31.12.2011.

In addition Bring Cargo, Bring Frigo AB, Bring Frigo Norge AS and Bring Danmark accrued a total of MNOK 7, of which MNOK

4 was personnel-related measures, and MNOK 3 other measures. Allocations from previous years were reversed with MNOK 2 in Bring Express AS. The total provision for restructuring is shown in note 18.

Costs related to loss contracts
Costs related to loss contracts concerned leases where the costs of meeting the obligations under the contract exceed the economic benefits expected to be received over the contract period.

Income / expense in the transition to a new pension scheme
With the transition to the new AFP scheme in 2010, a settlement of the old scheme was made that resulted in a non-recurring income of MNOK 759 for the Group. See also note 3.

Note 6 Financial income and financial expenses

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
142	129	98	Interest income from group companies			
17	35	66	Other interest income	76	86	95
	34		Gain on the sale of shares in subsidiaries, etc	1	8	
50	138	25	Foreign exchange profit	79	246	203
3	21		Group contributions and dividends received			
288	20	78	Gains on derivatives	42	20	7
241	208	71	Gains on "fair value through profit or loss" objects	71	208	241
3	14	13	Other financial income	15	12	7
744	599	351	Financial income	284	580	554
15	11	14	Intercompany interest expenses			
1	1	1	Interest expenses on financial leases	5	7	9
247	185	185	Other interest expenses	193	200	263
	296		Loss on the sale of shares in subsidiaries, etc		12	
92	112	29	Foreign exchange loss	85	237	223
4	140	83	Loss on derivatives	47	23	4
241	208	71	Losses on "fair value through profit or loss" objects	71	208	241
302	55	242	Other financial expenses	39	32	40
902	1 008	625	Financial expenses	440	719	780

Other interest income in 2011 included MNOK 41 (MNOK 14 in 2010 and MNOK 0.5 in 2009) in gains on short-term investments for both Posten Norge AS and the Group.

Posten Norge AS sold all the shares in its wholly-owned subsidiary Posten Eiendom Espehaugen AS for MNOK 86. This resulted in a profit to the parent company of MNOK 24 and to the Group of MNOK 25. In September 2010, Posten Norge AS sold its 49% stake in Itella Information AS for MNOK 21. This resulted in a profit to the parent company of MNOK 10 and to the Group of MNOK 8.

Other interest expenses for 2011 included interest expenses on net pension liabilities, which for 2011 totalled MNOK 25 for Posten Norge AS (MNOK 19 in 2010 and MNOK 71 in 2009) and MNOK 30 for the Group (MNOK 27 in 2010 and MNOK 77 in 2009). The remaining other interest expenses are primarily interest expenses linked to long-term financing. Net interest expense in 2011, exclusive of interest on pensions, amounted to MNOK 92 for the Group and MNOK 11 for Posten Norge AS.

The merger between Posten Norge AS's wholly-owned subsidiary ErgoGroup AS and EDB Business Partner ASA was completed on 14.10.2010 and recognised in the accounts as of 30.09.2010 and resulted in a loss to the parent company of MNOK 284. In November 2010 Posten Norge AS sold 7% of its stake in the combined company EDB ErgoGroup ASA for MNOK 181, which resulted in a loss of MNOK 12.

In 2011 other financial expenses in Posten Norge AS included MNOK 88 related to the write-down of shares in Bring Citymail Sweden, MNOK 70 related to the write-down of shares in Bring Linehaul AS and MNOK 50 related to the write-down of shares in Bring Frigo Norge AS (MNOK 27 in 2010 related to the write-down of shares in Bring Dialog Sverige AB and MNOK 266 in 2009 related to the write-down of shares in CityMail Group). Refer also to note 10.

Where the group has significant income and expenses in foreign currency exchange rate fluctuations will mostly be compensated for by positive and negative cash flows in the relevant units' being denominated in the same underlying currency. Refer also to note 22 for a more detailed description of the Group's financial risk management.

Note 7 Taxes

Posten Norge AS 2009	2010	2011		Group 2011	2010	2009
			INCOME TAXES			
54	109	456	Taxes payable	483	133	93
79	342	(61)	Changes in deferred taxes (deferred tax assets)	(56)	398	(44)
133	451	395	Taxes	427	531	49
56	107	318	Taxes payable for the year	346	129	95
(2)	2	(2)	Overpaid/underpaid in previous years	(3)	2	(2)
		140	Other	140	1	
54	109	456	Taxes payable	483	133	93
79	376	(61)	Deferred tax due to changes in temporary differences	(55)	430	(42)
	(34)		Losses carried forward not previously recognised	(1)	(32)	(1)
79	342	(61)	Deferred tax cost	(56)	398	(44)
	36%	58%	Effective tax rate			
			Reconciliation of the effective tax rate with the Norwegian tax rate:			
6	1 251	686	Earnings before tax	800	1 499	70
2	351	192	28% tax	224	420	20
			Write-downs of goodwill	11	21	59
100	146	63	Other non-deductible costs 28%	28	89	137
(1)	(15)		Non-taxable income 28%	(2)	(16)	(5)
31	(31)	140	Other	164	17	(161)
133	451	395	Taxes	427	531	49
			DEFERRED TAXES/TAX ASSETS IN THE BALANCE SHEET			
(82)	(63)	(62)	Tangible fixed assets	(4)	(19)	(26)
		(2)	Receivables	(8)	(6)	(8)
			Foreign exchange		(1)	(1)
(4)	(1)	(1)	Inventories	(1)	(1)	(4)
(609)	(225)	(272)	Pensions	(318)	(267)	(612)
(139)	(158)	(81)	Provisions	(94)	(167)	(256)
(38)	(52)	(71)	Other	(95)	(37)	(11)
			Losses carried forward	(281)	(258)	(264)
(871)	(499)	(489)	Deferred tax assets - gross	(801)	(757)	(1 182)
14	7	7	Gains and losses account	6	9	26
	135	97	Deposit fund	97	135	
			Foreign exchange			
51	10	19	Group contributions			
		27	Other	58		
65	152	150	Deferred tax liability - gross	161	144	26
(806)	(347)	(339)	Net deferred tax asset	(640)	(613)	(1 156)
34			Deferred tax asset not recognised in the balance sheet	204	166	198

(772)	(347)	(339)	Net recognised deferred tax	(435)	(447)	(958)

Gross temporary differences that are not recognised in the balance sheet relate to losses carried forward. The Group had a total of MNOK 1 068 in losses carried forward as at 31.12.11. There is no time limit on these losses. The losses carried forward that have been recognised are expected to be utilised on expected future profits.

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
			Changes in deferred taxes recorded directly to comprehensive income			
12	138	(32)	Effect of change in IAS 19	(39)	129	70
(21)			Translation differences from hedging of investments in foreign entities		(33)	19
27	(3)	(6)	Cash flow hedging	(6)	(3)	27
18	(135)	(38)	Total	(45)	(93)	116

Changes in temporary differences

Posten Norge AS

	01.01.11	Additions - subsidiaries	Recognised in equity	Recognised in income statement	Other 1)	Translation differences	31.12.2011
Tangible fixed assets	(224)			2			(222)
Gains and losses account	26			(2)			24
Receivables				(8)			(8)
Inventories	(5)			2			(3)
Pensions	(804)		(114)	(13)	(39)		(970)
Deposit fund	481			(134)			347
Provisions	(564)			(110)	385		(289)
Group contributions	35				33		68
Other	(184)		(22)	49			(157)
Total	(1 239)		(136)	(214)	379		(1 210)

Group

	01.01.11	Additions - subsidiaries	Recognised in equity	Recognised in income statement	Other	Translation differences	31.12.2011
Tangible fixed assets	(45)	4	3	41	7		10
Gains and losses account	32			(12)			20
Receivables	(21)			(7)			(28)
Foreign exchange	(3)			3			
Inventories	(5)			3			(2)
Pensions	(956)		(139)	(8)	(39)	1	(1 141)
Deposit fund	481			(134)			347
Provisions	(596)		6	(131)	386		(346)
Group contributions	(144)	5	(22)	41		3	(117)
Other	(1 009)			3	(68)	6	(1 068)
Total	(2 266)	9	(164)	(201)	285	10	(2 325)

1) Applies to negative temporary differences that arose during the year and where the deferred tax asset is not recognised in the balance sheet, as well as changes in temporary differences where the related deferred tax asset is or is not recognised in the balance sheet, and where the difference has changed during the 2011 financial year.

Note 8 Intangible assets

Posten Norge AS

	Purchased intangible assets					
	IT - development trademarks etc.	Projects in progress	Goodwill	2011 Total	2010 Total	2009 Total
Acquisition cost:						
Balance 01.01	1 427	243	6	1 676	1 504	1 249
Additions	90	57		147	202	255
Reclassification/Adjustment of cost price 1)	(55)		(6)	(61)	(29)	
Intercompany transfers					(1)	
Transfers from assets under construction	146	(146)				
Balance 31.12.	1 608	154		1 762	1 676	1 504
Accumulated amortisation and write-downs:						
Amortisation method	Straight-line					
Useful life	3 - 7 years					
Balance 01.01	(668)		(6)	(674)	(496)	(270)
Amortistation for the year	(221)			(221)	(186)	(173)
Write-downs for the year		(12)		(12)	(21)	(53)
Reclassification/Adjustment of cost price 1)	59		6	65	29	
Balance 31.12.	(830)	(12)		(842)	(674)	(496)
Book value 31.12.11	778	142		920		
Book value 31.12.10	759	243			1 002	
Book value 31.12.09	744	264				1 008

Group

	In-house developed intangible assets			Purchased intangible assets						
	IT - development	Projects under development	Total	IT - development trademarks etc.	Projects under development	Goodwill	Total	2011 Total	2010 Total	2009 Total
Acquisition cost:										
Balance 01.01.	52	4	56	1 780	261	2 931	4 971	5 027	8 128	8 303
Additions		2	2	103	65		169	171	235	328
Disposals				(13)			(13)	(13)	(33)	(41)
Additions through company acquisitions (note 27)				16		104	120	120		23
Disposals through sales of companies (note 27)									(3 359)	(2)
Adjustment of cost price/reclassification 1)	(47)		(47)	(11)		(6)	(17)	(64)	(29)	(154)
Translation differences						(1)	(1)	(1)	85	(330)
Transfers from assets under construction				146	(146)					
Balance 31.12.	5	6	11	2 021	180	3 028	5 229	5 240	5 027	8 128
Accumulated amortisation and write-downs:										

Amortisation method	**Straight-line**			**Straight-line**						
Useful life	**3 - 10 years**			**3 - 10 years**						
Balance 01.01	**(45)**		**(45)**	**(971)**	**(6)**	**(637)**	**(1 614)**	**(1 659)**	**(1 904)**	**(1 508)**
Amortisation for the year 2)	**(1)**		**(1)**	**(239)**			**(239)**	**(240)**	**(202)**	**(288)**
Write-downs for the year		**(3)**	**(3)**	**(3)**	**(11)**	**(138)**	**(152)**	**(155)**	**(126)**	**(321)**
Disposals				**13**			**13**	**13**	**31**	**16**
Disposals through sales of companies (note 27)									**521**	
Adjustment of cost price/reclassification 1)	**42**		**42**	**23**		**6**	**26**	**71**	**29**	**153**
Translation differences									**(8)**	**45**
Balance 31.12.	**(4)**	**(3)**	**(7)**	**(1 771)**	**(17)**	**(769)**	**(1 963)**	**(1 970)**	**(1 659)**	**(1 904)**
Book value 31.12.11	**1**	**3**	**4**	**844**	**163**	**2 259**	**3 266**	**3 270**		
Book value 31.12.10	**7**	**4**	**11**	**809**	**255**	**2 294**	**3 357**		**3 368**	
Book value 31.12.09	**109**	**14**	**123**	**875**	**274**	**4 951**	**6 101**			**6 224**

1) Adjustment of cost price/reclassification includes the scrapping of IT systems in ErgoGroup that were already written off.
2) Of the amortisation in 2009, MNOK 86 applied to discontinued operations. Continued operations had amortisation of MNOK 202 in 2009.

IT - development, trademarks, etc
For intangible assets that have a definite economic life, the amortisation period for the Group is 3-10 years in 2011 (3-10 years in 2010 and 2009), depending on the economic life of each individual component based on an individual assessment.

Of the total intangible assets of MNOK 845 recognised in the balance sheet as at 31.12.2011, approximately MNOK 343 related to Oracle E-business Suite, which are solutions for a common address register, response sending system, economy and payroll system, as well as an HR and order system. The programme also included a new route register which, together with the common address register, will provide more automated and detailed route planning. Together the solutions give the Group an improved basis for managing and planning staffing levels and the distribution of mail and advertising in an efficient manner. In addtion, MNOK 103 regarded data warehouse for management of master data, master structures and transactions. Furthermore MNOK 50 related to the IT system for Norway Post's sales network, while MNOK 26 was recognised in the balance sheet for the system used to sort letters at the South-East Norway terminal to handle letters without legible address fields and thus provide a greater degree of mechanical sorting.

The amortisation for the year is presented in the income statement in the line for depreciation and amortisation.

Research and development
There were no charges to expenses related to development projects that are not expected to generate any future financial benefits in the period 2009-2011.

Projects in progress
Of a total of MNOK 166 for facilities under construction as at 31.12.2011, MNOK 128 was for a solution for planning and managing transport activities in the Group in the most logical manner possible. The solution will enable the planning of an order across the different types of transport, right from the sender to the recipient, and thereby result in the most cost-effective goods transportation. The development of the system has had delays in relation to the original plan as a result of requirements identified during later phases of development. Parts of the system will be gradually put into operation in certain logistics companies in the Group throughout 2012 and 2013.

Write-down of projects in progress and intangible assets with a definite useful life
Write-down costs are presented in the income statement in the line for write-downs. Thereares ongoing assesments of whether there are indications of impairments of intangible assets, and if such indications exist the asset's recoverable amount is estimated. For intangible assets under development the value are tested annually, and if there are indications of impairment during the year, they are tested more frequently.

In 2011 a total of MNOK 17 was written down for intangible assets other than goodwill (MNOK 21 in 2010 and MNOK 75 in 2009) of which all regarded the Logistics segment. Of write downs in 2011 MNOK 14 related to the planning and managing transport activities and was a result of risk and delays in the project.

Goodwill

Group

	Book value 01.01	Disposals	Writedowns	Translation differences	Book value 31.12
Mail Segment					
Bring Mail Nordic	23				23
Bring Dialog Norge	45				45
Bring Dialog Sverige	1		(1)		
Logistics Segment					
Bring Cargo	751		(40)		711
Bring Frigo Sverige	530			(1)	529
Bring Cargo Sverige	257				257
Bring Express	234	40			274
CombiTrans	210	56			266
Bring Frigo Norge	158		(97)		61
Bring Warehousing	85				85
Bring Linehaul		8			8
Total goodwill for the Group	2 294	104	(138)	(1)	2 259

Additions goodwill
The acquisition and sale of companies is described in more detail in note 27.

Write-downs goodwill
Write-downs are presented on a separate line in the income statement.

A continuous assessment is made for indications of a fall in the value of intangible assets and if such indications exist the asset's recoverable value is estimated. Goodwill is tested annually, or more often if there are indications of a decline in value during the year.

Goodwill is allocated to cash-generating units in order to assess the need to write it down. Allocation is based on an assessment of the cash flows linked to the business group (operating segment) to which the goodwill pertains. If the cash flows are independent of cash flows linked to other entities, the individual operations comprise the assessment entity, and if not, goodwill is allocated to an assessment entity at a higher level.

A need to write-down exists if the capitalised value of an assessment entity including goodwill exceeds the unit’s recoverable amount. The recoverable amount is whichever is the higher of the fair value minus sales costs and the utility value, where the utility value is the present value of estimated cash flows relating to future use.

The group has calculated the future cash flows based on the estimated results (forecasts and long term plans) that reflect the financial business plans approved by management and which cover a five-year period. The estimated results have been adjusted to take into account depreciation, amortisation, investments and changes in the working capital. The extrapolation period contains a mechanical extrapolation of the cash flows after the forecast period, using a constant growth rate. The growth rate per segment is stated in the table below. The present value of the cash flows is calculated using a weighted required rate of return on the total assets and is calculated before tax. The Group's required rate of return per segment is assessed each year for significant changes in factors that affect the requirement. The required rate of return employed per segment is stated in the table below.

Based on these criteria, in 2011 a total of MNOK 138 of write-downs was made related to goodwill of which MNOK 137 was for the Logistics segment and MNOK 1 was for the Mail segment (a total of MNOK 105 in 2010 and MNOK 246 in 2009). In the Logistics segment, MNOK 97 was for Bring Frigo Norway which operates in the market for thermally-regulated transport. The total value of goodwill of MNOK 158 assumed a development in profits that cannot be deemed probable in the current market and with existing customer contracts. Furthermore, the entire goodwill of MNOK 40 related to Bring Cargo's subsidiary Bring Logistics Sunnmøre was written down in June as a result of the negative economic development in the first half of the year. In the Mail segment, the economic development was also the reason for the write-down of the remaining MNOK 1 in the Swedish subsidiary Bring Dialog Sverige in December 2011.

Goodwill related to Bring Frigo Norway (MNOK 61), Bring Cargo (MNOK 711) and Bring Express Denmark (MNOK 34) is sensitive to adjustments to the margins, required rate of return and growth rate, which are the key assumptions. The estimates of the value of goodwill assume a significant improvement in future profitability. The cash-flows and required rate of return used when making the estimates are all based on the management's best estimates and various measures to improve profitability have been implemented in the companies. The discount rate before tax for the three entities can be increased by up to 2.5 percentage points before the recoverable amount is lower than book value for any of the entities. Similarly, an assumed long-term growth rate of 0% would not lead to impairment for any of the entities.

Goodwill related to Bring Frigo Sverige (MNOK 529), Bring Warehousing (MNOK 85), Bring Dialog Norway (MNOK 45) and Bring Express Suomi (MNOK 10) is considered uncertain as the performance of the cash-generating units has not reached the forecast levels, but the development in the most recent period has been positive and supports the assumptions for future margins used as the basis for evaluating write-downs.

Where the acquired units have not achieved forecast margins, an assessment has been carried out on the background for the deviation from the budget and measures implemented on the earnings and cost sides are deemed sufficient to maintain the quality of future cash flow estimates.

The assumptions concerning margins have also been assessed with regard to the industry and future prospects. Further sensitivity calculations have been carried out for the units particularly affected by market developments.

The table below shows general information about sensitivity in the assumptions used as the basis for impairment tests for the respective cash-generating units per segment.

Recognition of negative goodwill

There is no recognition of negative goodwill in the period 2009-2011.

Sensitivity in assumptions

	Mail Segment	Logistics Segment
Profit margins are based on historical developments and future expectations	**Characterised by increased price pressure in production and distribution. Significant cost elements are wages and external service and operating costs that are affected by price negotiations and inflation.**	**Characterised by price pressure and globalisation. Significant cost elements are external service costs that are affected by price negotiations and inflation.**
Economic cycles	**Partly exposed to economic cycles. Growth forecasts are based on historical developments.**	**Business is sensitive to economic cycles. Future growth forecasts are in line with historical growth rates adjusted for international economic decline in 2008 and 2009.**
Conditions affecting the discount rate	**Operates mainly in the Norwegian and Swedish markets with cash flows in Norwegian and Swedish Kroner.**	
Terminal value	**Growth rate equal to or lower than inflation in the country in which operations take place.**	

Overview of goodwill and key assumptions per segment

		Discount rate before tax (WACC):			Long-term growth rate:		
Segment	**Goodwill**	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Mail	**68**	**10%**	**10%**	**10%**	**2,0%**	**2,0%**	**2,0 - 2,5%**
Logistics	**2 191**	**10%**	**10%**	**10%**	**2,0%**	**2,0 - 2,5%**	**2,0 - 2,5%**
Discontinued operations				**11%**			**2,2 - 3,2%**
Total Group	**2 259**						

Note 9 Tangible fixed assets

Posten Norge AS

Acquisition cost:	Machinery	Vehicles, fixtures and fittings	Buildings, property	Machinery under constr and facilities	Buildings under construction	2011 Total	2010 Total	2009 Total
Balance 01.01	1 513	1 561	258	24		3 356	3 745	3 386
Additions	2	97	2	23	7	131	183	288
Disposals		(4)				(4)	(295)	(619)
Reclassification/ Adjustment of cost price 1)	(352)	(442)				(794)	(278)	(10)
Transfers to/from held for sale			72			72	(72)	700
Transfers to/from investment property							73	
Transfers from assets under construction	6	20	6	(26)	(6)			
Balance 31.12.	1 169	1 232	338	21	1	2 761	3 356	3 745
Accumulated depreciation and write-downs:								
Depreciation method	Straight-line	Straight-line	Straight-line					
Useful life	5 - 10 years	2 - 12 years	15 - 40 years					
Balance 01.01	(1 009)	(1 225)	(107)			(2 341)	(2 560)	(2 404)
Depreciation for the year	(87)	(114)	(6)			(208)	(220)	(220)
Write-downs for the year	(1)	(6)	(7)			(13)	(23)	(7)
Disposals		4				4	144	383
Reclassification/ Adjustment of cost price 1)	352	438				790	278	
Transfers to/from held for sale			(39)			(39)	39	(312)
Balance 31.12.	(745)	(903)	(159)			(1 807)	(2 341)	(2 560)
Book value 31.12.2011	424	329	179	21	1	954		
Book value 31.12.2010	504	336	151	24			1 016	
Book value 31.12.2009	303	332	269	281				1 185

Group

Acquisition cost:	Machinery	Vehicles, fixtures and fittings	Buildings, property	Machinery under constr and facilities	Buildings under constr	2011 Total	2010 Total	2009 Total
Balance 01.01	1 684	2 527	3 538	25	29	7 803	9 444	8 603
Additions	47	187	20	26	7	287	416	1 121
Disposals	(10)	(97)	(99)			(206)	(382)	(761)
Additions through company acquisitions (Note 27)		16	43			59		1
Disposals through sales of companies (note 27)							(1 300)	(1)
Reclassification/Adjustment of cost price 1)	(358)	(449)				(807)	(288)	(107)
Translation differences		1	1			2	9	(112)
Transfers to/from held for sale			168			168	(168)	700

Transfers to/from investment property							**73**	
Transfers from assets under construction	**6**	**22**	**34**	**(28)**	**(34)**			
Balance 31.12.	**1 369**	**2 207**	**3 705**	**23**	**2**	**7 306**	**7 803**	**9 444**
Accumulated amortisation and write-downs:								
Amortisation method	**Straight-line**	**Straight-line**	**Straight-line**					
Useful life	**3 - 15 years**	**2 - 12 years**	**5 - 40 years**					
Balance 01.01	**(1 068)**	**(1 803)**	**(796)**			**(3 666)**	**(4 603)**	**(4 198)**
Depreciation for the year 2)	**(103)**	**(240)**	**(113)**			**(456)**	**(484)**	**(650)**
Write-downs for the year	**(1)**	**(10)**	**(7)**			**(18)**	**(23)**	**(51)**
Disposals	**8**	**89**	**4**			**101**	**214**	**501**
Disposals through sales of companies (note 27)							**899**	**1**
Reclassification/Adjustment of cost price 1)	**343**	**458**				**801**	**288**	**65**
Translation differences		**(3)**				**(3)**	**3**	**41**
Transfers to/from held for sale			**(40)**			**(40)**	**40**	**(312)**
Balance 31.12.	**(821)**	**(1 509)**	**(951)**			**(3 281)**	**(3 666)**	**(4 603)**
Book value 31.12.2011	**548**	**698**	**2 254**	**23**	**2**	**4 025**		
Book value 31.12.2010	**616**	**724**	**2 742**	**25**	**29**		**4 137**	
Book value 31.12.2009	**502**	**916**	**3 078**	**286**	**59**			**4 841**

1) "Reclassification/Adjustment of cost price" contains the scrapping of machinery and fixtures and fittings that were already written off.

2) Of the depreciation in 2009 MNOK 209 applied to discontinued operations. Continued operations had depreciation of MNOK 441 in 2009.

Construction loan interest
Tangible fixed assets include construction loan interest. The capitalised construction loan interest totalled MNOK 69 as at 31.12.2011 (MNOK 77 as at 31.12.2010 and MNOK 76 as at 31.12.2009). The balance as at 31.12.2011 was the sorting terminal at Robsrud.

Write-downs
Write-downs of buildings of MNOK 7 in Posten Norge AS was Odda post office that was written down to an expected value in use of MNOK 3.5. In connection with the disposal of various materials in 2011, vehicles, fixtures and fittings were written down by MNOK 7.

Other conditions
Molde post terminal was reclassified from held for sale to fixed assets in 2011. Refer also to note 16.

Information on assets held for sale and financial leases is provided in note 16 and note 26 respectively. Refer also to note 5 for losses and gains on sales.

Investment Property
Norway Post owns an undeveloped site at Alnabru which was acquired in 1999 as a location for a new letter center. Later on, it was decided that the new letter center would be located Robsrud. In 2010 it was decided that the site would be developed for logistical purposes and it was reclassified as owner-used land.

In 2009, the site of the subsidiary Posten Eiendom Espehaugen was reclassified as held for sale. The sale was completed in February 2010. See also note 16.

Norway Post did not have any properties classified as investment property as at 31.12.2011.

Note 10 Investement in shares

Posten Norge AS

Subsidiaries	Acquired/ established	Address	Primary activity	Ownership share 31.12.2011	Voting share 31.12.2011	Book value 31.12.2011
Bring Cargo AS	10.06.2004	Oslo	Transport	100%	100%	998
Bring Frigo AB	20.01.2006	Sweden	Transport	100%	100%	596
CombiTrans AB	08.06.2008	Sweden	Transport	100%	100%	241
Bring Express AS	01.01.1999	Oslo	Exspress	100%	100%	212
Bring Cargo Halmstad AB	09.03.2007	Sweden	Transport	100%	100%	176
Bring Cargo Jønkøping AB	10.03.2007	Sweden	Transport	100%	100%	56
Bring Cargo Stockholm AB	12.03.2007	Sweden	Transport	100%	100%	50
Bring Cargo Linkøping AB	12.03.2007	Sweden	Transport	100%	100%	47
Bring Cargo Gøteborg AB	10.03.2007	Sweden	Transport	100%	100%	29
Bring Warehousing AS	12.04.2000	Oslo	3P logistics	100%	100%	170
Bring Frigo Norge AS	10.06.2004	Lørenskog	Transport	100%	100%	86
Bring Parcels AB	1999/2008	Sweden	Transport	100%	100%	91
Bring Linehaul AS	2000/2009	Jaren	Transport	100%	100%	
Bring Danmark A/S	18.11.2010	Denmark	Transport	100%	100%	1
Bring Citymail AB	01.05.2002	Sweden	Holding	100%	100%	
Bring Citymail Sweden AB	01.05.2002	Sweden	Mail	100%	100%	
Bring Mail Nordic AB	01.09.2005	Sweden	Mail	100%	100%	86
Bring Dialog Norge AS	01.11.2006	Oslo	Customer Relations	100%	100%	58
Bring Dialog Sverige AB	01.02.2007	Sweden	Customer Relations	100%	100%	8
Posten Eiendom Storbyer AS	01.01.2008	Oslo	Property	100%	100%	56
Posten Eiendom Kanalvegen AS	21.03.2006	Oslo	Property	100%	100%	121
Posten Eiendom Robsrud AS	08.06.2006	Oslo	Property	100%	100%	480
Posten Eiendom Alnabru AS	01.01.2008	Oslo	Property	100%	100%	57
Posten Eiendom AS	08.06.2006	Oslo	Property	100%	100%	
Posten Eiendom Skien AS	18.05.2011	Skien	Property	100%	100%	
Posten Forbrukerkontakt AS	01.10.1997	Oslo	None	100%	100%	
Bring AS	08.03.2005	Oslo	None	100%	100%	
Bring Frigo Holding AB	07.06.2011	Sweden	None	100%	100%	
Other						3
Total investments in shares						3 624
Investments in associated companies						
EDB ErgoGroup AS	14.10.2010	Oslo	IT	40%	40%	1 462
Total Posten Norge AS						5 086

Group

	Book value 31.12.2011
Investments in Associated Companies	
Refer to overview below	**1 538**
Group investments in shares	
Fagernes Skysstasjon	**3**
Minor shareholdings	**1**
Total Investments in shares	**4**
Total Group	**1 542**

In order to gather expertise in a more comprehensive and competitive company Bring Logistics Nettlast AS and Bring Logistics Linehaul AS merged in August 2011. The merged company will focus on delivering competitive linehaul to the Norway Post operations. The company will also develop fulloads and closed transport solutions where it provides profitability and competitiveness for the Group. The book value of the shares was adjusted by a group contribution received from Posten Norge AS in 2011 at MNOK 15. As a result of the carrying value of the shares exceeded the recoverable value of the company's the shares were written down in full by MNOK 70 at the end of 2011.

To ensure a satisfactory equity in Bring Parcels AB, Norway Post in July 2011 contributed MSEK 40, which resulted in an increase in the shares' book value of MNOK 34. For similar reasons, the equity in Bring Express AS was also increased by MNOK 14 in July 2011.

The book value of the shares in Bring Warehousing AS was adjusted by MNOK 29 as a result of a group contribution from Post accounted for in 2011.

As a result of the book value of the shares exceeding the recoverable value of the companies, the shares of Bring Citymail Sweden AB and Bring Frigo Norge AS were written down by MNOK 88 and MNOK 50 respectively in 2011.

In 2011, Posten Norge AS has also purchased the two inactive companies Bring Frigo Holding AB and Posten Eiendom Skien AS.

Investments in associated companies

Group

Entity	Country/City	Ownership share	Book value 01.01.2011	Dividend 2011	Share of earnings 2011	Other adjustmentss	Book value 31.12.2011
EDB ErgoGroup ASA	**Oslo**	**40%**	**1 432**		**95**	**(21)**	**1 506**
Svensk Adressändring AB	**Sweden**	**15%**	**17**	**(3)**	**2**		**16**
AdressPoint AB	**Sweden**	**15%**	**3**				**3**
Materiallageret AS	**Spitsbergen**	**34%**	**7**		**1**		**8**
Euroterminal A/S	**Denmark**	**50%**	**4**				**4**
Other			**1**				**1**
Total			**1 465**	**(3)**	**98**	**(21)**	**1 538**

Posten Norge AS' stake in EDB ErgoGroup of 40% had a book value as at 31.12.2011 of MNOK 1 506 after the recognition of the share of profit after tax in 2011 of MNOK 95. In addition, the book value changed as a result of the Group's share of other income and expenses by MNOK -6 and by a direct entry to equity of MNOK -15. See note 24 Discontinued operations. The fair value according to market price at 31.12.2011 amounted to MNOK 1 043, but the value after the submission of the accounts has increased. The value in the balance is based on expectations about future developments in the company and Norway Post's strategic interest.

Summary of financial information of the individual associated companies (100% basis):

Entity	Assets	Liabilities	Equity	Revenues	Annual result

EDB ErgoGroup ASA	12 626	7 339	5 287	12 841	242
Svensk Adressändring AB	86	73	13	235	12
AdressPoint AB	8	4	4	10	2
Materiallageret AS	20	8	12	6	2
Euroterminal A/S	15	6	9	3	
Øvrige	5	3	2	15	
Totalt	12 759	7 433	5 326	13 110	259

Note 11 Interest-bearing non-current and current receivables

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
65	27	12	Other non-current receivables	13	29	67
1 719	2 108	2 006	oans to group companies			
1 784	2 135	2 018	Interest-bearing non-current receivables	13	29	67
		7	Repayments 2013	1		
		58	Repayments 2014			
		1 948	Repayments 2015	11		
		1	Repayments 2016			
		4	Thereafter	1		
		2 018	Interest-bearing non-current receivables	13		
74	627	347	Other current receivables	353	635	76
2 031	525	550	oans to group companies			
2 105	1 152	897	Interest-bearing current receivables	353	635	76

The first year's repayment of interest-bearing non-current receivables has been reclassified as interest-bearing current receivable. Advanced payment to deposit funds and premium funds in Vital accounted for MNOK 347 of other current receivables (MNOK 229 in 2010 and MNOK 71 in 2009).

In connection with the completion of the merger between EDB Business Partner ASA and ErgoGroup AS on 14.10.2010, a loan from Posten Norge AS to ErgoGroup og MNOK 1 400 was partly settled by the repayment of MNOK 1 000. The remaining MNOK 400 was classified under other current interest-bearing receivables in 2010 and was settled on 01.04.2011.

Insurance

The Group has secured significant parts of its operations and intangible assets through traditional insurance coverage. The Group insures its vehicles at the minimum allowable level. The Group is a self-insurer for comprehensive coverage.

The Group has directors' and officers' liability insurance coverage. The Group's employees are covered for injuries and death through personnel insurance coverage.

Note 12 Other non-current receivables

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
			Pension assets			1
4	4	3	**Receivables from employees**	4	5	5
47	2		**Non-current derivatives**		2	46
21	19	15	**Other non-current receivables**	21	31	89
72	25	18	**Other non-current receivables**	25	38	141

Receivables from employees consisted entirely of loans to employees with a repayment period of more than 12 months. These loans are interest-free and the employees' interest benefit is reported to the tax authorities.

Other non-current receivables in Posten Norge AS mainly consisted of rent deposits for various post offices, while in the subsidiaries there were pre-paid costs related to suppliers.

Note 13 Inventories

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
47	30	28	Acquisitions	38	34	69
(13)	(5)	(3)	Provisions for obsolescence	(6)	(7)	(17)
34	25	25	Inventories	32	27	52

The inventories mainly consist of postage stamps and other goods sold via the sales network. The cost of goods during the period for Posten Norge AS amounted to MNOK 59 (MNOK 85 in 2010 and MNOK 119 million in 2009). Write-downs for the period equalled MNOK 3 (MNOK 5 in 2010 and MNOK 13 in 2009). The cost of goods for the Group's subsidiaries totalled MNOK 10 (MNOK 4 in 2010 and MNOK 6 million in 2009).

Note 14 Interest-free current receivables

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
735	659	793	Accounts receivable	2 401	2 184	2 887
6	3	3	Receivables from employees	5	4	9
174	123	131	Receivables from group companies			
43	60	81	Prepaid expenses	200	181	306
8	7	6	Short-term derivatives	6	7	8
371	421	328	Accounts receivable	823	911	935
1 338	1 273	1 342	Interest-free current receivables	3 435	3 288	4 145
			Receivables by age:			
696	626	644	Current	1 915	1 806	2 307
38	27	137	0 - 30 days	418	290	422
2	5	8	30 - 60 days	47	44	57
3	4	3	60 - 90 days	18	33	28
9	6	13	Over 90 days	61	58	133
(12)	(9)	(12)	Provisions for bad debts	(58)	(47)	(60)
735	659	793	Total receivables	2 401	2 184	2 887
			Provisions for bad debts:			
29	12	9	As at 01 January	47	60	80
			Disposal of discontinued operations		(19)	
17	9	12	Provisions allocated during the year	21	26	38
(42)	(6)	(13)	Actual losses taken against provisions	(15)	(11)	(28)
8	(6)	3	Overfunded accrued in previous years	5	9	(28)
			Translation differences			(2)
12	9	12	As at 31 December 31.12	58	47	60
545	6	15	Total actual losses on bad debts	17	26	28
			Provisions for bad debts by:			
			Individual receivables	27	19	23
12	9	12	General provisions	31	27	38
12	9	12	Total	58	47	60

The book value of interest-free short-term receivables is approximately equal to these receivables' fair value due to the short periods left until maturity. The group has no significant credit risk relating to one individual contracting party, or several contracting parties, that can be regarded as one group due to similarities in credit risk. The Group has guidelines to ensure that sales are only made to customers that have not had any significant payment problems earlier on and that outstanding amounts do not exceed stipulated credit limits. There are no indications that customer receivables not yet due, or already provided for on the balance sheet date, cannot be collected.

Total actual losses on bad debts for the parent company in 2009 included MNOK 503 in losses on an inter-Group receivable from Bring Citymail AB related to the financing of Bring Citymail Denmark A/S. This receivable was previously classified as a long-term loan to subsidiaries.

Note 15 Liquid assets

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
1 034	833	938	**Cash and cash equivalents**	1 083	1 017	1 634
300	1 214	1 155	**Short-term investments**	1 155	1 215	300
1 334	2 047	2 093	**Liquid assets in the balance sheet**	2 238	2 232	1 934

Liquid assets are defined as cash and cash equivalents.

A considerable share of the cash and cash equivalents is linked to the need for liquid assets in the sales network. In accordance with the Cash holding agreement with DNB (formerly Postbanken), Posten Norge AS is obliged to have sufficient cash holdings at all times to serve the bank's customers. The cash holding was MNOK 250 as at 31.12.2011 and is calculated from a requirement to meet 95% of historic net withdrawal payments. The remuneration for these services is included in the operating revenues, while interest on the cash holding is recognised as financial income.

Posten Norge AS has obtained a bank guarantee with Nordea as security for advance tax payments of MNOK 479 for the employees and most subsidiaries also have their own tax payment guarantees with banks. The group has restricted funds with totalling MNOK 43.

Nordea has furnished a bank guarantee for Posten Norge AS in connection with the imposition by the European Supervisory Authority (ESA) of a fine of MEUR 12.89 (MNOK 100). Refer also to note 29. Other bank guarantees in the group amount to MNOK 35.

Guarantees furnished for Norway Post's subsidiaries from Nordea amounts to MNOK 145 and from Handelsbanken MNOK 5.

A corporate account system in Nordea is used in Norway, Sweden and Denmark with agreements stipulating Posten Norge AS as the group account holder. An equivalent agreement has been established for a small number of subsidiaries in Handelsbanken in Sweden. The banks can offset deductions and balances against each other so that the net position represents the outstanding balance between the bank and the group account holder. As of 31.12.2011, Posten Norge AS had unused credit facilities for the corporate account system in Nordea of MNOK 500 (Norway), MSEK 100 (Sweden) and MDKK 45 (Denmark). The unused credit facility in Handelsbanken was MSEK 100.

Note 16 Held for sale

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
	33		**Buildings held for sale**		128	35
37			**Shares held for sale**			
			Intangible assets held for sale			2
37	33		**Total assets held for sale**		128	37

The following assets were classified as held for sale as of 31.12.10 and sold/returned to fixed assets during 2011:

In 2010, it was decided that Posten Norge AS terminal in Molde and Bring Cargo's (formerly Bring Logistics) terminal in Kristiansand would be sold to release capital for other initiatives. The properties were reclassified as held for sale at MNOK 33 and MNOK 95 respectively. Bring Cargo sold the terminal in 2011 with a gain of MNOK 4.

In 2011 it was decided that the mail terminal in Molde should be developed for use in own business and it was therefore returned to fixed assets.

The Group has no assets classified as held for sale as at 31.12.2011.

The following assets were classified as held for sale in 2010 and sold during 2010:

In 2010, it was decided that the terminals in Hamar and Drammen would be sold and the properties were reclassified as held for sale in Posten Norge AS. The properties were sold in June 2010 for MNOK 195, giving a net gain of MNOK 45. Posten Norge AS has entered into lease agreements with the new owners of the terminals that were sold.

The following assets were classified as held for sale as at 31.12.09 and were sold/returned to fixed assets during 2010:

In 2009, it was decided that the wholly-owned subsidiary Posten Eiendom Espehaugen AS would not be used by Posten Norge AS. The shares in the company were reclassified as held for sale in Posten Norge AS and assets in the company were reclassified as separate held for sale entries in the Group accounts. The company was sold in February 2010 for MNOK 86. This produced a gain of MNOK 24 in the parent company and MNOK 25 in the Group.

Note 17 Equity

Posten Norge AS

	Majority interests					
	Share capital	Share premium account	Hedging reserve	Fair value reserve	Other equity	Total equity
Equity as at 01.01.2009	3 120	992	(78)	3	146	4 183
Cash-flow hedging			68			68
Translation differences					(54)	(54)
Change in policy for actuarial gains/losses					30	30
Other comprehensive income/(expenses)			68		(24)	44
Net income for the year for Posten Norge AS					(127)	(127)
Total comprehensive income			68		(151)	(83)
Equity as at 31.12.2009	3 120	992	(10)	3	(5)	4 100
Equity as at 01.01.2010	3 120	992	(10)	3	(5)	4 100
Cash-flow hedging			(8)			(8)
Change in policy for actuarial gains/losses					355	355
Other comprehensive income/(expenses)			(8)		355	347
Net income for the year for Posten Norge AS					801	801
Total comprehensive income			(8)		1 156	1 148
Equity as at 31.12.2010	3 120	992	(17)	3	1 151	5 248
Equity as at 01.01.2011	3 120	992	(17)	3	1 151	5 248
Cash-flow hedging			(16)			(16)
Change in policy for actuarial gains/losses					(82)	(82)
Other comprehensive income/(expenses)			(16)		(82)	(98)
Net income for the year for Posten Norge AS					291	291
Total comprehensive income/(expenses)			(16)		209	193
Dividend paid					(138)	(138)
Equity as at 31.12.2011	3 120	992	(33)	3	1 221	5 303

Disributable reserves:	2011	2010	2009
Other equity[1)]	1 221	1 151	(5)
Deferred tax asset	(339)	(347)	(772)
Disputable reserves before dividends	882	804	(777)

[1)]Other equity excluding other reserves

Majority interests

Group

	Share capital	Share premium account	Hedging reserve	Fair value reserve	Translation difference	Other equity	Total	Minority interests	Total equity
Equity as at 01.01.2009	3 120	992	(77)	3	106	376	4 519	7	4 526
Translation differences for the year					(114)		(114)		(114)
Cash-flow hedging			68				68		68
Change in policy for actuarial gains/losses						180	180		180
Other comprehensive income/(expenses)			68		(114)	180	134		134
Net income for the year for the Group						146	146	7	153
Total comprehensive income			68		(114)	326	280	7	287
Dividend paid						(2)	(2)	(6)	(8)
Other changes in equity						(2)	(2)	(8)	(10)
Equity as at 31.12.2009	3 120	992	(9)	3	(8)	698	4 795		4 795
Equity as at 01.01.2010	3 120	992	(9)	3	(8)	698	4 795		4 795
Translation differences for the year					71	(51)	21		21
Cash-flow hedging			(8)				(8)		(8)
Change in policy for actuarial gains/losses						331	331		331
Other comprehensive income/(expenses)			(8)		71	280	343		343
Net income for the year for the Group						282	282		282
Total comrehensive income			(8)		71	562	625		625
Dividend paid								(1)	(1)
Other changes in equity								(1)	(1)
Equity as at 31.12.2010	3 120	992	(17)	3	63	1 260	5 420	(2)	5 418
Equity as at 01.01.2011	3 120	992	(17)	3	63	1 260	5 420	(2)	5 418
Translation differences for the year					(1)		(1)		(1)
Cash-flow hedging:			(16)				(16)		(16)
Change in policy for actuarial gains/losses						(100)	(100)		(100)
Other comprehensive income associates						(6)	(6)		(6)
Other comprehensive income/(expenses)			(16)		(1)	(106)	(123)		(123)
Net income for the year for the Group						372	372	1	373
Total comprehensive income			(16)		(1)	266	249	1	250
Dividend paid						(138)	(138)	(1)	(139)
Other changes in equity						(12)	(12)		(12)
Equity as at 31.12.2011	3 120	992	(33)	3	62	1 376	5 520	(2)	5 517

As of 31.12.11 the share capital consisted of 3 120 000 shares each with a nominal value of NOK 1 000. The company's shares are owned entirely by the Norwegian state, represented by the Ministry of Transport and Communications.

The Norwegian Private Limited Companies Act requirements that dividends must not lead to an equity ratio of less than 10 per cent and that the company cannot distribute more than that which is compatible with prudent and generally accepted business practices have been complied with. No dividend was paid in 2010 or 2009. In 2011 MNOK 138 was paid in extraordinary dividend to the Ministry of Transport and Communications. It is proposed that a dividend of MNOK 186 is paid from this year's net income.

The minority interests' share of the equity as at 31.12.2011 totalled MNOK -2.0 (MNOK 2.0 in 2010 and MNOK 0.4 in 2009).

For more information about tax and tax effects, refer to note 7.

Note 18 Provisions for liabilities and charges

Posten Norge AS

	Restructuring	Severance pay	Pensions	Other	Total
Balance 01.01.2009	405	71	2 220	79	2 775
Provisions recorded during the year	328			4	332
Reversal of previous year's provisions	(167)	(5)			(172)
Effect of discounting	4	2			6
Provisions utilised during the year	(121)	(15)			(136)
Change in pension liabilities during the year			(74)		(74)
Transfer of provisions	(29)		29		
Balance 31.12.2009	419	53	2 175	83	2 730
Provisions recorded during the year	23	5		1	29
Reversal of previous year's provisions	(58)				(58)
Effect of discounting		3			3
Provisions utilised during the year	(244)	(14)			(258)
Change in pension liabilities during the year			(1 371)		(1 371)
Balance 31.12.2010	140	47	804	84	1 075
Provisions recorded during the year	11	1		4	16
Reversal of previous year's provisions	(13)				(13)
Effect of discounting		3			3
Provisions utilised during the year	(78)	(12)			(90)
Change in pension liabilities during the year			166		166
Balance 31.12.2011	60	39	970	88	1 157
Current part of the provisions	42	10			52
Non-current part of the provisions	18	29	970	88	1 106

Group

	Restructuring	Severance pay	Pensions	Other	Total
Balance 01.01.2009	462	71	2 800	128	3 461
Provisions recorded during the year	393			10	403
Reversal of previous year's provisions	(167)	(5)		(8)	(180)
Effect of discounting	4	2			6
Translation differences	(3)		(8)	(1)	(12)
Provisions utilised during the year	(178)	(15)		(8)	(201)
Change in pension liabilities during the year			(247)		(247)
Transfer of provisions	(29)		34		5
Balanse 31.12.2009	482	53	2 579	121	3 235
Reduction through sales of companies	(42)		(200)	(11)	(253)
Provisions recorded during the year	27	5		30	62
Reversal of previous year's provisions	(58)			(1)	(59)
Effect of discounting		3			3
Translation differences	3		4		7
Provisions utilised during the year	(265)	(14)		(3)	(282)
Change in pension liabilities during the year			(1 368)		(1 368)
Balance 31.12.2010	147	47	1 015	136	1 345

Reduction through sales of companies				**2**	**2**
Provisions recorded during the year	**18**	**1**		**32**	**53**
Reversal of previous year's provisions	**(15)**			**(5)**	**(20)**
Effect of discounting		**3**			**3**
Provisions utilised during the year	**(85)**	**(12)**		**(13)**	**(112)**
Change in pension liabilities during the year			**196**		**196**
Balance 31.12.2011	**65**	**39**	**1 211**	**152**	**1 467**
Current part of the provisions	**47**	**10**		**11**	**67**
Non-current part of the provisions	**18**	**29**	**1 211**	**141**	**1 400**

Restructuring

The parent company's provisions of MNOK 11 during the year were related to personnel initiatives.

Total provisions in the parent company as at 31.12.2011 were MNOK 60.This liability was split as follows:

Personnel initiatives MNOK 42
Rent for empty premises MNOK 18

It is expected that payments will be split into MNOK 42 in 2012 and MNOK 18 in later years. Restructuring costs are primarily connected to adjustments to the post office network and changes to the terminal structure in relation to the establishment of the new South-East Norway terminal at Robsrud.

In addition to Posten Norge AS, Group provisions totalled MNOK 5 as at 31.12.2011. These provisions were split as follows: MNOK 2 for personnel related measures, MNOK 1 for empty premises and MNOK 2 for other measures. It is expected that the whole provision will be paid in 2012.

Severance pay
Severance pay is payable to employees of the Norwegian state who have been made redundant, and is payable for the period until they obtain new employment. For employees of Posten Norge AS the scheme applies to redundancies made up to 31.12.2004 inclusive. When Posten Norge AS was established on 01.07.2002, the Norwegian state decided that the company itself would have to pay the severance pay costs relating to redundancies made between 01.07.2002 and 31.12.2004 inclusive. In 2011, the amount disbursed was MNOK 12 and provisions totalled MNOK 39 as at 31.12.2011.

The disbursements will take place up to 9 years into the future and depend on such factors as to what extent those receiving severance pay obtain new permanent or temporary jobs. There is therefore some uncertainty linked to the size of the provision, which has been determined on the basis of experience of such payments from 2003-2011. The provision is discounted.

Pensions
Pensions are described in further detail in note 3.

Other
New provisions in the Group in 2011 mainly related to loss contracts on premises in Bring Frigo AB. Long-term provisions for liabilities include NOK 13 million for cleaning-up obligations linked to the plot of land at Alnabru.

Note 19 Interest-bearing non-current and current liabilities

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
			Fixed interest rate loans			
1 298	898	898	Liabilities to credit institutions	898	898	1 298
		500	Bond Loans	500		
1 298	898	1 398	Total fixed interest rate loans	1 398	898	1 298
			Floating interest rate loans			
867	599	730	Liabilities to credit institutions	731	599	867
1 498			Bond Loans			1 498
11	7	2	Financial lease obligations	54	65	136
53	174	78	Other non-current liabilities	78	174	53
2 429	780	810	Total non-current floating interest rate liabilities	863	838	2 554
3 727	1 678	2 208	Interest-bearing non-current liabilities	2 261	1 736	3 852
		401	Repayments 2013	412		
			Repayments 2014	5		
			Repayments 2015	6		
		845	Repayments 2016	850		
		962	Thereafter	988		
		2 208	Non-current liabilities	2 261		
		898	Liabilities to credit institutions	898		
		64	Other non-current liabilities	90		
		962	Liabilities maturing after 5 years	988		
	2 058		First year repayments on non-current liabilities		2 058	
4	4	1	First year repayments on financial lease obligations	27	28	32
162		800	Liabilities to credit institutions	800		162
792	851	808	Debts to group companies			
	32		Other current liabilities	2	33	
958	2 945	1 609	Interest-bearing short-term liabilities	829	2 119	194

The effective interest rate on Posten Norge AS´s floating interest rate loan is 3.06%. The effective interest rate is a calculated, weighted average. As at 31.12.2011, fixed interest rate agreements had been entered into for loans of MNOK 1 398 at an average interest rate of 4.33%, valid until 2018 - 2020.

Debt to credit institutions in 2011 included a certificate loan of MNOK 800 (MNOK 162 in 2009). Certificate loans are classified as short-term debt as the loans usually have 3 months duration and are revolved depending on the needs for financing.

Liabilities linked to financial leases are reduced by regular payments of loan instalments. The weighted average effective interest rate on these loans was 4.6% for Posten Norge AS and 5.2% for the Group. Refer also to note 26.

Posten Norge AS had three private placement loans totalling MNOK 878 as at 31.12.2011; the most recent loan was taken out in September 2008. The value of the long-term private placement loans and associated interest/currency swaps is the estimated market value of the instruments.Posten Norge AS has an obligation to pay a fixed interest rate in JPY on the loans and, through the swaps, receives a fixed interest rate in JPY and pays a floating interest rate (3 months NIBOR) in NOK. The market values are calculated by the fixed cash flows in JPY being discounted by the current JPY interest-rate level and converted into NOK at the current exchange rate (JPY/NOK). Posten Norge AS utilises the 'fair value option' when recording these loans as the use of fair value of both debt and swap removes an inconsistency between the measurement of debt and swaps to insure the debt. Refer also to note 21. Other long term liabilities included interest/currency swaps linked to a private placement loan.

Posten Norge AS has in 2011 entered into new loan agreements totaling MNOK 1 324, of which MNOK 800 in certificate papers of 3 months and MNOK 500 in the Norwegian bond market due in 2016. Posten Norge AS did not enter into any new loan agreements in 2009 or 2010.

The fair value of long-term debt is estimated using interest terms for debt with corresponding terms and credit risk, and equates to book value. Financial debt is booked at amortised cost, which equates to actual value calculated as the present value of estimated cash flows utilising the interest rate applicable for equivalent debt on the balance-sheet date.

Note 20 Interest-free non-current and current liabilities

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
1 507	1 499	1 550	Provisions for payroll expenses and public charges	1 950	1 839	2 481
442	410	315	Provisions for accrued expenses	709	816	1 057
387	367	345	Prepaid revenues	388	399	578
262	296	272	Accounts payable	1 228	1 210	1 366
291	78	94	Debts to group companies			
307	110	52	Restructuring and severance pay, current	56	116	367
330	525	350	Other liabilities	531	791	811
3 526	3 285	2 978	Interest-free current liabilities	4 862	5 172	6 660
32		34	Non-current derivatives	34		32
70	5	1	Other interest-free non-current liabilities	1	5	70
101	5	35	Interest-free non-current liabilities	35	5	102

Other short-term liabilities in 2011 and 2010 in Posten Norge AS included a provision for the ESA fine of MNOK 100 (MEUR 12.89 that was imposed on Posten Norge AS in 2010. Refer to note 29. Other current liabilities in 2009 included provisions for the mandatory purchase of minority shares in subsidiaries that were formerly classified as other non-current liabilities.

Note 21 Financial instruments

Classification of financial assets and liabilities

Group

	Available for sale	Fair value through profit	Derivates utilised for hedging	Liabilities and Receivables	Other financial liabilities	Non-financial assets and liabilities	Total
Assets							
Intangible assets						3 270	3 270
Deferred tax asset						435	435
Tangible fixed assets						4 025	4 025
Investments in shares	4						4
Investments in associated companies						1 538	1 538
Interest-bearing non-current receivables				13			13
Other non-current receivables				25			25
Inventories						32	32
Interest-free current receivables			6	3 429			3 435
Interest-bearing current receivables				353			353
Liquid assets				2 238			2 238
Total assets	4		6	6 059		9 300	15 370
Liabilities							
Provisions for liabilities					1 400		1 400
Interest-bearing non-current liabilities		901	51		1 308		2 261
Interest-free non-current liabilities			34		1		35
Interest-bearing short-term liabilities					829		829
Interest-free current liabilities					4 862		4 862
Taxes payable					467		467
Total liabilities		901	85		8 866		9 852

1. "Available for sale" financial assets:

Posten Norge AS 2009	2010	2011		Group 2011	2010	2009
3	3	3	Investements in shares	4	5	5

Financial assets classified as available for sale are valued at their fair value. Refer also to note 10.

Posten Norge AS owns 25% of the shares in Fagernes Skysstasjon AS, a property company. The fair value of the shares is assessed at MNOK 3 based on a valuation of the company.

For other shares classified as held for sale in the Group totalling MNOK 1, fair value is estimated to equal cost price.

2. Fair value through profit or loss financial obligations:

Posten Norge has made use of the opportunity to utilise the “fair value option” (FVO) in the revised IAS 39 for loans with associated derivatives that have previously been recognised as a real value hedge.

Posten Norge has three loans which are classified as fair value through profit or loss under the 'fair value option' as at 31.12.2011. In 2003 and 2004, Posten Norge took out three long-term loans with three different Japanese annuity companies for JPY 6.4 billion, JPY 5.0 billion and JPY 3.0 billion. In 2008 Posten Norge entered into a new loan agreement for JPY 3.0 billion. These loans have fixed interest rates, so their value in NOK depends on exchange rate developments and changes to the Japanese and Norwegian long-term interest rate levels. At the same time these loan agreements were entered into, combined currency and interest-rate swap agreements were entered into which, combined with the loans, effectively provided loans in NOK with the interest rates set every third month. One of the loans for JPY 3.0 billion with related currency and interest rate swaps was repaid in 2011.

The values of the loans in NOK when the agreements were entered into were MNOK 400, MNOK 330 and MNOK 148 respectively - a total of MNOK 878. As at 31.12.2011, these loans were recognised at a total value of MNOK 564 (MNOK 806 as at 31.12.2010 and MNOK 1 014 million as at 31.12.2009) and the interest-rate and currency swap agreements were recognised at MNOK 314 (MNOK 257 as at 31.12.2010 and MNOK 49 as at 31.12.2009). The change in the swap agreements’ fair value in 2011 totalled MNOK 57 (MNOK 208 in 2010 and MNOK -241 in 2009). The total change in the fair value of the swap agreements since the implementation of IFRS on 01.01.2005 is MNOK 225.

Changes in interest rates or exchange rates that lead to changes in the value of the JPY loans measured in NOK are counteracted by changes in the value of the combined currency and interest rate swaps. Norway Post's credit risk is considered virtually unchanged during the year. The credit risk for the swap counterparty and the credit loan counterparty is considered approximately equal.

3. Derivatives:

Derivatives capitalised at their fair value as at 31 December

2011 Posten Norge AS			2011 Group	
Assets	**Liabilities**		**Assets**	**Liabilities**
		Cash-flow hedging		
	51	**Interest-rate swaps**		51
		Forward exchange contracts SEK 2)		34
(1)		**Forward exchange contracts EUR 3)**	(1)	
6		**Forward exchange contracts USD 3)**	6	
		Not hedged		
	34	**Forward exchange contracts SEK 2)**		
	314	**Combined interest-rate/currency swaps 1)**		314
	23	**Interest-rate swaps 1)**		23
6	422	**Total**	6	422

2010 Posten Norge AS			2010 Group	
Assets	**Liabilities**		**Assets**	**Liabilities**
		Cash-flow hedging		
	31	**Interest-rate swaps**		31
		Forward exchange contracts SEK 2)	2	
7		**Forward exchange contracts EUR 3)**	7	
		Fair value hedging		
	(5)	**Interest-rate swaps**		(5)
		Not hedged		
2		**Forward exchange contracts SEK 2)**		
	257	**Combined interest-rate/currency swaps 1)**		257

	15	Interest-rate swaps 1)		15
9	299	Total	9	299

2009 Posten Norge AS			2009 Group	
Assets	Liabilities		Assets	Liabilities
		Cash-flow hedging		
	21	Interest-rate swaps		21
		Forward exchange contracts SEK 2)	46	
8		Forward exchange contracts EUR 3)	8	
		Fair value hedging		
	(15)	Interest-rate swaps		(15)
		Not hedged		
46		Forward exchange contracts SEK 2)		
	49	Combined interest-rate/currency swaps 1)		49
	11	Interest-rate swaps 1)		11
55	66	Total	55	66

Total contractual amount (MNOK) for interest-rate swaps and forward contracts capitalised as at 31.12.11:

Group

	Remaining period			Total contractual amount		
	Less than 1 year	1 - 5 years	More than 5 years	2011	2010	2009
Cash-flow hedges						
Interest-rate swaps		1 250		1 250	1 150	1 150
Forward exchange contracts SEK 2)	1 188			1 188	1 222	2 149
Forward exchange contracts EUR 3)	13	7		20	165	239
Forward exchange contracts USD 3)	92	54		146		
Fair value hedges						
Interest-rate swaps					400	400
Not hedged						
Interest-rate /currency swaps1)		400	626	1 026	1 211	1 211
Total	1 293	1 711	626	3 630	4 148	5 149

1) Interest-rate/currency swaps linked to long-term loan agreements in which both the loans and derivatives are classified as 'fair value through profit or loss' - refer to the more detailed description in item 2.

2) Forward exchange contracts for hedging investments in foreign subsidiaries are only considered hedging for the Group and not for Posten Norge. See point 4 below

3) Forward exchange contracts for hedging costs in euro and US dollars on air freight

Cash flow hedges
Interest-rate hedges– non-current loans

After repaying a loan in Nordiske Investeringsbanken of MNOK 400 in 2011 (taken out in 2005), the Group has one loan with Nordiska Investeringsbanken (Nordic Investment Bank) for MNOK 750 (taken out in 2008) on which the interest is determined every six months. In order to ensure fixed interest-rate conditions, interest-rate swaps for MNOK 750 have been entered into so thatthe Group pays a fixed net interest rate on the hedged loan. The hedged loan and interest-rate swap have the same main conditions and the cash-flows are expected to continue until 2016. In 2011 MNOK 14 was taken through the income statement (MNOK 19 in 2010 and MNOK 12 in 2009).

Currency hedges – EUR revenues
Norway Post had revenues of approximately MEUR 33 for distributing post from abroad in 2011 (MEUR 29 in 2010 and MEUR 28 in 2009) and expects revenues of approximately MEUR 29 in 2012. Some of the exchange-rate risk is hedged by selling forward exchange contracts in euro. The change in value of forward exchange contracts that are effective hedging instruments is recognised in equity. The cash flows in the form of earned euro revenues are charged to the income statement each month. I 2011 MNOK 7 was transferred from equity to operating revenues as a reduction in income (MNOK 17 as a reduction in income in 2010 and MNOK 17 as an increase in income in 2009) due to realised euro revenues. In addition,MNOK 3 was transferred to the profit line Financial income (MNOK 1 in 2010 and MNOK 3 in 2009) due to exchange rate translation of the balance item. As at 31.12.2011 no sales forwards have been entered into as the Group's revenues in euro are mainly offset by costs in euro.

Currency hedging - air freight
Norway Post had costs of 9.2 mill US dollars and MEUR 0.9 in connection with air freight of mail. Estimated costs for 2012 are 15 million US dollars and MEUR 1.5. A part of the currency risk will be hedged by selling US dollar and euro forwards. The change in value of forward exchange contracts that are effective hedging instruments are recognised in equity. The cash flows in the form of accrued air freight costs in euro and US dollar affect the results monthly. In 2011, just under MNOK 0.1 was recognised in the profit statement line of cost of goods and services.

Bond Loans
Norway Post refinanced bond loans in 2011 equivalent to MNOK 1 500 with a smaller loan equivalent to MNOK 500 with floating conditions. Norway Post has entered into an interest rate swap from floating to fixed rate so that the entire loan was on fixed terms. Value changes in the interest rate swaps are recognized in the balance sheet until the loan matures in 2016. As at 31.12.2011 the recorded fair value of the interest rate swaps was a negative MNOK 15.

Fair value hedges
Bond Loans
Posten Norge AS issued bond loans to the equivalent of MNOK 1 500 in 2008 where MNOK 1 100 million was on floating terms and MNOK 400 was on fixed terms. Posten Norge entered into an interest-rate swap from fixed to floating interest so that the entire loan is on floating terms. The change in value for the interest-rate swap was recognised in the balance sheet. As a result of the loan being refinanced in 2011 there was no value recognised in the balance sheet as at 31.12.2011 (MNOK 5 as at 31.21.2010 and MNOK 15 as at 31.12.2009).

4. Hedges of investments in foreign entities:

	2011	2010	2009
Forward exchange contracts	1 188	1 222	2 149
Total	1 188	1 222	2 149

Since 2005 Posten Norge has used forward exchange contracts in Swedish kroner (SEK) to hedge investments in foreign subsidiaries. Posten Norge has entered into a total of MSEK 1 399 in revolving forward exchange contracts, of which MSEK 65 relates to Bring Express AB, MSEK 675 relates to Bring Frigoscandia AB, MSEK 60 relates to Bring Mail Nordic AB, MSEK 374 relates to Bring Cargo Sverige companies and MSEK 225 relates to CombiTrans AB. The decline from 2009 to 2010 mainly relates to hedging concerning one of ErgoGroup's subsidiaries in Sweden, SYSteam, which was sold out of the Group in 2010. The changes in the value of the instalments are offset in the Group against the translation differences from the investments recognised in equity until the investments are sold. Should the hedges be ineffective, the change in value is recognised in the income statement.

5. Hedging reserve in equity:

Movements in hedging reserves in equity (refer to note 17) split between interest-rate swaps and forward (exchange) contracts:

Group

	Interest-rate swap	Forward contracts	Total Hedging reserve
Balance 01.01.2009	20	(57)	(77)
Changes in value	(4)	73	69
Transfers to income statement	12	15	26
Associated deferred taxes	(2)	(25)	(27)
Balance 31.12.2009	(15)	6	(9)

Changes in value	**(29)**	**17**	**(12)**
Transfers to income statement	**19**	**(18)**	
Associated deferred taxes	**3**		**3**
Balance 31.12.2010	**(22)**	**5**	**(17)**
Changes in value	**(35)**	**8**	**(26)**
Transfers to income statement	**14**	**(10)**	**4**
Associated deferred taxes	**6**		**6**
Balance 31.12.2011	**(37)**	**4**	**(33)**

Of the total movement of MNOK -16 in the hedging reserve in 2011 (MNOK -8 in 2010 and MNOK 69 in 2009), all was related to Posten Norge AS.

Postive figures in the line Transfers to income statement in the table above mean that the relevant loss in equity is transferred to profit or loss for the period at the same time that the cash flow that constitutes the hedged item is recognised.

Note 22 Financial risk

Risk management in Norway Post
The basis of Norway Post's financial risk management is that the individual manager in the Group must have sufficient knowledge about all substantial financial risk within the manager's area of responsibility. Through defined processes, the handling of financial risks shall be reported in order to ensure that the responsibilities the Board of Directors and Management have in accordance with existing legislation and principles for good corporate governance are fulfilled. Every year a risk analysis assessment is completed to evaluate the Group's total risk. The analysis highlights corporate areas of risk and the measures that have been implemented in order to manage and control these risks.

Accountability: All managers are responsible within their area of responsibility and shall have complete insight and understanding of the risk picture at all times.

Risk reporting: The risk reporting in the Group shall ensure that all managers have necessary information about the level of risk and risk development. The Board receives a yearly risk analysis and a yearly analysis of corrective measures. The Board deals with the administration's assessment of total risks in the areas of strategic risk, financial risk, operational risk and corporate reputational risk.

Utilisation of risk information: Risk management is incorporated in Divisional management.

Proxies: There must be authority for the funding and investment framework. The general framework is decided by the Board and may be delegated within the organisation. Any further delegation shall be approved and monitored by an immediate superior.

Use of financial derivatives
Financial derivatives are agreements used to determine financial values through interest terms, currency exchange rates, and values of equity instruments for specific periods. Derivatives include swaps and fixed-price agreements (forward contracts). Norway Post utilises financial derivatives to handle market risks that arise due to the Group's regular operations, and to ensure the value in the balance sheet of foreign enterprises (translation differences). The Group's counterparties and issuers have low credit risk (see the table for credit risk below).

The following derivates are utilised by the Group for hedging purposes:

Futures: An agreement to purchase or sell foreign exchange in the future at a pre-determined price. Norway Post primarily uses currency futures to secure revenues in EUR and cost in US dellars and EUR and to secure investments in foreign currency.

Swaps: Transactions where two parties exchange cash flows for an agreed amount over an agreed period. The majority of swaps are tailor-made and trades occur outside an official exchange.

The most important forms of swaps utilised by Norway Post are:

Interest-rate swaps - exchange of cash flows for an agreed period where one party in the swap pays fixed interest and the other floating interest.

Currency swaps - an agreement between two parties to exchange one currency with another, with an agreement to exchange these back again at a future point in time at an agreed rate. The exchange rate is determined from the current spot rate and the interest rate difference between the two respective currency's countries

Combined interest-rate and currencyswaps - the parties exchange both currency and interest rate terms

Categories of risk
For risk management purposes Norway Post separates the following forms of risk:

Strategic risk is the risk of loss due to changes in external factors such as the economic situation or government regulations.

Financial risk includes among other factors:
- Credit risk: Risk of loss caused by a counterparty/customer who fails to fulfil its payment obligations to the Group. Credit risk concerns all financial assets from the counterparty/customer, mainly interest-bearing securities, but also responsibilities pursuant to other issued credits, guaranties, leasing, approved credits not utilised, as well as counterparty risk from derivatives and currency contracts.

- Financial market risk: Occurs due to the Group's open positions in currency, interest-rate, and energy instruments, and the risk is related to variations in earnings due to changes in market prices or exchange rates.

- Liquidity risk: The risk that the Group is unable to meet its financial obligations.

Operational risk: The risk of loss caused by process or system weaknesses or errors, errors committed by employees, or external events.

Corporate reputational risk: The risk of reduction in revenues and access to capital due to falling confidence and reputation in the market, with respect to customers, counterparties, owners or authorities.

Risk management is a specialist area in the Group that is continuously developing, and measurement methods and tools are constantly being improved.

Credit risk
Credit risk is the risk that a party to a financial instrument will cause a financial loss for the other party by not fulfilling its obligations. Responsibility pursuant to other issued credits, guarantees, interest-bearing securities, approved credits not utilised and counterparty risk occurring through derivatives and currency contracts also carries credit risk. Since the contracting party in a derivative trade is normally a bank, the credit risk relating to derivatives is considered slight. The financial turbulence in 2008 has resulted in the Group more often choosing counterparts with less credit risk. The table below shows the credit risk for the Group's most important business partners where all have an A- rating or better.

	Standard & Poor	Moody's
DnB NOR Bank ASA	A+	Aa3
Nordea Bank ASA	AA-	Aa2
Danske Bank	A	A2
WestLB AG	A-	A2
BNP Paribas Oslo Branch	AA	Aa2
Svenska Handelsbanken	AA-	Aa2
Commerzbank Europe (Ireland)	A	A2
Skandinaviske Enskilda Banken AB	A+	A1
Societe generale Oslo	A+	Aa2

Credit risk associated with financial assets:
The Group has no significant credit risk relating to one individual contracting party, or several contracting parties that can be regarded as one group due to similarities in credit risk. The Group has guidelines to ensure that sales are only made to customers that have not had any significant payment problems earlier on and that outstanding amounts do not exceed stipulated credit limits.

Since the Group has no financial assets outside the balance sheet, the maximum risk exposure is represented by the balance sheet value of the financial assets, including derivatives, in the balance sheet. The Group therefore regards its maximum risk exposure to be the balance sheet value of its accounts receivable and other current assets. Refer to note 14 for more detailed specifications of interest-free short-term receivables.

The Group does not guarantee third-party debt.

Credit risk linked to the Group's financial investements:

Risk classification:

	S&P Likelihood of annual default (percent)		External rating
Risk category	From	To	S&P
1. Theoretical risk	0,02	0,15	AAA - A-
2. Low risk	0,23	0,54	BBB+ - BBB-
3. Moderat risk	1,67	2,79	BB+ - BB-
4. High risk	3,67	14,69	BB+ - CCC+

Source: DnB Markets own Rating Scale for 2011

Participation distributed by risk groups:		
Total market based placement as at: :	1-2	3-4

31 December 2011	1 155
31 December 2010	1 215
31 December 2009	300

The market based placements consist of:

Interests Funds	2011	2010	2009
DNB Likviditet	112	405	100
Pareto Rentefond	510	405	100
Pareto Forvaltning	115		
Nordea Likviditet	417	404	100
Total Posten Norge AS	1 155	1 214	300
Nordea		1	
Total for the Group	1 155	1 215	300
Loss level (mill. kroner)	0,97		
Normalised losses including loss of interest as a percentage of loans	0,08		

Calculation of the level of loss is based on an assessment of the likelihood that losses will occur in the future (frequency of default). The maximum loss on Posten Norge's investments is calculated to be MNOK 1.0 given the counterparty´s credit risks.

Market risk

Market risk occurs due to the Group's open positions in currency, interest rate, and energy instruments. The risk is linked to variations in earnings due to changes in market prices or exchange rates.

Norway Post's objective is to secure the risk linked to both cash flows and the balance sheet (as a consequence of exchange rates and interest rate changes).

Currency:

The market risk is limited by reducing the effects of the exchange rate on revenues and in the balance sheet through the use of forward contracts.

	Exchange rate 01.01.2011	Average exchange rate 2011	Exchange rate 31.12.2011
Swedish kroner	0,8707	0,8634	0,8701
Danish kroner	1,0480	1,0460	1,0430
Euro	7,8125	7,7931	7,7540
British Pound Sterling	9,0680	8,9834	9,2829
US Dollar	5,8564	5,6059	5,9927

As the Norwegian krone (NOK) is the Group's presentational currency, Norway Post is exposed to translation risks linked to the Group's net investments. Norway Post enters into forward contracts to eliminate translation differences in the books on a monthly basis as much as possible. This is done by entering into forward contracts equal to the purchase sum, which revolve until there is a decision either to sell the acquired company, or to follow another strategy related to risk elimination, for example loans in foreign currency.

Norway Post utilises hedge accounting for the majority of hedges of future transactions, either cash flow hedging or value hedging. For example, Norway Post is a net importer of mail to Norway, which results in receivables against foreign postal operators in euro, US dollar and SDR. In addition, Norway Post has costs in euro and US dollar on air freight.

Outstanding currency futures linked to hedging of future cash flows and the sensitivity to fluctuations in foreign exchange rates +/- 20 % NOK:

MNOK	Purchase	Currency	Sales	Currency	Maturity	Equity effect change +/-

	currency	amount	currency	amount		20%*
Hedging of euro costs	EUR	3	NOK	20	15.08.2013	4
Hedging of US dollar costs	USD	25	NOK	146	15.08.2013	30
Hedging of investments in foreign units	NOK	1 188	SEK	1 399	2012	238

** Currency exchange rates as at 31.12.2011*

Fluctuations in foreign exchange rates will result in an equity effect in the Group financial statements for euro and US dollar income and an equity effect in the parent company financial statements for hedging of investments in foreign enterprises.

Interest rate:
Posten Norge's interest rate risk is mainly linked to the Group's debt portfolio. This type of risk is managed at the corporate level.

The Group's goal is that the interest costs shall follow the general development in the money market, but fixed interest rate loans and fixed rate agreements can be entered into to a certain degree when there is risk for abnormally high money market interest rates, and financial advantages can be expected from fixed interest rate terms.

As at 31.12.2011, 45% of the Group's interest bearing liabilities had an interest term of more than one year. As at 31.12.2011 Posten Norge AS had MNOK 1 398 in fixed interest rate loans. A change in the interest rate of +/- 1% on these loans would affect equity by a total of +/- MNOK 14.

The interest rate sensitivity (+/- 1%) linked to the net interest bearing debt (floating interest rate only) as at 31.12.2011 was MNOK 5 where net interest bearing debt with a floating interest rate was MNOK -546. Interest rate risk arises when there is an imbalance between interest bearing debt and interest bearing liquid assets, and where the average weighted time to maturity for assets and debt is unequal.

Intstrument and fixed interest distributed debt portfolio for floating interest rate debt:

MNOK		Next interest rate regulation	
2011	31.12.2011	0-3 months	3-6 months
Certificate loan	800	800	
Private Placement	730	730	
Bank loans/ other loans	162	162	
Gross interest-bearing liabilities (floating interest rate)	1 692	1 692	
Liquid assets	2 238	2 238	
Net interest-bearing liabilities (floating interest rate)	(546)	(546)	

MNOK		Next interest rate regulation	
2010	31.12.2010	0-3 months	3-6 months
Private Placement	915	915	
Bond Loans	1 500	1 500	
Bank loans/other loans	142	142	
Gross interest-bearing liabilities (floating interest rate)	2 557	2 557	
Liquid assets	2 232	2 232	
Net interest-bearing liabilities (floating interest rate)	325	325	

(mill. kroner)		Next interest rate regulation	
2009	31.12.2009	0-3 months	3-6 months
Certificate loan	162	81	81
Private Placement	915	915	

Bond Loans	1 498	1 498	
Bank loans/other loans	173	173	
Gross interest-bearing liabilities (floating interest rate)	2 748	2 667	81
Liquid assets	1 934	1 934	
Net interest-bearing liabilities (floating interest rate)	814	733	81

Inflation indexed interest rate swaps:

In 2006, Posten Norge AS entered into an inflation indexed interest rate exchange agreement of MNOK 1 000 to protect the Group's competitiveness by hedging against costs that are positively correlated to inflation. Under the agreement, Posten Norge AS receives the percentage change in the Norwegian consumer price index over the coupon period (annually) as well as a fixed spread of the inflation index in return for paying three months' NIBOR each quarter. The agreement has a duration of 10 years.

In 2009 MNOK 300 of the principal was cancelled through an agreement with the counterparty. In addition, agreements were entered into for the remaining NOK 700 million for the issue of real interest rate bonds providing cash flows approximately equal to the original agreement.

Liquidity risk (related to financial instruments):

To ensure the Group's financial freedom, there are defined goals for both liquidity and loan reserves. The liquidity reserve, consisting of bank deposits and unused credits, shall be a minimum of 15 per cent of the Group's operating revenues. The debt reserves consisting of unused credits less loans that expire within 360 days shall be a minimum of 10 per cent of the Group's operating revenues. Liquidity risk is the risk that the Group is unable meet its financial obligations when they mature, resulting in a default.

Maturity structure of the Group's loans/financial liabilities:

Balance 31.12.2011	Average interest rate	Year 1	Year 2 - 5	Over 5 years	Total
	3.70%				
Liabilities to credit institutions		800	540	775	2 115
Bond Loans			500		500
Financial derivatives			205	187	392
Financial leases		1	1		2
Total Posten Norge AS		801	1 246	962	3 009
Financial leases		26	27	27	80
Other interest-bearing liabilities		2			2
Total Group		829	1 273	988	3 090

The Group also has running fixed and floating contractually stipulated interest rate payments, cf. the Group's interest rate management principles which are explained in more detail in the sector on market risk/interest.

Balance 31.12.2010	Average interest rate	Year 1	Year 2 - 5	Over 5 years	Total
	3.53 %				
Liabilities to credit institutions		558	669	806	2 033
Bond Loans		1 500			1 500
Financial derivatives		32	61	135	228
Financial leases		4	7		11
Total Posten Norge AS		2 094	737	941	3 772
Financial leases		24	38	20	82
Other interest-bearing liabilities		1			1
Total Group		2 119	775	961	3 855

Balance 31.12.2009	Average interest rate	Year 1	Year 2 - 5	Over 5 years	Total
	4.12 %				
Liabilities to credit institutions		162	973	1 191	2 326
Bond Loans			1 498		1 498

Financial derivatives		17	37	54
Financial leases	4	11		15
Total Posten Norge AS	166	2 499	1 228	3 893
Financial leases	28	74	51	153
Total Group	194	2 573	1 279	4 046

As at 31.12.2011 the Group's EUR 300 million facility had not been used.

Managing capital

The Group has a goal to ensure maximum accessibility, flexibility, and return on the Group's liquid assets at the same time as limiting its credit risk. This is achieved by concentrating all available liquidity in the Group's corporate account system, and by having a conservative administrative profile with significant emphasis on liquid placements. The Group has centralised overall responsibility for liquidity management and measures that promote effective utilisation of the company´s capital. The Group has negotiated new terms on deposits in major banks with AA ratings. These terms are competitive in relation to money market funds. All subsidiaries should be affiliated to the Group's corporated account system so that they benefit from the negotiated terms.

The Group manages the capital structure where the objective is to have the financial strength to resist commercial changes. The Group has long term draw-down facilities which constitute a significant capital buffer against unexpected financial needs. The draw-down facilities have been taken up with a bank syndicate where all participants have an A- rating or better (see the table above), which also limits counterparty risk. In addition, the Group has diversified its sources of capital and currently has bonds, credit facilities, private placement with international lenders as well as bilateral agreements with Nordic financial institutions with adequate maturities. Subsidiaries are not permitted to raise external financing, but receive funding from the Group through bilateral long-term loans or overdraft facilities and short-term credit facilities within the corporate account systems of the Group.

The Group measures capital utilisation by using the liability ratio, which is net interest-bearing liabilities divided by equity. Net interest-bearing liabilities consist of interest-bearing short and long-term liabilities less liquid assets in the forms of cash, bank balances, and short-term placements. In addition, net interest-bearing liabilities divided by EBITDA is used to measure whether operating earnings are sufficient to service the Group's external debt. The goal is that net interest-bearing liabilities shall not exceed 3.5 times EBITDA. There were no changes to the Group's goals, principles or processes related to capital management during 2009, 2010 or 2011.

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
4 685	4 623	3 817	Interest-bearing debt	3 090	3 855	4 046
1 334	2 047	2 093	Interest-bearing liquid assets	2 238	2 232	1 934
3 351	2 576	1 724	Net debt[1)]	852	1 623	2 112
4 100	5 248	5 303	Total equity	5 517	5 418	4 795
0,8	0,5	0,3	Debt ratio	0,2	0,3	0,4
27,5 %	36,8%	38,7%	Share of equity	35,9%	34,3%	25,8%
753	1 316	1 414	EBITDA[1)]	1 748	1 638	1 463
4,5	2,0	1,2	Net debt / EBITDA	0,5	1,0	1,4

[1)] *Net debt and EBITDA for the Group for 2009 include both continued and discontinued operations*

Debt covenants

Norway Post has debt covenants. The company's biggest loan facility contains a clause stipulating that investments shall not increase the Group's net interest-bearing debt to more than 3.5 x EBITDA, where EBITDA is measured for a period of the last 12 months on the balance sheet day of each quarter. As at 31.12.2011 this was 0.5 x EBITDA (1.0 as at 31.12.2010 and 1.4 as at 31.12.2009).

Two loan agreements also include a covenant for a minimum of 25% equity. As at 31.12.2011 the equity ratio was 35.9 (34.3% as at 31.12.2010 and 25.8% as at 31.12.2009).

In addition the following covenants apply to the majority of loan agreements:

• Change of control covenant: 51% Government ownership.
• Ban on pledging assets (negative pledge).
• Cross default, default in one agreement leads to all agreements being deemed to be in default.

In the agreements with the Nordic Investment Bank there are also restrictions regarding entering into new financial lease transactions.

Breaching the terms of covenants results in a demand to repay all interest-bearing debt or potentially the renegotiation of loan agreements.

There are no restrictions on the annual regulation of the levels of debt covenants in the loan agreements. The level of the financial key figures in the covenants is followed up closely and reported to management on a regular basis.

Norway Post repaid loans totaling approximately MNOK 2 100 in 2011, of which MNOK 500 was refinanced in a new bond. This was primarily financed through the payment of a claim against EDB ErgoGroup. This has resulted in significant reduction in net debt for the Group and hence a lower financial risk. In addition, a syndicated credit facility of MEUR 500 which would have expired in 2012 was cancelled and replaced with a new credit facility with a 5 year term of MEUR 300. The group is still disciplined in the use of capital with only a few relatively small acquisitions which together with good results has led to a significant financial capacity to implement strategic investments.

Note 23 Fair value measurement

Measurements at fair value

The following methods and assumptions are used in calculating fair values of financial assets and liabilities:

Fair values of financial assets classified as "available for sale" are determined by the stock market price on the balance-sheet day, if they are listed. For unlisted assets the fair value is evaluated as not being significantly different from the historical cost.

Fair values of forward currency contracts are determined by utilising the forward rate at the balance sheet date. Fair values of currency swaps are determined by calculating the present value of future cash flows. For all derivatives, fair values are confirmed by the financial institution with which the company has made arrangements.

The following of the company's financial instruments have a fair value approximately equal to book value: Cash and cash equivalents, accounts receivable, other short-term receivables, other long-term interest-bearing liabilities, overdraft financing, parts of long-term liabilities, supplier liabilities and other short-term liabilities.

Capitalised values of cash, cash equivalents and overdraft financing are approximately equal to fair value as these instruments have short maturity. Capitalised values of accounts receivable and supplier liabilities are approximately equal to fair value since they also have short maturity.

Fair value of long-term liabilities is calculated using listed market prices, or interest rate terms for liabilities with an approximate maturity period and credit risk.

For financial assets and liabilities booked at amortised cost, fair value is approximately equal to amortised cost when it is calculated as the present value of estimated discounted cash flows using an interest rate from equivalent debt and assets on the balance sheet date.

Fair value of derivatives designated as hedging instruments is booked as other short-term receivables/other short-term debt, or other long-term receivables/other long-term debt depending on the maturity date of the corresponding hedged object.

Fair value hierarchy

The Group uses the following hierarchy to define fair value per valuation method:

Level 1: Listed prices (non-adjusted) in active markets for identical assets or liabilities.

Level 2: O ther input than listed prices included on level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices).

Level 3: Input for the asset or liability that is not based on observable market data.

As at 31.12.11 the Group had the following financial assets and liabilities measured at fair value:

Description	Fair value measuremenet per level			Total		
	Level 1	Level 2	Level 3	2011	2010	2009
Assets measured at fair value						
Available for sale assets:						
Other investments in shares			4	4	5	5
Derivatives designated as hedging instruments:						
Cash flow hedging		6		6	9	9
Total		6	4	10	14	14
Liabilities valued at fair value						
Financial obligations valued at fair value through profit or loss:						
Loans		564		564	806	1 014

Derivatives designated as hedging instruments:					
Cash flow hedging	**85**		**85**	**31**	**21**
Fair value hedging				**(5)**	**(15)**
Derivatives not designated as hedging instruments:					
Not hedged	**337**		**337**	**272**	**60**
Total	**986**		**986**	**1 104**	**1 080**

No financial assets have been re-classified in such a way that the valuation method has been changed from amortised cost to actual cost, or vice versa. There were no transfers between level 1 and level 2 fair value measurements in 2011, and no recording of financial assets in or out of level 3.

Note 24 Discontinued operations

The merger between Posten Norge's wholly-owned subsidiary ErgoGroup AS and EDB Business Partner ASA was completed on 14.10.2010 and recognised in the accounts as of 30.09.2010, resulting in a loss to the Group of MNOK 817. The combined company is a leading Nordic IT company which has capacity to increase organic growth and provide the financial strength to be able to exploit strategic and structural opportunities. Posten Norge had a stake of 40% in the merged company EDB ErgoGroup ASA as at 31.12.2011.

For accounting purposes, Posten Norge's ownership interest in the combined company is treated as an associated company. The value in the balance as at 31.12.2011 amounted to MNOK 1 506 after recognition of the share of net income in 2011 of MNOK 95. In addition, the value changed as a result of the Group's share of other income and expense recognised directly in equity of MNOK -6 and a direct recognition in equity of MNOK -15.

In connection with the merger a shareholder agreement was entered into between Posten Norge and Telenor, as the other major owner of the combined company. In accordance with the agreement Posten Norge's ownership stake was to be reduced to 40% over a two-year period, which was carried out in November 2010. In addition the agreement contains restrictions with regard to the transfer of shares to third parties for a two-year period without the approval of the other party. Following the end of the two-year period a party can initiate processes to evaluate alternative ownership models and the industrial development of the company, which after a minimum of five years from the time of the merger can result in the other party having to participate in a transaction that is also supported by the Board of Directors and the majority of the other shareholders. The parties have also agreed that both are to be represented on the Board, in line with market practice and Norwegian law.

In connection with the completion of the merger a long-term loan from Posten Norge AS to ErgoGroup of approximately MNOK 1 400 was partly settled with the repayment of MNOK 1 000. The conditions for the remaining MNOK 400 of the loan were renegotiated and the loan was repaid in 2011. See note 11.

The contents of the line Profit after tax from discontinued operations in the Group's comparative figures

	2010[1)]	2009
Operating revenues	3 772	5 214
Earnings before interest and taxes (EBIT)[2)]	229	239
Earnings before tax ErgoGroup	192	176
Taxes	54	43
Post-tax profit ErgoGroup	138	132
Losses from ErgoGroup merger	(817)	
Transaction costs	(8)	
Income after taxes from discontinued operations	(686)	132

[1)] Post-tax profits for ErgoGroup in 2010 apply to the period 01.01.2010 - 30.09.2010
[2)] EBIT for 2010 deviates from ErgoGroup's reported figures as a result of the different methods of recording a provision for restructuring.

Balance sheet for discontinued operations / ErgoGroup:

A summary of ErgoGroup's outgoing balance sheet as at 30.09.2010 is shown in note 27:

Net cash flows related to ErgoGroup:	2010 [1)]	2009
Provided by the year's operations	374	415
Net cash flow from operational activities	119	474

Net cash flow from investing activities	**(212)**	**(200)**
Net cash flow from financing activities	**(206)**	**(152)**
Total change in cash and cash equivalents	**(299)**	**123**
Cash and cash equivalents at start of period	**644**	**521**
Cash and cash equivalents at end of period	**345**	**644**

1) *Net cash flows for ErgoGroup in 2010 apply to the period 01.01.2010 - 30.09.2010*

Note 25 Guarantees/Mortgages

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
430	261	400	**Guarantees for Group companies' liabilities**	400	261	430
180	180	15	**Commercial guarantees**	15	180	180
230	313	147	**Other guarantees**	216	369	282
840	754	562	**Total guarantees**	631	810	892

The increase in guarantees for Group companies' liabilities was mainly due to guarantees regarding pension obligations of Bring Frigo AB in Sweden and that the guarantees for subsidiaries' leasing of trucks have increased.

Commercial guarantees consists of a guarantee to DNB in connection with banking services in the Post in Shops. After a reorganisation, this decreased from MNOK 180 to MNOK 15.

Other guarantees are essentially guarantees for EDB ErgoGroup.

Some of Norway Post's loan agreements contain a negative pledge clause and require the Group to maintain defined levels of financial key figures. The Group was at the end of the year within these levels. See Note 22 Financial risk.

No Group subsidiaries have pledged property as collateral.

Note 26 Leases

1. Lessee
1.1 Finance lease agreements

Posten Norge AS 2009	2010	2011		Group 2011	2010	2009
			Book value of continued operations			
68	68	20	Buildings	49	97	97
			Machinery, equipment and vehicles	136	117	121
68	68	20	Gross book value	185	214	218
36	37	39	Accumulated depreciation 1 January	107	85	78
		(31)	Depreciation - disposals	(33)	(1)	(20)
2	2	8	Depreciation and write-downs during the year	26	22	27
31	29	4	Net book value	85	108	133
15	11	2	Commitments, buildings	29	38	44
			Commitments, machinery, equipment and vehicles	52	51	80

Overview of future minimum rents:

Posten Norge AS 2009	2010	2011		Group 2011	2010	2009
		1	Within 1 year	27		
		1	1 to 5 years	35		
			After 5 years	25		
		3	Future minimum rents	86		
		7.2%	Interest rate	6.0%		
		3	Present value of future minimum rents	71		
			Of which:			
		1	Non-current liabilities	46		
		1	Current liabilities	25		

Properties are classified as buildings and other property, while associated liabilities are classified as interest-bearing long-term liabilities. The first year's repayments have been reclassified as interest-bearing short-term liabilities. Refer to note 19.

Posten Norge AS has a financial lease for the Odda Postgård building. The lease agreement was entered into on 01.10.1992 and expires in October 2013. Posten Norge AS has the right to extend the lease agreement on a rolling 12 month basis. In the event of moving out at the end of the contract term or later a mutual notice period of one year applies. The contract is deemed to be renewed unless terminated in this way. Posten Norge AS had in 2010 a financial lease for Skien Post Terminal, which was bought out in May 2011.

Posten Eiendom Robsrud AS has a financial lease for a thermal energy facility that runs until 30 June 2024. The Group's other financial leases relate to Bring Cargo AS and CombiTrans AB, and relate mainly to vehicles. The longest lease for vehicles expires in December 2018.

1.2 O**perating leases**

Posten Norge AS 2009	2010	2011		Group 2011	2010	2009

223	218	240	Ordinary lease payment for vehicles	389	344	340
749	828	765	Ordinary lease payment for buildings	943	1 045	1 065
			Ordinary lease payment for computer equipment	3	3	2
8	6	8	Ordinary lease payment - other	92	170	138
(12)	(8)	(5)	Subletting income	(54)	(60)	(65)
968	1 044	1 009	Total rents paid	1 373	1 502	1480

Future minimum lease payments linked to non-cancellable leases fall due as follows:

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
		904	Within 1 year	1 210		
		1 531	1 to 5 years	2 106		
		1 767	After 5 years	1 912		
		4 201	Total	5 229		

Posten Norge AS has entered into around 1,400 leases for various types of property, including offices and sorting premises, terminals, Post Offices, parking facilities, etc. These leases expire between 2011-2026. Posten Norge AS is entitled to extend the lease period when the lease expires on most leases.

The most significant leases for Posten Norge AS relate to the South-East Norway terminal at Robsrud, and the “Posthuset” head office at Biskop Gunnerusgate 14A.

The lease period for the “Posthuset” building at Biskop Gunnerusgate 14 A in Oslo is 15 years from 01.03.2003, with specific extension clauses. The costs relating to common areas and energy costs are variable and are divided according to a formula that is based on the floor space rented. The rent is index-linked on an annual basis. Posten Norge AS has an operational lease with Posten Eiendom Robsrud AS for the South-East Norway terminal at Robsrud. The lease term is 17 years with effect from 01.12.2009. Posten Norge AS has also entered into operational leases for Stavanger post terminal and Trondheim post terminal with Posten Eiendom Storbyer AS, and for Postens godssenter with Posten Eiendom Alnabru AS. The lease term for Stavanger post terminal, Trondheim post terminal and Postens godssenter is 5 years with the option to extend for a further 3 years. Lease agreements cannot be terminated during the lease term. The tenant is responsible for running the building and covering all the costs related to this. The rent is index-linked on an annual basis. Posten Norge AS has also had lease agreements with Posten Eiendom Alnabru AS for Postens verksteder and Transportsenter Oslo, and these expired with effect from 01.01.2011. In June 2007 a lease agreement was entered into with Bergerterminalen AS with takeover on 01.01.2010. The lease term is 20 years from takeover.

In June 2009, a new agreement was entered into with LeasePlan Norge AS for the lease and operation of all types of vehicles. The agreement runs until 30.09.2012, with the option to extend for a further 1+1 years. Normally, the contract period for each vehicle will be two to five years. Norway Post is not entitled or obliged to extend the lease period, or to buy the vehicle when the lease expires. A total of 5,035 vehicles and 140 trailers were leased at the end of 2011.

In connection with part of Bring Cargo AS' operations being moved to Posten Norge AS from 01.01.2012 Posten Norge AS took over future operating lease obligations totaling MNOK 210 which are included in the summary of future minimum lease payments for non-cancellable leases. See also note 29.

There is no provision for restructuring costs in the Group for the vacating of premises in 2011. Refer to note 5.

Bring Linehaul AS has lease agreements with Cargonet AS and TX Logistik AG for the lease of train space that run until 31.12.2012.

Of the remaining lease agreements in the Group the most significant agreements relate to premises leased for Bring Frigo AB, Bring Frigo Norge AS, Bring Cargo AS and Bring Citymail Sweden AB. The longest lease expires on 01.12.2026.

2. Lessor

The group has some operational leases linked to parts of buildings which it rents out. The group’s rental income from leased buildings totalled MNOK 24 million (MNOK 30 in 2010 and MNOK 38 million in 2009).

Note 27 Changes to the group structure

Acquisition of companies

The following companies and businesses were acquired in 2011. (Does not include new company formations, capital increases or other funding from Posten Norge AS)

Company/business	Recognised in the accounts	Ownership share	Activity	Income before taxes in 2011
Coldspeds cold storage operation	01.05.2011		Cold storage	5
IntertranspedIA AB	01.10.2011	100%	Transport	11
Toms Transport & Budservice AS	01.12.2011	100%	Express	9
Toms Transport & Budservice Trondheim AS	01.12.2011	100%	Express	1
Bergen Container & Trailer Transport AS	01.12.2011	100%	Transport	(1)
Total i ncome before taxes				25

Sale of companies

The following companies and businesses were sold or discontinued in 2011 .

Company/business	Recognised in the accounts	Ownership share	Activity
Bring Eesti OU	01.04.2011	50%	Express
Transportsentralen Rogaland AS	15.10.2011	100%	Transport

Overview of allocation of cost of aquisitions during the year

The total fair value of identifiable assets, liabilities and contingent liabilities of the acquired companies is as follows

	Segment Logistics / Group 2011	2009[1)]
Goodwill	10	
Other intangible assets	16	3
Deferred tax asset	3	
Tangible fixed assets	58	1
Other non-current receivables	1	
Total fixed assets	88	4
Current receivables, interest-free	45	4
Inventories	1	
Liquid assets	20	1

Total current assets	**66**	**5**
Total assets	**154**	**10**
Deferred tax	**6**	
Interest-free non-current liabilities	**11**	
Interest-free current liabilities	**47**	**3**
Taxes payable	**4**	**1**
Total liabilities	**69**	**4**
Net identifiable assets	**85**	**6**
Goodwill	**94**	**20**
Total purchase price	**179**	**26**
Cash paid	**172**	**21**
Accrued as at 31.12.	**7**	
Other [2]		**5**
Total purchase price	**179**	**26**
Cash paid	**(172)**	**(21)**
Cash received at time of purchase	**20**	**1**
Net cash effect at time of purchase	**(153)**	**(19)**

[1] There were no aquistions in 2010. All aquisitions in 2009 related to the IT segment which is now classified as discontinued operations.
[2] Other in 2009 was related to ErgoGroups increased ownership of the Indian IT company, ION Solutions. The company went from an associated company with a capitalised value of MNOK 5 to a subsidiary.

Overview of sales/discontinued operations and profit/loss during the year

Sales and liquidations in 2011 are not included in the table below as the effect on the consolidated balance sheet was insignificant. Total book value per segment at the time of sale was as follows:

	2010 [1]	2009 [1]
Goodwill	**2 697**	
Other intangible assets	**172**	
Deferred tax asset	**57**	
Tangible fixed assets	**406**	
Financial assets	**33**	**1**
Total fixed assets	**3 365**	**1**
Current receivables, interest-free	**1 268**	**5**
Current receivables, interest-bearing	**117**	
Inventories	**14**	
Liquid assets	**231**	**31**
Total current assets	**1 630**	**36**

Total assets	**4 995**	**37**
Total provisions for obligations	**127**	**5**
Interest-bearing non-current liabilities	**1 355**	
Interest-free non-current liabilities	**1**	**2**
Total non-current liabilities	**1 483**	**2**
Interest-bearing current liabilities	**103**	
Interest-free current liabilities	**1 147**	**11**
Total current liabilities	**1 250**	**11**
Total liabilities	**2 734**	**18**
Net identifiable assets	**2 261**	**19**
Goodwill		**2**
Other [2)]	**(75)**	**(10)**
Profit / (loss) on sale	**(782)**	**30**
Total sales price	**1 404**	**42**
Cash received upon disposal	**89**	**38**
Other [2)]	**18**	**4**
Shares received	**1 297**	
Total sales price	**1 404**	**42**
Cash received upon disposal	**89**	**38**
Cash disbursed at time of sale	**(231)**	**(31)**
Net cash effect at time of sale	**(142)**	**6**

[1)] The majority of sales in 2010 and all sales in 2009 related to the IT segment which is now classified as discontinued operations.
[2)] Other in 2010 relates to hedging effects and transaction costs for IT and settlement from sales to external parties for Mail. In 2009 this relates to the buy-out of minority shareholdings.

Acquisitions/mergers and new company formations in 2010

When accounting for acquisitions the identifiable assets and liabilities are booked at fair value on the transaction date. Added value of purchases that can not be allocated to identifiable assets is booked as goodwill in the balance sheet. The group's acquisitions in 2011 resulted in total goodwill in the balance sheet of MNOK 104 (MNOK 0 in 2010 and MNOK 20 in 2009). See Note 8 for assessment of the carrying value of goodwill.

Some intangible assets such as employees' skills (know-how), expected synergies and non-contractual related customer relationships, which involve a cost, but are not separable and / or fair value can not be reliably measured, are recognised as goodwill.

Logistics

Bring Frigo AB acquired Coldspeds cold storage business in Sweden with accounting effect from 01.05.2011. The acquisition concerned the facilities in Ørebro, Jordbro, Kalmar, Kristianstad, Esløv and Malmø. The business had sales in 2010 of MSEK 84 and approximately 60 employees. The acquisition strengthened the position of Bring as a complete operator of the logistics for the food industry and increased Bring Frigo's geographic presence to get closer to customers' production facilities. In addition, storage and transportation are effectively related and customers are offered one point of contact for all logistics related to the food industry. The acquisition resulted in a recognition of values related to customer contracts of MSEK 18.

CombiTrans AB aquired IntertranspedIA AB with its wholly-owned subsidiary Ytrans AB with effect from 01.10.2011. The company conducts international groupage, part and full load services to Central and Eastern Europe as well as Turkey. The company has offices in Ystad and had sales in 2011 of MSEK 183 and around 20 employees. The acquisition is part of the Group's strategic focus on Sweden and means strengthening the Group's position in cross-border transportation to and from Scandinavia. The companies will in the course of first half of 2012 be integrated with the business of CombiTrans and co-located in Ystad to secure the group a strengthened logistics services for Swedish industrial customers. The acquisition resulted in the recognition of goodwill totalling MNOK 56.

Bring Express Norge AS bought the two companies Toms Transport & Budservice AS and Toms Transport & Budservice Trondheim AS with effect from 01.12.2011. The companies have their strengths in distribution, messenger service and truck service, and through the acquisition, Bring Express will strengthen its product portfolio and capacity. The acquisitions resulted in the recognition of goodwill totalling MNOK 40. There is an agreement for additional consideration for the shares related to the achievement of operating profit for 2011. The company has offices in Oslo and Trondheim, a turnover in 2011 totalling MNOK 69 and around 19 employees.

Bring Linehaul AS bought the company Bergen Container & Trailer Transport AS with effect from 01.12.2011. The company, based in Bergen, has been a close collaborator with Bring since its foundation 10 years ago. The purpose of the acquisition is to provide even better solutions in the market by contracting personnel and coordinating materials optimally. The acquisition resulted in the capitalisation of goodwill of MNOK 8. There is an agreement for additional consideration for the shares related to the achievement of operating profit for the period 2012-2014. The company had a turnover of MNOK 76 in 2011 and had about 32 employees.

Bring Eiendom Haugesund AS, which will operate as an investor in and developer of real estate, was founded by Bring Cargo AS in July 2011 with a share capital of MNOK 1. In addition, Bring Mail Nordic AS was founded in August as a subsidiary of Bring Mail Nordic AB, with a share capital of MNOK 0.1.

Sales and liqudations in 2011

Bring Eesti Ou, an associated company in Bring Express, was sold in April 2011 as it was outside the Group's business area.

Transportsentralen Rogaland AS, which was part of Bring Frigo in Norway, was discontinued in October 2011 as part of the efficiency of operations.

Other changes to the Group s structure 2011

In order to simplify the group structure Posten Norge AS's wholly-owned subsidiary, Bring Logistics Linehaul AS was merged with another wholly-owned subsidiary, Bring Logistics Nettlast AS, and was renamed Bring Linehaul AS.

In order to simplify the group structure in Bring Express, the operations in Bring Express AS Norge Filial (branch) were transferred to a Swedish limited liability company, Bring Express AB, which was established with effect from 01.01.2012. The termination of the branch had effect as of 31.12.2011. The new company is owned entirely by Bring Express AS.

The subsidiary Bring Logistics Sverige AB was merged into CombiTrans AB in May 2011 as part of the simplification of the structure of CombiTrans.

Pro forma figures in connection with the aquistions - by segment (unaudited figures)

The table below shows operating revenues and net profit before tax as they would have been if companies and organisations acquired during the year had been aquired at the beginning of the period.

2011	Mail	Logistics	Other 1)	Group
Operating revenues	10 607	14 248	(1 873)	22 981
Pro forma operating revenues	10 607	14 500	(1 873)	23 233
Net profit before tax	836	66	(102)	800
Pro forma net profit before tax	836	81	(102)	815

1) "Other" is non-allocated costs related to owner-functions and eliminations between the segments.

Note 28 Transactions with related parties

The group has had a number of transactions with related parties. All transactions were carried out as part of the ordinary operations and at arm's length prices. The most significant transactions were as follows:

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
			Purchases of goods and services from:			
164	56	171	Subsidiaries			
574	727	797	Associated companies	836	769	657
			Other			54
			Sales of goods and services to:			
655	720	786	Subsidiaries			
27	40	129	Associated companies	160	69	56
2			Other			18
			Leases of property from:			
100	228	229	Subsidiaries		1	3
1		1	Associated companies	3	1	1
1	1		Other			
			Leases of property to:			
3	3	3	Subsidiaries			

The balance sheet includes the following amounts as a result of transactions with related parties:

Posten Norge AS				Group		
2009	2010	2011		2011	2010	2009
111	109	104	Accounts receivable	11	7	6
3 812	3 054	2 591	Other receivables		400	1
86	117	88	Accounts payable	62	99	7
995	967	872	Other payables		58	
2 842	2 079	1 735	Net	(51)	250	
			Loans to related parties:			
		400	As at 01.01	400		
	400		New loans during the year		400	
		(400)	Repayments during the year	(400)		
	400		Balance sheet at 31.12		400	

Loans to related parties:
In connection with the completion of the merger between EDB Business Partner ASA and ErgoGroup AS on 14.10.2010 a long-tem loan from Posten Norge AS to ErgoGroup of MNOK 1 400 was partly settled with the repayment of MNOK 1 000. The remaining loan of MNOK 400 was redeemed on 01.04.2011. Refer also to note 11.

Remuneration to the board and management
For remuneration to the board and management, refer to note 2.

Loans to employees
For loans to employees, refer to note 12 and note 14.

Note 29 Other matters

Events after balance sheet day

In order to achieve economies of scale and ensure competitiveness in an increasingly difficult market Norway Post has merged the production of goods in the subsidiary Bring Cargo AS with Posten Norge AS's package production from 01.01.2012.
The merger meant that about 600 employees in the terminal operations in the subsidiary Bring Cargo AS were transferred to the parent company.

Significant transactions
Acquistions, transfer and sale of companies

Norway Post has further strengthened its position in the Nordic logistics market in 2011 through the acquisition of the Swedish cold storage operations Coldsped, the Swedish logistics companies IntertranspedIA AB and Ytrans AB and the Norwegian companies Bergen Container & Trailer Transport AS and Toms Transport & Budservice AS.

In order to simplify the group structure in Bring Express, the operations in Bring Express AS Norge Filial (branch) were transferred to a Swedish limited liability company, Bring Express AB, which was established with effect from 01.01.2012. The termination of the branch had effect as at 31.12.2011. The new company is owned entirely by Bring Express AS. The subsidiary Bring Logistics Sverige AB was merged into CombiTrans AB in May 2011 as part of the simplification of the structure of CombiTrans. In August, Bring Logistics Linehaul AS was merged with Bring Logistics Nettlast AS, and the merged company was renamed Bring Linehaul AS.

Refer to note 27 for further information.

Eiendom Espehaugen AS was sold resulting in a gain of MNOK 25 for the Group. In July 2010, Bring Cargo (formerly Bring Logistics) sold the property company Breivika Industriveg 33 AS at a gain of MNOK 10.

Norway Post completed the merger between the wholly-owned subsidiary ErgoGroup AS and EDB Business Partner ASA which was recognised in the accounts as of 30.09.2010. The merger resulted in a loss to the Group of MNOK 817. Posten Norge AS's ownership stake in the combined company as at 31.12.2011 was 40% which is in line with the shareholder agreement entered into with Telenor, the other major owner. Refer to note 24 for further details.

The mail terminals in Drammen and Hamar were sold in 2010 with a combined net gain of MNOK 10. The terminals in Kristiansand, Stokke, Sarpsborg and Tromsø were sold in January 2009 with a combined gain of NOK 18 million. The terminal in Vestfold owned through Bring Logistics' subsidiary Nor-Cargo Eiendom AS, was sold in February 2009 at book value. Posten Norge AS has entered into lease agreements with the new owners of the terminals that were sold.

Restructuring provisions
In 2011, the Group made a total provision of MNOK 18 for restructuring and reversed provisions from previous years by MNOK 15. Provisions in 2011 were mainly related to efficiency measures and changes to the terminal structure.

South-East Norway terminal at Robsrud
The South-East Norway terminal was completed on 01.12.2009 and operations began in 2010. Production from the letter terminals in Oslo, Drammen and Hamar were transferred to Robsrud during 2010 and 2011. Posten Norge has invested a total of BNOK 2.5 in land, buildings and advanced equipment.

Significant payments to/from the owner
In 2011, the Norwegian government paid out MNOK 345 in government procurements of commercially unprofitable services (MNOK 497 in 2010 and MNOK 518 in 2009). For more details see under regulatory factors.

Regulatory factors
Posten Norge AS licence
In accordance with §4 of the Postal Act the Ministry of Transport and Communication has granted Posten Norge AS a licence to offer mandatory postal services as a monopoly. The licence gives Posten Norge AS the exclusive right to manage sealed and addressed letter mail within a specific weight and price range. As of 1 January 2006 the range is from 50 grams and 2.5 times the basic price for domestic priority mail. At the same time the licence also entails that Posten Norge AS must carry out socially defined duties in the form of requirements to the services offered as well as requirements for cost-based prices and geographical unit postage charges within the monopoly.

The socially defined duties cover:

- Available product requirements (statutory postal services and basic banking services)
- Requirement for the availability of the statutory postal services
- Delivery time requirements

- Requirement for cost-based prices and geographical unit postage charges within the monopoly

In point 4.2 of the licence it is proposed that Posten Norge AS 's extra costs related to the socially defined duties are covered by the monopoly profits from the monopoly services and government procurements granted through the fiscal budget. In 2008 no funds were granted for government procurements. With effect from 2009 the annual grant of funds in advance for government procurements is adjusted the following year based on a recalculation of requirements in connection with the product accounts for the licence. This arrangement shall prevent overcompensation. After adjustment for recalculation government procurements for 2009 were MNOK 211 and MNOK 116 for 2010. In the 2011 fiscal budget MNOK 345 was allocated in advance and MNOK 89 in the 2012 fiscal budget.

The licence stipulates that Posten Norge AS must document that there are no illegal cross subsidies between the monopoly services and the services that are subject to competition. This documentation is to be submitted to the Norwegian Post and Telecommunications Authority in the form of separate product accounts. The auditor conducts annual audits in accordance with the licence. The product accounts for 2011 will be presented at the latest three months after the financial statements for 2011 have been approved.

The Ministry of Transport and Communication has extended Posten Norge AS's licence from its original expiry date of 31.12.2010 until 31.12.2012.

EU's Postal Directive

The EU's Postal Directive includes the stipulation of certain minimum requirements for mandatory postal services, principles on cost-based prices and government compensation for extra costs related to mandatory postal services, as well as the limitation on the national postal companies' monopolies to the processing of letter mail by postal companies that carry out mandatory postal services.

In accordance with the EU's Third Postal Directive, the majority of member countries liberalised their postal markets (withdrawn national monopolies on the processing of letter mail) with effect from 01.01.2011, while certain countries have been granted a postponement until 01.01.2013. The Government has informed the Commission that Norway does not want to implement this directive. It is still not clear about the further reservation process and the consequences the reservation from the Norwegian side will eventually have. 85% of the Group's revenues currently arise from businesses that are subject to competition and Posten Norge AS is also preparing to meet direct competition for letter mail of less than 50 grams. Regardless of any liberalisation the strongest competition for Posten Norge's letter distribution comes from electronic communications solutions.

Government ownership

In the Owner's Statement about Posten Norge AS (St. meld. nr 12 (2007-2008), presented on 01.02.2008) the Ministry of Transport and Communications concluded that Posten Norge AS's statutory and licence requirement to offer basic banking services should not be changed or withdrawn.

However, approval was given to convert a further 124 post offices to Post in Shops ("PiB") by the end of 2010. Approval was also given to Posten Norge AS's Scandinavian growth strategy. The government will consider Posten Norge AS's foreign operations in connection with the next Owner's Statement about Posten Norge AS's operations. The statement, which is expected to be presented to Parliament in the spring session of 2012, will also clarify the framework for further restructuring of the post office network to third party operations (Post-in-shop solutions).

The Ministry of Transport and Communication in 2011 has undertaken a review av the requirement to offer banking services, amongst others based on a report from Copenhagen Economics. On this basis, on 31.01.2012 the Ministry sent out on hearing a proposal to limit Posten Norge AS's banking services to rural postal routes. The proposal is expected to be discussed in Parliament in spring 2012 with the aim of the new law being valid from 01.07.2012.

The Post office network

During 2010 Posten Norge completed the conversion of 124 post offices to Post in Shops (PiB) within the framework stated in St.meld. no. 12 (2007-2008).

New agreements for the operation of the PiB network were entered into during 2011. The agreements have a duration of 3 years with an option to extend by a further 2 years.

There is currently a revision of the self-run post office concept to make them more operational and cost effective. At the end of 2011 150 post offices were fully converted to the new concept and an additional 29 offices are planned for conversion in 2012.

At the end of 2011 the Post office network consisted of 179 Post offices, 1 234 Post in Shops and 15 Business centres.

Banking and payment services

Posten Norge AS's statutory and licence requirement to offer basic banking services is fulfilled through a cooperation agreement with DNB ASA. The agreement runs until 31.12.2017.

If changes should occur to Posten Norge AS's statutory and licence requirement to offer basic banking services during this period, special provisions have been agreed should Posten Norge decide to fully or partly wind up or carry out a competitive tender for the services covered by the cooperation agreement.

Disputes

EFTA's surveillance authority (ESA) stated in December 2008 that they will levy a fine on Posten Norge AS. Posten Norge AS is accused of having breached competition rules in connection with agreements with grocery stores etc. on the establishment of

Post in Shops ("PiB"). On 01.07.2010 a fine of MEUR 12.89 (approximately MNOK 100) was imposed on Posten Norge AS. Posten Norge AS disputes the decision and has brought the case before the EFTA court with a plea for the fine to be ruled invalid. The claimant, the German logistics company Schencker, lodged a summons in 2010 requiring Posten Norge AS to pay compensation with an upper limit of MNOK 460. The case has been adjourned until EFTA has handled the appeal from Posten Norge AS on the ESA fine. Posten Norge AS maintains that there are no grounds for compensation.

No disputes that involve any significant risk exposure to the Group have been registered in the subsidiaries.

Note 30 Voluntary change in accounting principle - reconciliation of comparative figures

In 2011, the Group has made use of the opportunity to use the option in IAS 19 Employee Benefits to recognise actuarial gains and losses not taken to profit as other comprehensive income directly in equity. This option will be a requirement under IFRS from 2013 and many companies have already started using it. For Norway Post, this means that the accounts at 31.12.2011 reflect the correct financial obligation assumed by the defined benefit pension plans.

Changes in estimates have previously been allocated over the estimated average service period of the part of the variances that exceed 10% of the greater of pension liabilities or pension funds at the beginning of the year ("corridor"). From 2011 the unrecognised actuarial losses were recognised as a pension liability and changes in the carrying actuarial gains and losses was recognised as other income and expense directly in equity. Comparative figures for 2009 and 2010 have been restated accordingly and the effects on the balance sheet, equity and profits from the change in principle for the treatment of actuarial gains and losses are shown in the tables below. The effects of the change in cash flow are not shown here as the change had no cash impact.

Reconciliation of the balance sheet and equity:

Group

	01.01.2009	Adjustments	01.01.09 restated	31.12.2009	Adjustments	31.12.09 restated	31.12.2010	Adjustments	31.12.10 restated
Assets									
Intangible assets	6 795		6 795	6 224		6 224	3 368		3 368
Deferred tax assets	818	246	1 064	795	163	958	415	32	447
Tangible fixed assets	4 514		4 514	4 914		4 914	4 137		4 137
Financial assets	190		190	265		265	1 537		1 537
Total fixed assets	12 317	246	12 563	12 198	163	12 361	9 458	32	9 490
Current assets	6 761		6 761	6 207		6 207	6 182		6 182
Assets held for sale	438		438	37		37	128		128
Total assets	19 516	246	19 762	18 441	163	18 605	15 767	32	15 800
Equity and liabilities									
Share capital	3 120		3 120	3 120		3 120	3 120		3 120
Share premium reserve	992		992	992		992	992		992
Other equity	1 116	(634)	482	1 109	(419)	690	1 405	(83)	1 322
Other reserves	(75)		(75)	(7)		(7)	(14)		(14)
Minority interests	7		7				(2)		(2)
Equity	5 160	(634)	4 526	5 214	(419)	4 795	5 501	(83)	5 418
Provisions for liabilities	2 268	880	3 148	2 274	582	2 856	1 103	115	1 218
Non-current liabilities	5 094		5 094	4 115		4 116	1 741		1 741
Current liabilities	6 994		6 994	6 837		6 837	7 422		7 422
Total eqity and liabilities	19 516	246	19 762	18 441	163	18 605	15 767	32	15 800

Posten Norge AS

	01.01.2009	Adjustments	01.01.09 restated	31.12.2009	Adjustments	31.12.09 restated	31.12.2010	Adjustments	31.12.10 restated
Assets									
Intangible assets	980		980	1 008		1 008	1 002		1 002
Deferred tax assets	693	175	868	621	151	772	335	12	347
Tangible fixed assets	1 055		1 055	1 258		1 258	1 016		1 016
Financial assets	7 778		7 778	7 006		7 006	7 362		7 362
Total fixed assets	10 506	175	10 681	9 893	151	10 044	9 715	12	9 728
Currents assets	5 001		5 001	4 811		4 811	4 496		4 496
Assets held for sale	388		388	37		37	33		33
Total assets	15 895	175	16 070	14 742	151	14 893	14 244	12	14 256
Equity and liabilities									
Share capital	3 120		3 120	3 120		3120	3 120		3 120
Share premium reserve	992		992	992		992	992		992
Other equity	595	(449)	146	384	(389)	(5)	1 182	(32)	1 150
Other reserves	(75)		(75)	(7)		(7)	(14)		(14)
Equity	4 632	(449)	4 183	4 489	(389)	4 100	5 279	(32)	5 248
Provisions for liabilities	1 895	624	2 519	1 883	540	2 423	921	44	965
Non-current liabilities	4 785		4 785	3 990		3 990	1 683		1 683
Current liabilities	4 583		4 583	4 379		4 379	6 360		6 360
Total equity and liabilities	15 895	175	16 070	14 742	151	14 893	14 244	12	14 256

Reconciliation of Income Statement :

Posten Norge Konsern

	Year 2009	Adjustments	Restated 2009	Year 2010	Adjustments	Restated 2010
Operating revenues	22 613		22 613	22 451		22 451
Costs of goods and services	7 755		7 755	7 908		7 908
Payroll expenses	9 207	(48)	9 159	8 741	(8)	8 733
Depreciation and amortisation	643		643	686		686
Write-downs	372		372	149		149
Other operating expenses	4 236		4 236	4 172		4 172
Other (income) / costs	157		157	(864)		(864)
(Earnings)/expenses from associated companies	(5)		(5)	29		29
EBIT - earning before interests and taxes	248	48	296	1 630	8	1 638
Financial income	554		554	580		580
Financial expenses	780		780	719		719
Net financial expenses	(226)		(226)	(139)		(139)
Income before taxes from continued operations	22	48	70	1 491	8	1 499
Taxes	36	13	49	529	2	531
Income after taxes from continued operations	(14)	35	21	963	6	969
Income after taxes from discontinued operations	132		132	(686)		(686)
Net income (loss) for the year	118	35	153	276	6	282

Posten Norge AS

	Year 2009	Adjustments	Restated 2009	Year 2010	Adjustments	Restated 2010

Operating revenues	12 376		12 376	12 177		12 177
Cost of goods services	1 820		1 820	1 688		1 688
Payroll expenses	6 559	(42)	6 517	6 265	(3)	6 262
Depreciation and amortisation	393		393	406		406
Write-downs	60		60	44		44
Other operating expenses	3 286		3 286	2 911		2 911
Other (income)/costs	137		137	(794)		(794)
EBIT - Earnings before interests and taxes	122	42	164	1 657	3	1 660
Financial income	744		744	599		599
Financial expenses	902		902	1 008		1 008
Net financial expenses	(158)		(158)	(409)		(409)
Income before taxes	(36)	42	6	1 248	3	1 251
Taxes	121	12	133	450	1	451
Net income (loss) for the year	(157)	30	(127)	799	2	801

Statement of the Board of Directors

We confirm that, to the best of our knowledge, the financial statements have been prepared in accordance with approved accounting standards and give a true and fair view of the Group and the parent company's consolidated assets, liabilities, financial position and results of operations.

The Board also confirms that that the Report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the parent company together with a description of the key risks and uncertainties that the company is facing.

Oslo, 30 March 2012

Arvid Moss (leder)

Eli Arnstad (nestleder)

Randi Sætershagen

Gøril Hannås

Jørgen Randers

Terje Wold

Odd Christian Øverland

Annemarie Elstner

Paul Magnus Gamlemshaug

Judith Olafsen

Dag Mejdell (konsernsjef)

Segments

For accounting purposes the Norway Post Group reports in two segments: Mail and Logistics. The Mail segment consists of the Mail Division and the Logistics segment consists of the Logistics and Logistics Solutions Divisions.

Mail Division: Set up for the future

New customer requirements demand adaptations to the services offered. The Mail Division is set up for a digitalised and automated postal future.

Far less mail is sent today than just a few years ago. New calculations show that physical letter volume in 2020 is expected to constitute just 30 per cent of the volume of the top year of 2000.

– We have already felt the effects of falling volumes for some years and indications are clear that this fall will continue. The major challenge is how we can maintain today's complex delivery structure with satisfactory profitability, says the Group Director of Mail, Tore K. Nilsen.

Mail has implemented several measures to meet this challenge. Two of the most important are volume adaptation and improved efficiency.

– In line with the decline in volume we have to reduce resource use as much as possible. In parallel with this we have to improve the efficiency of operations through better production procedures, new ways of working and by using aids to simplify work, says Nilsen.

Important profitability measures

In 2011 the division implemented comprehensive measures to improve efficiency and profitability within production, distribution and the sales network. The further automation of production is one of these measures. The South-East Norway Terminal, which was completed in 2010, has contributed to increase the proportion of machine-sorted post in 2011. Some 79.2 per cent was sorted by machine in 2011, compared with 73.7 per cent in 2010.

– Further automation is central to maintaining profitability when volumes are falling. Norway Post is investing in additional technological solutions for increased machine sorting in 2012, says Nilsen.

Within distribution, work has been carried out to increase the efficiency of staffing, area usage and vehicle costs. One specific measure is the transition to smaller, more efficient and environmentally-friendly vehicles such as electric carts, electric mopeds and golf carts.

A better customer experience

Work on converting post offices into a new post office concept continued in 2011. This conversion has resulted in more efficient operation through a clearer and simpler layout, flow of goods, work processes and support tools.

– All in all this gives a better customer experience as well as more efficient area usage and staffing, says Nilsen.

For Post in Shops, all contracts were offered for competitive tender and the majority of these new agreements were implemented in 2011. Measures for more efficient operation have also been implemented for Post in Shops.

– It is important that customers experience good quality in the services they receive at Post in Shops. We follow up this area closely using various measurement parameters, says Nilsen.

On 1 June 2011 responsibility for the post offices and Post in Shops was transferred to the regions, which allows for closer cooperation between the different operational areas. 2012 will be an important year for reaping the full benefits of this change.

Product, price and framework conditions

On 1 January 2012, Norway Post launched a new product and price model for addressed mail. In the new model the size of the item is of more importance.

– Purely operational measures are not enough on their own. The continuous further development of products and adjustments to prices are vital, says Nilsen.

Good framework conditions are also a prerequisite for maintaining profitable operation. Norway Post is in close dialogue with the Ministry of Transport and Communication to ensure that the service level and range of products develops in line with future customer requirements.

– The framework conditions must be changed if Norway Post is to maintain profitable operations. We have proposed three changes in the short term: the removal of the banking services obligation, further conversion from post offices to Post in Shops and the ending of Saturday as a delivery day other than for newspapers and medical products, says Nilsen.

Digipost

As a result of the fact that more and more post is sent through digital channels, Norway Post launched a new digital postal system in 2011, Digipost.

Through this solution all public and private companies, or private persons, can send and receive digital letters in a secure manner. Digipost represents a national infrastructure for secure digital postal distribution and is a cheaper alternative to traditional physical mail.

Since the service was launched almost 200,000 users have created their digital mailboxes at digipost.no. This is in line with expectations. The areas of operational stability and security have also been a great success, and the same applies to the further development of the service with new functions. However the volume of digital mail sent has taken somewhat longer to increase than planned.

– It is always demanding to establish a completely new service in the market and our customers must make the necessary adaptations to start using digital transmission. Nevertheless several major operators within finance, insurance, energy, health and specialist organisations have signed agreements to use Digipost. We are actively working to get more customers to start using this channel, says Nilsen.

The Bring specialists

In Bring Citymail Sweden, which services the Swedish business market, a number of measures were introduced on the cost side in 2011.

– We remain dissatisfied with developments and will continue to work in 2012 on increasing profitability, says Nilsen.

On the other hand, Bring Dialog managed good revenue growth in 2011 and more than doubled EBIT.

– Both revenues and profits are the best in the company’s history, and new staff were recruited in all departments.

Achieved the licence requirement

Norway Post’s services which are covered by licence requirements have specific quality requirements. In accordance with the licence requirement for A mail, 85 per cent of post must be delivered overnight. Norway Post achieved this licence requirement for the first three quarters and the year as a whole, but not for the fourth quarter alone.

– Against the background of 2010 we must say we're satisfied. But we have a clear goal to deliver in accordance with the licence and expectations. We will work actively to ensure stable high quality in the future, says Nilsen.

He is extremely positive about the investment in the South-East Norway terminal beginning to produce results in terms of quality and that the Group has had the best year ever within production/terminal operation.

Norway Post takes social responsibility

The Mail Division is working on several specific measures within social responsibility, such as training all drivers in environmentally-efficient and safe driving and the establishment of CO2-free city centres. In 2011 the division also launched «Climate-neutral distribution» which guarantees customers that the distribution of consignments is climate-neutral.

– This means that Norway Post is obliged to reduce greenhouse gas emissions from transport and compensate for remaining emissions. The service applies to mail and advertising sent by train, vehicle or boat. Norway Post is not part of an obligatory quota system and does this on a voluntary basis, explains Nilsen.

He characterises environmental work as a win-win situation.

– We improve the efficiency of operations and can simultaneously work in a greener way. This strengthens both enthusiasm and the opportunities for good solutions, he says.

Looking forward

2012 will be an important year for the Mail Division. Nilsen praises the willingness of employees to change, but emphasises that the job is far from complete.

– I am convinced that society will have a need for physical distribution for the foreseeable future. We have a strong position in Norwegian society and we have highly enthusiastic and motivated employees. But this will require major changes, and these changes will take place more often and be larger that we have seen so far, concludes Nilsen.

This is the Mail Division:

- Sales and customer service: Responsible for all customer activities, i.e. sales, marketing and customer service for the Mail division in Norway and the Nordic area. Private customers are serviced through the Norway Post brand and business customers through Bring Mail. In the private market the nationwide distribution of mail is a central service, in addition to the sale of products and services through the post office network and Post in Shops. The main products and services for the business market are the distribution of addressed and unaddressed mail.
- Six regions: Develop and operate Norway Post’s physical network. The network comprises the production and distribution of letters and mail advertising and services all postal addresses in Norway (both for private persons and companies). The regions run a total of nine terminals for letter production.
- Digipost. Norway Post’s new digital postal system through which all Norwegian companies and private persons can send and receive digital letters.
- Bring Citymail: Provides distribution of letters and advertising to business customers in Sweden and distributes post to approximately 2.3 million households in Sweden. This means addressed mail from companies to other companies or private persons.
- Bring Dialog: Helps companies to develop and care for their customer relationships through customer dialogue.

Logistics Division: A steady course and a good run-rate

The Logistics Division enters 2012 positively, but is at risk to an economic decline.

The logistics industry has been through some tough years. Costs have increased substantially more than prices in the market.

– We can't live with this imbalance over time, emphasises the Group Director of Logistics, Arne Bjørndahl.

He is more satisfied with the last six months of 2011 than the first. The Norwegian winter and spring of 2011 were characterised by road closures, train delays, floods and landslides – with significant extra costs to the industry.

– But in the second half of 2011 we were on the offensive again. The quality of all products within parcels and goods has increased steadily. We also set records for HSE. We had a major decline in sickness absence and workplace accidents causing injuries, and employees are happier at work than ever, explains Bjørndahl.

Clearer Nordic direction

A revamped organisation with clearer roles and areas of responsibility was in place from the beginning of 2012. The operational organisation for parcels and goods was brought together in the new business area of Operations. The number of regions in Norway was increased from four to six. One regional director ensures a common management line for parcels and goods in Norway.

– Operations also took over the technical responsibility for terminal operation and distribution for Nordic Bring Parcels AB. Operations has thus overall responsibility for following up delivery quality for parcels and goods in the division, and has established a separate quality department,explains Bjørndahl.

He emphasizes that the new organisation provides a clearer Nordic direction.

– The division between operations and business is clearer. These changes support our position as an industrial operator with integrated Nordic business areas.

Coordinating operations

In Norway, Norway Post's parcel production is now coordinated with goods production. Around 600 employees from terminal operations in Bring Cargo Norway were transferred to Norway Post at the beginning of 2012.

– Coordinating terminal operation and production within parcels and goods in Norway is vital to increasing competitiveness, emphasizes Bjørndahl.

Norway Post and Bring are also building new joint terminals in Ålesund, Haugesund and Fredrikstad and simultaneously expanding the post terminal in Molde to house Bring's operations. In Fauske, Kongsvinger and Hamar Norway Post and Bring are already under the same roof. In Sweden, joint Bring terminals have been established in Stockholm and Malmø.

In March 2012 Logistics' customer service centre for both parcels and goods moved into joint premises in Alnabru. Joint tracking of parcels and goods will also be established during 2012.

Strategic acquisitions

Catching the flow of goods into and out of the Nordic region is the highest priority for the Logistics Division. Acquisitions of companies is one of the means of succeeding in this. After three years in which no acquisitions were made in parcels and goods, the Group purchased the two Swedish logistics companies INtertranspedIA and Ytrans (a subsidiary of INtertranspedIA) in September. The companies operate international groupage, part-load and full-load logistics services to Central and Eastern Europe and Turkey.

– By combining these companies with the resources and network of our subsidiary CombiTrans, we improve our logistics services to Swedish business customers. At the same time we strengthen our position within cross-border transport to and from the Nordic region, says Bjørndahl.

In October Bring Linehaul acquired Bergen Container & Trailer Transport AS.

Improvement work

Through the Spinnaker Logistics profitability programme the division has brought together development and improvement measures which have a major effect on income, expenses, quality or productivity. So far improvement requirements of more than half a billion Kroner by 2015 have been identified.

– Spinnaker Logistics is a central tool for managing and following up our improvement work. We are in the process of updating our master plan, adds Bjørndahl.

New ways of shopping

New ways of shopping are the main reason for the increase in parcel volumes. Today eight out of ten Norwegian, Swedes and Danes shop online.

– Consumers find shopping online to be safer and are more comfortable with this method now. This is good for us, says Bjørndahl.

In line with these new ways of shopping Norway Post is testing a new concept for simpler parcel collection at selected locations in Oslo, Akershus and Vestfold. Norway Post has also contacted the Ministry of Transport and Communication with a request to extend the simplified customs clearance scheme for private individuals to NOK 5000. In 2011 Norwegian internet shoppers saved more than NOK 60 million by being able to use the simplified customs clearance scheme.

– Norwegian online shoppers are buying more in foreign online stores. Favourable exchange rates are an important element, but this also demonstrates greater confidence in making online purchases, believes Bjørndahl.

Making environmental demands

Norway Post and Bring purchase rail transport for around NOK 500 million per year and continue to focus on sending more post, parcels and goods by train.

– We also make specific environmental demands on our subcontractors. We want to be the leaders in green solutions in our industry, says Bjørndahl.

It was therefore a difficult decision for Bring when the company agreed with the train supplier TX to cut the direct train between Oslo and Rotterdam from 17 December 2011.

– Unfortunately it was just not possible to make it sufficiently profitable. It was also difficult to ensure adequate regularity, adds Bjørndahl.

New goods management tool

The Logistics Division works continuously to make operations more efficient. Together with the American company Red Prairie, Bring is in the process of developing a new goods management tool called TDLP (Transport Distribution and Load Planning). The management tool enables the optimisation of collections, line haul traffic and distribution.

– The system develops the smartest route based on all available information. We expect all stages of the value chain to be implemented and in operation for the goods business in Norway by the end of 2012.

Uncertain market

Uncertainty in the market characterises the logistics industry. For example there is a high level of activity in oil and gas along the Norwegian coast due to a record level of investment in the Norwegian continental shelf. Yet for businesses which focus on exports, prospects are not so bright.

– A new decline in the economy will affect the flow of goods and can result in overcapacity in the logistics market. Uncertainty may worsen the directional balance as a result of reduced exports from the Nordic region, and influence demand in the Nordic countries, says Bjørndahl.

Business areas:

- **Bring Parcels:** Provides distribution of parcels in Norway and the Nordic area, and also has good coverage for the rest of the world. Has customs clearance services and complete logistics solutions for online stores.
- **Bring Cargo:** Provides logistics services within groupage and part loads, special goods, furniture transport, air and sea freight and offshore logistics. Services the business market.
- **Operations:** Runs parcels and goods terminals in Norway and transports mail in Norway nationally and locally using road, rail and ship. Services both the private and business markets. It also has the technical responsibility for Bring Parcels AB’s parcels terminals.
- **Supply Chain:** Develops and optimises line-haul traffic and provides full load services. Services both the private and business markets.

Logistics Solutions Division: A boost for improved profitability

Tough measures to ensure improved profitability have produced results. The Logistics Solutions Division strengthened its position in the Nordic market in 2011.

A 2011 characterised by an economic downturn has also affected the Logistics Solutions Division. The specialists are represented in industries that are affected in different ways by fluctuations in the market.

– This is both a strength and a risk. We closely follow the industries which are sensitive to fluctuations and adjust our business on a continuous basis. We have also greatly benefitted from the fact that during the year we completed many demanding profitability measures, says the Group Director of Logistics Solutions, Pål R. Amundsen.

He emphasizes that the most important factor - regardless of boom or bust - is high quality and good solutions.

– Our motto is to find new ways. This means that we must always be at the forefront and carry out new, smart measures for our customers, employees and owners.

The Improvement 2013 programme

To be the best, operations must be profitable. At the start of 2011 an improvement programme called Improvement 2013 was therefore initiated. The main goal of the programme is to increase profitability.

– The profitability programme is vital and the highest priority for Logistics Solutions through 2013. It is important that we succeed in this to strengthen our position in the market as well as ensure a cost-effective organisation, emphasises Amundsen.

Through the profitability programme the Division has defined a number of measures and activities to improve its value to customers and reduce costs. One example of this is the turnaround operation carried out to stabilise operations at the modern logistics centre for Bring Warehousing at Berger outside Oslo. The results exceeded the targets set when the project started.

– Improvement 2013 has been vital for the positive trend in profits we have had in the Division, particularly in the last six months of 2011, says Amundsen.

Bring Warehousing with huge potential for growth

In 2010 Bring Warehousing opened its new and modern logistics centre at Berger. Capacity was thus doubled, while the new and modern solutions allow for serving more demanding customers.

– The health industry is a good example of one of the new industries we are now focusing upon. Here there are strict requirements with regard to security, quality and precision - which we believe we meet with our future-oriented warehousing solutions. We have already won our first customer in this industry and see a strong potential for growth here, he says.

Bring Frigo strengthened its position

In addition to organic growth, acquisition is an important part of the growth strategy for Bring Frigo, the Nordic region’s leading supplier within temperature controlled logistics. In 2011 Bring Frigo strengthened its position in the market in several ways, including the acquisition of the Swedish cold storage specialist ColdSped.

A number of new and specially-adapted customer solutions were also implemented which provided improved precision and savings for customers in Sweden. A good example of this is Guldfågln and Bring Frigo’s cross-docking concept.

– Cross-docking ensures fewer reloads. This provides higher quality, reduced production costs and lower prices. In addition we increase the load levels for vehicles and thus utilise fewer vehicles - which again reduces environmental impact, says Amundsen.

In Bring Frigo Norway a comprehensive project was implemented in which several operational and commercial changes were implemented in the market. The first results of the project are expected to be seen in the first quarter of 2012.

Bring Supply Services focuses on Germany

Germany is a very important area of focus to strengthen Bring's Nordic position. In line with this Bring Supply Services established a new distribution platform in Germany in 2011.

– There is increasing interest in Bring Supply Services' fourth-party solutions from Nordic-based customers who wish to reach new markets. An example of this is Russia, where in 2011 we established solutions for several existing and new customers, says Amundsen.

Bring Express carried out important acquisitions

A central milestone for Bring Express in 2011 was the acquisition of Toms Transport- og Budbilservice in Norway, with operations in Oslo and Trondheim.

"Our strategy is to build upon our position through organic growth and acquisitions which strengthen our leading position within courier services. With the acquisition of Toms we strengthen our position in Norway within an important focus area," says the Group Director.

Bring Denmark strengthens its competitiveness

To ensure a more competitive organisation in Denmark the Group has gathered all the Bring specialists in one business area. 2011 was the first year of operation with this organisation. The goal is to benefit from synergies between the specialists and in this way ensure the nest possible solutions for customers.

"Throughout the year the business has become more effective and strengthened its position in the Danish market, through work on a new terminal structure and the establishment of a national parcels network," says Amundsen.

Mobility and a culture of improvement

Finding new ways is the Division's motto and mantra.

"We continuously encourage our employees to look for both minor and major improvements in the organisation and in the market. Over time such improvements will result in more satisfied customers, reduced costs and increased revenue. They will also contribute to making Bring the world's best logistics operator in the Nordic region."

The Group Director is focused on the Division finding good solutions to the challenges found in the organisation.

"During 2011 we have shown both the willingness and ability to turn things around quickly, take action and mobilise internal resources to solve challenges in the organisation," he says.

One of the tools for succeeding in this has been leader mobility – the opportunity for good leaders to be given new tasks out in their line or in other parts of the Group.

"Several of the leaders of the specialists have come from the Logistics Solutions Division and other parts of the Group. This mobility is important to us and we will continue with this in years to come," explains Amundsen.

HSE in focus

As with leader mobility, so are health promotion leadership and HSE also important focus areas.

"HSE must be a central part of the working day for all our employees. In 2011 we had great success with our HSE work. We are proud of being the only division in the Group which has experienced an entire month without injuries," says Amundsen.

He also points out that Bring Express had no accidents causing absence from work during the whole of last year. This resulted in being honoured with a prize from the Group CEO Dag Mejdell.

Logistics Solutions Division:

- **Bring Frigo:** The market leader in the Nordic region in temperature-controlled logistics, and is a specialist in logistics solutions for foodstuffs. Services the business market.

- **Bring Express:** Specialist in express solutions where speed, punctuality and quality are vital – locally, nationally and to and from the Nordic region. Services the business market.
- **Bring Warehousing:** Specialist in third-party logistics and warehousing solutions for all types of products in the Nordic region and can handle everything from single pallets to taking over the entire warehouse of a goods owner. Services the business market.
- **Bring Supply Services:** Specialist in Supply Chain Management and can take over the entire logistics function for major Nordic and international companies with complex requirements. Services the business market.
- **Bring Denmark:** Provides logistics solutions in Denmark and comprises the specialists Frigo, Cargo, Parcels and Express. Services the business market.

Uncertainty dampens expectations

Better economic conditions in 2010 and 2011 have had a positive effect on the markets. Yet turbulence in the international economy created new uncertainty in the latter part of 2011 and dampened growth expectations in the short term.

Many of the trends seen in 2010 continued into 2011. Mail volumes continued to fall. Postal operators are doing all they can to find new locations and new ways to reduce costs. At the same time many are demanding necessary changes to their regulatory framework.

Driven by the improvement in the economy and stimulated by new technology and new purchasing and cooperation patterns, the logistics industry developed positively in the last year, particularly in parcel distribution where there were new record volumes, but also in cross-border goods transported by road.

After some years standing still there was a new surge in merger and acquisition activities in 2011. It is expected that there will be further acquisitions in the coming year despite the turbulence in the economy.

Developments in the regulatory framework

As expected addressed letter volumes are now falling faster than before. A mail is falling faster than B mail. This is primarily a result of an increased rate of substitution by digital solutions. Financial motives and perceived environmental benefits contributed to the change in demand from senders.

Adaptation of services and the price model as well as on-going efficiency measures to adapt costs to reduced volumes will compensate for some of the falling revenues, but will not be sufficient to meet the fundamental challenge of high infrastructure costs.

The current regulatory framework is not adapted to modern recipient requirements, senders’ demand or competition from other channels. Postal operators all over Europe and on other continents are now working closely with their respective authorities in order to adapt their regulatory framework to the current market and reality. Several have already implemented a reduction in the number of distribution days. Some have also initiated measures to remove class A mail over time.

Despite the digital development the letter as a medium and the post box as a communication channel will continue to have a clear and value-creating role in the future communications market. But characteristics must be further developed and strengthened, at the same time as the regulatory framework must be adapted to market and customer requirements.

Digitalisation permeates society

Digital services are now a matter of course for most people. In a short time multiple innovations have been launched which have quickly been absorbed and which change how people live and interact - both at work and privately. This development now affects how the industry works – with changed business models, new solutions and changed usage behaviour. This applies both to the logistics industry and the customer industries which the logistics operators serve. In some cases seeing it can be seen that recipients now control the value chain and determine which logistics solutions and operators are chosen. Increased automation and self-service increases the efficiency of processes, but creates new challenges in inspiring customers and creating increased and clearer customer value.

New business models and increased rate of innovation

New ways of thinking and active innovation in the product and market areas provide the basis for new business models that create new growth and profitability.

An increasing number of companies are consolidating and centralising their operative activities in the Nordic region. In continuation of this, companies are also outsourcing parts of their logistics chain and logistics organisation. This creates opportunities and fertile ground for new business models. The proportion of operators which takes responsibility for a greater part of the customer's value chain through 3PL and 4PL solutions is continuing to grow.

The development toward increased customer power and the necessity for a stronger customer orientation as a result of this means that more operators choose to specialise in certain industries with customised solutions. The dynamics of the market will create challenges and opportunities in the coming year. It is expected that new business models and new and more effective process solutions will be developed.

Online sales have accelerated

The development in online sales seen in recent years has accelerated and online sales now make up over 50 per cent of long-distance trade in Europe. Important markets such as Germany and France are experiencing extreme growth, and in the Nordic region every fourth person buys online each month. This has led to the continued strong growth in parcel volumes and that these have become more international.

For Norway Post, its Nordic presence is increasingly important to serve its Norwegian, Nordic and international customers. New solutions for online trade are quickly being developed and launched to increase accessibility, security and efficiency for customers. Some solutions are here to stay, while others will be gone tomorrow. It is a major challenge to mail and logistics operators to keep up with this development and simultaneously know which horses to back.

The environment is still as important as ever

Mail and logistics operators continue to take a major responsibility for their environmental impact. Significant proportions of the vehicle fleet have been replaced with environmentally-friendly alternatives driven by biofuels and electricity. Systematic work continues to increase capacity utilisation and move goods to more environmentally-friendly forms of transport.

New environmentally-friendly products are being developed and offered to the market. The actual demand and willingness to pay by customers is not always in line with the suppliers' intentions and hopes, which means that there remains some uncertainty related to how one can achieve success with 'green' products and services.

In addition, the recommendations from the authorities change from time to time, which makes it a challenge to define consistent measures to meet the ambitious environmental targets which have been set. The operators in the market must therefore set clear requirements to ensure that the regulatory framework for a sustainable development in business is in place.

Faith in the future despite indications of weaker growth

The indicators for general consumption and market development are moving in different directions. There is a lot of uncertainty. The recent developments in the international economy and turbulence in the financial markets can have consequences for market developments. A further worsening of the situation will also affect the economic development in the Nordic countries. This will force Norway Post to face ever greater challenges with regard to continuous improvements and efficiency measures while simultaneously managing to renew its services and be at the forefront in technological terms. It will also require a strengthening and further development of Norway Post's Nordic coverage and international connections.

At the same time there are many signs that this market development is beginning to come under control and that the economy will bounce back again. All in all there is increasing optimism in the market and a renewed willingness to invest in development and expansion.

Norway Post and sustainability

The Group is committed to long-term sustainable development, balancing financial results and social and environmental responsibility.

Working on social responsibility

Through its business activities Norway Post is a prominent member of society and has also been given an important social responsibility with its licence from the Ministry of Transport and Communication - that of ensuring nationwide, high quality and cost-effective postal services.

Norway Post emphasises the importance of corporate social responsibility in how its operations affect people, the environment and society. The environment, integration and diversity are areas of priority within corporate social responsibility. This means that the Group takes specific responsibility to reduce the impact of its operations on the external environment. Furthermore the Group has a racism-free profile and takes an active role in integration work. Work on a healthy working environment is also a strategic area of focus for the Group, and the working environment is to be considered in all organisational and commercial development. (GRI Pro 3.5)

Sustainable development

For Norway Post this work concerns how the Group's activities can contribute to sustainable development in line with the demands of customers and the Government's ownership policy. Furthermore the company's corporate culture reflects a conscious decision to take social responsibility - which helps to reinforce Norway Post's strong position in society and strengthen its reputation.

A good reputation will help to attract and motivate employees, strengthen competitiveness and provide increased freedom to develop further the Group's business.

Group Policy – Corporate Social Responsibility

In 2011 the Group introduced a specific Group Policy for Corporate Social Responsibility. This policy is a part of the Group's governing documentation and describes how the different technical areas are to be governed and controlled in the Group.

The purpose of the policy is to ensure that the Group complies with current legal requirements and expectations from the Group's partners for ensuring the Group's responsibility for the people, society and environment affected by its operations. The Group Policy Corporate Social Responsibility is based on "Ethical guidelines for the Norway Post Group".

Goal-oriented work

Norway Post has a good tradition of reporting the measures taken and the results achieved through its work on and enthusiasm for corporate social responsibility. This work was further strengthened through the publication of the Group's first integrated annual and sustainability report in 2010. In 2011 Norway Post has further expanded sustainability reporting while simultaneously focusing on its areas of improvement.

Requirements from interested parties

Parties with an interest in Norway Post make increasing demands for systematic work on sustainability and expect Norway Post to work methodically on this in its position as a prominent Norwegian operator.

Read about the Group's key interested parties within corporate social responsibility

Global Compact

Norway Post became a member of the UN's Global Compact in March 2011. Global Compact is the UN's initiative for sustainable development in business. Adopting a global initiative such as the Global Compact is therefore a natural extension of Norway Post's focus on more socially responsible operations. (GRI Pro 4.13)

As a participant in Global Compact, Norway Post promises to integrate ten basic principles into its strategy and daily operations. The Group is also committed to report activities and improvements in this regard. The principles are divided into four areas: human rights, work labour, the environment and anti-corruption.

In 2011 the Group became a member of the Global Compact Nordic Network. The network consists of 140 member companies from Norway, Denmark, Finland, Iceland and Greenland. The network arranges two meetings each year at which member companies can gain inspiration and new knowledge as well as exchange experiences. (GRI Pro 4.13)

As a member of Global Compact, Norway Post is committed to providing social responsibility reports once a year. Such reports are provided through the annual and sustainability report. (GRI Pro 3.3)

Reporting framework: GRI 3.1

Norway Post uses the globally recognised framework, the Sustainability Reporting Guidelines, from the Global Reporting Initiative (GRI) as the basis for its reporting. These guidelines are recommended by Global Compact.

The GRI framework consists of principles and measurement indicators for the reporting of sustainability and describe why, how and what an organisation should report. The measurement indicators (hereafter called performance indicators) are continuously being developed and improved.

Today there are 84 performance indicators for financial, environmental and social results:

- The economic indicators address the direct economic impacts of the organisation's activities on society and the economic value added by these activities. These cover the reporting of salaries, pensions and other benefits to the company's management and employees, payments received from customers and payments made to subcontractors.

- Environmental indicators concern an organisation's impacts on living and non-living natural systems, including ecosystems, land, air and water. The indicators include environmental impacts of the company's products and services, resource consumption, consumption of hazardous substances and raw materials, emissions of greenhouse gases and other pollutants, waste, the costs of environmental investments and fines and penalties for violations of environmental legislation.

- The social indicators are grouped into three categories; issues related to labour, human rights and to more general social issues related to consumers, communities and other stakeholders. Such information can be difficult to quantify. This is why it is also possible to provide qualitative descriptions. (GRI Pro 4.12)

Management approach

Management approach is a brief summary of how the Group leads work on sustainability within each of the indicator categories.

Application level

In accordance with the requirements for application level B, Norway Post reports within the following GRI indicator categories: economic, environmental and social. It reports for the most relevant indicators of its business, which provide the best picture of the Group's continuous work towards more socially responsible operations.

This year full reports for 34 indicators and partial reports for 3 indicators are provided. This means that Norway Post has taken a step up from reporting at the C level in 2010 to reporting at the B level in 2011.

Reporting scope

As far as these are relevant, sustainability reporting uses the principles which apply for accounts reporting including completeness and comparability as the basis for reporting.

With some exceptions, reporting covers the Group's companies in all countries. Such exceptions are due to the companies not yet having established reporting in certain areas or that the companies' contribution in some areas is not deemed to be significant. There are also natural limitations based on whether companies actually contribute to environmental emissions in certain areas.

The Group works continuously on measures to improve measurement and reporting of sustainability.

Reporting is carried out for areas which are relevant and significant and which are seen as important focus areas for the Group within corporate social responsibility.

Methods to calculate and measure within the individual technical areas are based on recognised and established technical standards. (GRI Pro 3.5-3.6)

Audit

For many years Norway Post's environmental accounts have been audited. In 2011 this audit was expanded to apply to the entire base figures for sustainability reporting, thus qualifying for B+ level for 2011.

Independent assurance report

For orginial document (pdf) click here

ERNST & YOUNG

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Medlemmer av Den norske Revisorforening

INDEPENDENT ASSURANCE REPORT

To the management of Norway Post

Scope of engagement
We have been engaged by the management of Norway Post to prepare an independent assurance report of the *Norway Post Sustainability Report 2011* (the Report). Norway Post's management is responsible for selecting the information, collecting the data for presentation and preparing the Report. Our task is to issue a statement on the Report based on our work.

Reporting criteria
As a basis for this assurance engagement, we have used relevant criteria in the sustainability reporting guidelines of the Global Reporting Initiative (GRI G3.1). We consider these reporting criteria to be relevant and appropriate to review the Report.

Work performed
Our work is performed in accordance with ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information". The standard requires that we plan and execute procedures in order to obtain limited assurance that the Report as a whole is free of material misstatements.

Our review has involved the following activities:

- interviews with a selection of Norway Post's management and two in-depth reviews, as a representative sample of Norway Post's variety of activities, to gain an understanding of their practical approach to managing sustainability in the organization
- interviews with reporting responsible to assess the process of defining and collating the Report
- obtaining and considering evidence to support the quantitative assertions and claims made in the Report
- evaluation of the overall presentation of the Report, including the consistency of the information, based on the above-mentioned criteria.

Our review has not included assessing the implementation of policies.

We believe that our procedures provide us with an appropriate basis to conclude with a limited level of assurance on the Report.

Conclusions
Nothing has come to our attention that causes us to believe that the information in the Report does not comply with the above mentioned reporting criteria. This also applies to Norway Post's statement that the Report satisfies the requirements for application level B+ according to GRI's guidelines for sustainability reporting, GRI G3.1.

Oslo, 13th March, 2012
ERNST & YOUNG AS

Terje Klepp (sign)
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

The Group's stakeholders

Its owner, suppliers, customers and employees are the Group's most important stakeholders in its work on ensuring more socially responsible operations.

For Norway Post, stakeholders are actors who influence or are influenced by its activities and/or have an interest in that the Group works with corporate social responsibility and how this happens. (GRI 4.15)

Norway Post engages in dialogue with many stakeholders: Employees, trade unions, business and employee organisations, its owner, ministries, political parties, supervisory authorities, customers, suppliers, competitors and the media. In its corporate social responsibility work Norway Post has defined customers, its owner, employees and suppliers as its four key partners. (GRI 4.14)

It is in dialogue with its stakeholders in various formal and informal arenas. The frequency of these meetings varies depending on the requirements and demands of the stakeholders. (GRI 4.16)

The owner

The Ministry for Transport and Communication is the owner of Norway Post. The Group is therefore subject to the Ministry's corporate governance of the company. Norway Post has a regular annual meeting with the Ministry for Transport and Communication at which corporate social responsibility is the topic. This is a requirement of the ownership report. At this meeting executive management and the Board of Directors of Norway Post are represented. (GRI 4.16)

In 2011 the Ministry for Transport and Communication was informed as to how the Group works on corporate social responsibility – with a particular emphasis on goals and measures within the two focus areas of the environment and diversity and integration. (GRI 4.17) Executive management also has quarterly meetings with the Ministry for Transport and Communication where corporate social responsibility is the topic if required. (GRI 4.16)

Arenas for dialogue:

- Specific meeting on corporate social responsibility – annually
- Reporting meetings – quarterly
- Ad-hoc-meetings – as required

Suppliers

Dialogue with suppliers, both existing and potential, is central to Norway Post’s procurement procedures. Norway Post carries out both written and verbal dialogue in the form of workshops as part of its standard procurement process. (GRI Pro 4.16) The Group emphasises overall good business practice and compliance with the Group's ethical principles and values in dialogue with the supplier market. Trust in the supplier market is a prerequisite for achieving good terms and covering the Group’s procurement requirements in a satisfactory manner. This applies both in advance of entering into a contract and during the contract’s term.

See also the Group’s supplier management under Integrity Report

Arenas for dialogue:

- Meetings – for each procurement process and afterwards
- Workshops – for each procurement process
- Contract signing – for each procurement process

Customers

Synovate carries out a profile survey of large Norwegian companies each year. In 2011, 116 companies in 14 different industries were evaluated with regard to factors including corporate social responsibility, morals and environmental awareness. A nationally-representative selection of 1 900 persons over 15 years old was questioned, 50 per cent of whom responded (956 persons).

In this survey corporate social responsibility and morals are defined as a company's ability and willingness to follow laws and rules, and to act in a just and responsible manner towards employees, customers, consumers and the authorities. These were found to be the most important when people form an impression of the companies. In 2011, 57 per cent stated that they have a good impression and 18 per cent that they have a bad impression of Norway Post in this area. Out of all the companies surveyed Norway Post ended at 5th place in 2011 and moved up from 6th place in 2010. Norway Post has thus strengthened its reputation within corporate social responsibility and morals from 39 per cent in 2007, 43 per cent in 2008, and 46 per cent in 2009 and 2010 to 57 per cent in 2011.

Environmental awareness is defined as the impression of a company with regard to protection of the environment in the widest sense, both in terms in production and use of products. In 2011 Norway Post ended in 7th place in this ranking, up one place from 2010. From lying at the bottom in 17th place in 2008 (35 per cent good impression) Norway Post has built up its reputation in recent years. In 2009 the proportion answering good impression increased to 39 per cent (8th place), in 2010 to 40 per cent (8th place) and in 2011 to 48 per cent (7th place). (GRI 4.17 – partly)

Norway Post does not carry out specific customer surveys that cover social and environmental considerations. For the sales apparatus of Norway Post and Bring, corporate social responsibility is a topic that is brought up as required when customers request this. An exception is the Offshore and Energy segment as this customer group is more concerned with corporate social responsibility than other customer groups. In all operational meetings within Offshore and Energy corporate social responsibility is therefore on the agenda. (GRI 4.17 - partly)

The Logistics Division carries out a competitor analysis each year. In this analysis customers of Norway Post, Bring and other actors are asked the following question: ‘If you were to rate the different suppliers in the parcels and goods segment, who would you consider to be the most environmentally-friendly?’ 200 interviews were carried out in the parcels segment and 300 in the goods segment in 2011. The sales department and product owners worked in a goal-oriented manner with the answers in order to create improvements. (GRI 4.17)

On behalf of Norway Post, Synovate carried out a competitor tracker for Bring Citymail in Sweden in 2011. Bring Citymail’s biggest competitors are Posten AB and Direkt Reklam. On the question of who was seen as the most environmentally-friendly of these actors, Bring Citymail scored 17 per cent. This was significantly better than Direkt Reklam which scored 5 per cent. Posten AB scored 18 per cent.

In all market communication with the Group's customers the Marketing Act is followed. The Group’s annual market plan is checked against this legislation. The Group has a procedure to ensure that all external communication is checked by Corporate Staff – Communication. (GRI PR 6)

Arenas for dialogue (GRI PR 5):

- Customer surveys – annually
- Reputation surveys – annually
- Focus groups – as required
- Competitor analyses – annually
- Operational meetings – as required

Employees

Norway Post carries out an organisational survey of its employees each year. In 2011, 89 per cent of those working in the Group responded to this survey. Two of the statements in the survey are ‘My unit demonstrates corporate social responsibility by considering the external environment’ and ‘In my unit there’s no discrimination’.

Requirements are made for all managers in the Group to follow up the results from the organisational survey. Managers must set up measures for their unit in a specific "Smart Plan". (GRI Pro 4.17) It is possible to follow up the smart plans and progress in carrying out the measures. It is also possible to measure the development of the results of the organisational survey from year to year on a unit level (if the unit has more than five persons who have answered).

Other central topics taken up with employees in 2011 were the focus on electrical vehicles, alternative vehicles, Norway Post’s CO2 targets, CO2-free city centres, climate-neutral products, speed calculators on trucks, the racism-free zone, the Group’s integrity programme, diversity and integration and more. All of these topics are included and detailed in the Group’s company newsletter and on the Group’s intranet. In the company newsletter it is possible to send in opinions and on the intranet it is possible to comment on and respond to articles.

Dialogue with employees on central measures and topics which affect work processes and the working day out in the units is the managers’ responsibility.

In 2011 the Group CEO carried out three net meetings on the Group’s intranet. In these net meetings the Group’s employees can freely submit questions directly to the Group CEO. The topics for the net meetings in 2011 were the Group’s HSE efforts (January), Digipost (May), Our values (August). In addition a net meeting on expectations for 2012 was carried out in January 2012.

Arenas for dialogue:

- Organisational survey – annually
- Internal company newsletter – monthly
- Intranet – daily as required
- Net meetings with Group CEO – four per year
- Annual and sustainability report – annually
- Group-wide environmental network – daily as required
- Training – as required
- Management meetings – as required
- Employee appraisals – two per year
- Lectures/presentations – as required
- Team meetings – as required

The environment

Goal-oriented work to ensure more environmentally efficient operations produced results. In 2011 the Group took more steps toward its goal of a greener business.

Green enthusiasm gives greener operations

The environment is one of the Group's most important focus areas within corporate social responsibility. As one of the Nordic region's biggest transport operators the impact of CO2 emissions in particular is significant.

Norway Post is therefore actively working to reduce the extent to which it affects the environment throughout the Group's activities. (GRI EN 26) Norway Post's environmental vision is "to work in a goal oriented manner to achieve environmentally efficient operations and sustainable development - leading to its becoming the world's most future-oriented mail and logistics group".

Management approach

Environmental work is high on the agenda for the Group. The Board and executive management are regularly updated on the status, risk picture and on-going initiatives within environmental work. Group management has reporting at least four times a year during which the progress of central measures is presented. Environmental work is defined in a separate environmental policy and strategy that is supported by action plans in the business areas.

The Group works according to detailed action plans for the environmental area for each of the business areas. The plans apply for the period 2010-2015 and detail the environmental work to be carried out and the effects this work has on CO2 emissions.

In 2012 the action plans will be revised to ensure that the assumptions for the measures and the speed of implementation are aligned with the targets.

Organisation

The Group makes use of experience and best practice from a Group-wide environmental network that consists of resource persons from all business areas. There is also a central environmental team in the Corporate Staff – HR to coordinate the whole.

In addition the Group ensures it has access to the necessary expert competence for specific areas through external partners.

Climate-neutral service parcel

Norway Post launched its first climate-neutral product, the ‘Climate-Neutral Service Parcel’ in March 2011. Major efforts are underway for internal measures to reduce further CO2 emissions for the Service Parcel. These include alternatives to fossil fuel, modernised vehicle technology and courses in environmentally efficient driving.

Currently it is not possible to make the Service Parcel completely CO2-free. To compensate for the remaining emissions Norway Post buys climate quotas to make the product climate-neutral. The quotas are UN-approved and recommended by the Norwegian authorities and are purchased by the Climate and Pollution Agency (KLIF).

Communication

In 2011 the Group worked on increasing the visibility of its environmental efforts through various measures and communication activities both internally and externally. Measures include the launch of the climate-neutral service parcel, the acquisition of 20 purely electric-powered vehicles and the environmental certification of several units.

In addition the Group increased the visibility of the Group's environmental measures internally and externally through messages displayed on cars, buildings and other visible surfaces which represent the Group.

A separate film has also been created about Norway Post's environmental efforts.

Interaction

To solve the major environmental challenges the Group faces, interaction between companies, organisations and research institutes is key. (GRI Pro 4.13 and 4.14)

Norway Post has adopted the Ministry of the Environment's Climate Promise and maintains industry cooperation through participation in the International Post Corporation and Post Europe. This includes the reporting of climate impact for sector benchmarking and sharing of best practice amongst members.

Norway Post is also a member of the Swan Purchasers' Club, which will help the Group make the most environmentally conscious choices when purchasing products and services.

In 2011 Norway Post began participation in Green Goods Transport - a research project with the aim of making the transport of goods more environmentally and climate-friendly. The Group is also a participant in EU project applications where the topic is the reduction of emissions in city areas.

In 2011 Norway Post also established cooperation with ZERO (Zero Emission Resource Organisation) to strengthen technical and industry interaction for selected climate issues.

Better city climate

As one of many actors the Group wishes to contribute to a better city climate. In August 2010 Norway Post's Group CEO launched CO2-free postal delivery in Trondheim - the first of its kind. During 2011 the project replaced almost all driving routes with zero emission alternatives. The ambition is to expand this work to other areas in the future.

Norway Post participates in the pilot study ‘Green City Distribution’ in collaboration with Oslo Municipality and in this regard will apply for funds for a project with the aim of reducing greenhouse gas emissions for goods delivery in Oslo.

Norway Post has also signed an agreement with Oslo Municipality together with several other companies on ‘Business for a Better Environment’.

Norway Post also takes part in Cities of the Future which is a collaboration between the authorities and the 13 biggest towns in Norway to reduce greenhouse gas emissions.

Standardisation and certification

Environmental certification provides clear documentation of the environmental work carried out by the individual unit. Certification is also an important contribution to building a culture of continuous improvement in Norway Post. Norway Post has a total of 13 units that have Eco-Lighthouse certification; two of these were certified in 2011 including the South-East Norway Terminal which is Norway’s biggest unit with Eco-Lighthouse certification.

During 2011 Bring Express certified all of its operations in Sweden and Finland in accordance with the ISO 14001 standard.

Norway Post is a member of Global Compact and the environment represents the greatest proportion of GRI reporting requirements to be completed.

Focus on rail

To help reduce the impact on the environment the Group has long focused on moving freight from air to road and from road to rail.

In 2011 the proportion of freight carried by rail fell from 80 to 78 per cent on routes where it was possible to use rail. Norway Post is experiencing a negative development with regard to customers who wish to transport goods by rail due to problems with delivery punctuality. This is one of the main reasons that Bring's efforts towards an intermodal green corridor between Oslo and Amsterdam ceased in 2011.

Another reason is that, after the completion of an efficiency improvement programme in order to increase the load levels for loose cargo, filling rates have increased thus reducing the number of containers sent by rail.

Alternative vehicles

In total Norway Post has reduced emissions from its own vehicles by 3 per cent from 2010 to 2011, and is working actively to use vehicles and fuel that emit less greenhouse gases.

Norway Post updates its vehicle fleet regularly, which helps to reduce emissions. In the parent company 40 per cent of vehicles are Euro 4 and 55 per cent are Euro 5. With regard to the age of the remainder of Norway Post's reported vehicle fleet it is estimated that 28 per cent of its own vehicles are from 2009 or later, while 35 per cent of leased vehicles are from 2009 or later.

The Group collaborates on a continuous basis with suppliers on the development and testing of new and more environmentally efficient vehicles. Part of the Mail Division's plan is to replace the car with alternative methods of transport on 1 300 routes by the end of 2015. This work made good progress in 2011 with the introduction of 130 new electric mopeds, 30 electric jeeps and 20 electric cars. In total the parent company now has 372 electric vehicles (total number of electric carts, mopeds and jeeps). Norway Post's efforts to find good alternative solutions to reduce emissions for mail distribution have paved the way for other postal companies. France's LaPoste has tested several of the Group's solutions.

Norway Post has entered into external collaboration for evaluating battery capacity and the residual value in electric goods vehicles. This is innovative work that will result in important information in connection with the continuing focus on electric vehicles.

Bring Express in the Nordic region uses bicycles when delivering express packages in cities. In total there are 23 bicycles in Denmark, 11 in Sweden, eight in Norway and three in Finland. In addition Citymail in Sweden has 1 074 bicycles. In Sweden Bring also has 35 biogas-fuelled cars. Bring Frigo used 4 601 914 litres of Preem Evolution in Sweden in 2011, which reduced emissions by 2 374 tonnes of $CO2$ compared with fossil fuel. In addition Bring Frigo is taking part in the testing of a Volvo biogas/diesel hybrid in Skåne.

Environmentally efficient solutions for vehicles

Norway Post wishes to use tyres with the best environmental characteristics. In this regard a knowledge conference on tyres was arranged in 2011 to ensure a good level of competence and increased ability in choosing the safest winter tyres.

In the parent company an 80 km/h speed limiter was introduced on 400 trucks. This has benefits both for the environment and for safety.

Energy efficiency

For parts of the Group, electricity with certificates of origin is bought. This is electricity produced from renewable energy sources (sources without emissions).

Norway Post is working continuously to reduce its electricity consumption. An important tool in this work is location-based electricity meters which allow consumption to be monitored from hour to hour. Local managers and building managers can use this information to initiate savings measures. A large number of the Group's units use this solution.

During 2011 electricity saving measures were put into operation for Bring Warehousing and Bring Frigo. In total Norway Post has reduced its emissions from buildings by 10 per cent.

Norway Post's transport supplier programme

77 per cent of Norway Post's total greenhouse gas emissions come from transport suppliers. In 2011 specific requirements and a follow-up system were developed to ensure that the Group's transport suppliers also help to reduce environmental impact.

Public transport award

Norway Post's South-East Norway terminal won the Public transport award for its efforts to get employees to choose public transport instead of private vehicles. The award was handed out during Kollektivtrafikkonferansen 2011. The jury stated that "Norway Post is receiving the award on the basis of a highly successful focus on getting employees to make use of public transport to and from work after their workplace was moved from Oslo to Lørenskog. They have combined measures such as a restrictive parking policy, good cooperation with Ruter and NSB for adapted customised public transport service, good information about the service and discounted rates for employees. 70 per cent of employees use public transport, while other companies in the area had a share of around 10 per cent." (GRI Pro 2.10)

Raising competence

Norway Post's managers and employees are the most important factor in reducing its environmental impact. In 2011 the Group continued its systematic work to give all employees training in the environment, including the Environmental Diploma. The Environmental Diploma is an e-learning program that provides a fundamental introduction to different environmental issues. The Environmental Diploma was launched in 2009 and by the end of 2011 a total of 3 350 employees had completed the e-learning programme. 550 of these completed the programme during 2011. In addition nearly 700 people were on their way to completion. The goal is completion by the entire organisation.

Environmentally efficient driving

The Group emphasises the importance of training drivers in environmentally efficient driving and has established a specific training apparatus to hold courses as per the EU Directive. The first courses will commence in 2012.

In 2011 a pilot was completed for a course in environmentally efficient and safe driving for 457 postal delivery staff. The pilot provided excellent experience and it has been decided that 6 000 postal delivery staff will complete the programme in 2012 and 2013. The effect of this will be an average reduction in fuel consumption of five per cent.

Table: Climate accounts

In tonnes

The accounts are based upon the international standard Greenhouse Gas Protocol Initiative (GHG protocol), which is the most important standard for the measurement of greenhouse gas under the auspices of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The GHG protocol consists of two accounting standards which explain how to quantify and report greenhouse gas emissions and in 2006 was used as the basis for the ISO standard 14064-I. The GHG protocol bases its climate reporting on three "scopes" or categories of emissions and differentiates between direct and indirect emissions.

GRI EN 16 and 17

	Norway Post Group			Norway Post	
	2010[1]	**2011[2]**	**2011[3]**	**2010[1]**	**2011[2]**
Scope 1	**116 681**	**112 549**	**112 557**	**50 439**	**49 486**
Road	115 043	111 203	111 211	49 626	49 203
Buildings	1 638	1 347	1 347	814	284
Scope 2	**25 807**	**23 401**	**23 412**	**12 708**	**9171**
Electricity[4]	22 731	20 743	20 754	10 925	7 939
District heating	3 076	2 658	2 658	1 783	1 232
Scope 3	**458 342**	**437 225**	**471 136**	**43 566**	**41 614**
Road	330 400	324 831	349 471	804	453
Rail	5 525	4 281	4 281	938	813
Air	71 614	58 173	58 173	31 953	30 595
Water	46 978	46 201	54 009	7 776	7 776
Business travel	3 825	3 739	5 201	2 094	1 977
Sum	**600 831**	**573 175**	**607 105**	**106 713**	**100 272**

1) Data for 2010 has been corrected due to an improved reporting routine and is thus not directly comparable with last year's annual report.

2) Figures which are comparable with 2010

3) Includes some new companies, but is still missing data from the last companies acquired in 2011

4) Norway Post purchases certificates of origin for parts of the company's electricity consumption.

Emissions to air

in tonnes

Norway Post Group

Source:	SO_2	NO_x	NMVOC	CO	PM
Own vehicles	2,1	654,6	201,4	769,1	33,8
Buildings	0,3	1,2	0,1	0,7	0,1
Subcontractors[1]	93,2	5 312,7	456,6	1 066,9	140,4
Total	**95,7**	**5 968,5**	**658,2**	**1 836,7**	**174,4**

[1] Includes leased vehicles and air, sea and rail freight.

Emissions to air are calculated with the use of an activity-based calculation model. In this, activity data for the business is grouped in the form of the amount of energy consumed, the number of kilometres driven and the amount of freight work supplied and the resulting emissions are calculated with the use of source-specific emissions factors.

Table: Energy consumption

in GigaJoules

GRI: EN 3 and 4

Source:	2010		2011	
	Direct	Indirect	Direct	Indirect
Vehicles[1]	**1 315 160**		**1 483 240**	
Diesel	1 288 945		1 359 590	
Petrol	15 667		10 671	
Biodiesel (B30)	4 061		0	
Biodiesel (B100)	4 061		21 379	
Biogas	2 425		2 079	
Preem ACP	0		166 608	
Buildings	**20 344**	**71 801**	**18 222**	**65 267**
Electricy		63 170		57 809
District heating		8 631		7 457
Heating oil	17 900		14 507	
Gas	2 444		3 715	
Total	**1 335 504**	**71 801**	**1 501 462**	**65 267**

[1] Includes own vehicles.

Table: Waste

in tonnes

GRI EN 22

	2009		2010		2011[1]	
Source:	**Tonnes**	**%**	**Tonnes**	**%**	**Tonnes**	**%**
Paper and cardboard	4 110	39%	4 993	43%	5 113	40%
Wood	2 627	25%	2 161	19%	961	7%
Plastic	295	3%	453	4%	483	4%
Glass	2	0%	5	0%	3	0%
Metal	281	3%	291	3%	427	3%
Food	879	8%	706	6%	2 711	21%
Hazardous waste			0	0%	13	0%
Other (recycled)	435	4%	517	4%	546	4%
Residual (energy recovery)			847	7%	897	7%
Residual (not recycled)	1 976	19%	1 663	14%	1 663	13%
Total volume of waste	**10 605**		**11 636**		**12 817**	

[1] The Group receives ever more accurate waste reporting which is why the total volume is increasing. Data is still missing from parts of the Group.

Table: Own vehicles

Parent Company

	2008	2009	2010	2011
Trucks < 7.5 t	**4 755**	**4 601**	**4 876**	**4 554**
Number of trucks ≤ Euro 2	55	14	2	1
Number of trucks Euro 3	263	272	124	94
Number of trucks Euro 4	249	141	249	232
Number of trucks Euro 5	51	105	83	164
Mopeds	120	123	234	391
Electric mopeds	3	47	100	231
Electric jeep			10	40
Electric trolleys			80	80
Biogas vehicles			1	
Electric cars	2	2	1	21
Biodiesel vehicles			58	58
Total	**5 576**	**5 351**	**5 818**	**5 866**

Working environment

Focus on a health-promoting working environment is giving results. The Group's employees are healthier and more diverse than ever.

Healthy and diverse employees

The Group's work on a health-promoting working environment in 2011 is bearing fruit. Never before have employees been healthier. Total sick leave in the Group was 0.7 percentage points lower in 2011 than in 2010.

The result for the year was 7.1 per cent, compared with a goal of 7.6 per cent. All divisions reached their goals for 2011 and thus contributed to a total reduction of sick leave of 9 per cent.

2011 was also a year of diversity. Given its size and geographical reach, Norway Post is a prominent member of society with regards to the recruitment of immigrants and helps to increase integration. The Group has therefore chosen to take particular social responsibility within diversity and integration. During the course of 2011 a number of new measures and initiatives were set in motion, all of which will continue in 2012.

Management approach

Norway Post has a strategic goal of having a health-promoting working environment in which nobody is injured or becomes ill as a result of their work.

A health-promoting workplace has been a recurring topic at many central and Group-wide conferences including the annual HSE conference. This has created the foundation for the comprehensive health-promoting approach in the Group, which is being developed step-by-step through various pilot projects.

HSE results are reported systematically in the Group. Every month key strategic figures are reported to executive management. These include for sickness absence/presence, LTI-ratios, employees incapacitated for work and near accidents/undesirable incidents. In addition the Group's Board of Directors receives reports and analyses on HSE results eight times a year.

All guidelines, policies, and action plans for HSE are revised twice a year and are made available via a common HSE system.

Organisation

Development work and the long-term strategic work on HSE are centralised under Group Staff HR.

The Divisions order services from Group Staff HR which also functions as a coordination centre for the line managers in the Divisions. Out in the regions and business areas there is also a local support apparatus. This work is coordinated through the Divisions' HR network.

It helps

In 2006 the Group developed the "It helps" methodology. This is the Group's systematic approach to helping workers with repeated absence over time back into work. The methodology is continuously developed and has had a good effect. Employees with absence of 24 days or more during the last three years have been a high-priority group for this work. In 2011 this group was reduced by 16 per cent. (GRI LA 8)

The Group signed a new IA (Inclusive Workplace) agreement with NAV for the period 2010-2013. Norway Post and NAV have also chosen to enter into a supplementary agreement which ensure that contacts in NAV and Group contacts out in the regions are more coordinated. This allows for the transfer of best practices throughout the Group. (GRI LA 9)

95 per cent of the Group's permanent employees are organised in trade unions and thus represented by formal health and safety committees (3-party HSE cooperation). The committees help with advice in addition to monitoring measures which promote health and safety. (GRI LA 6)

Long-term work on job safety

The Group's long-term and systematic work on job safety has contributed to a robust platform of tools, systems and competence. The Group's work includes safety revisions for operating units, the investigation of all serious accidents, the reporting of near-accidents/undesirable incidents and safety discussions between managers and employees.

In addition, goal-oriented action campaigns are run in the most vulnerable areas such as for example falls on slippery ice, fork-life truck accidents and crushing injuries.

Injuries resulting in sick leave

In the summer of 2011 the Group carried out the "Injury-free summer" campaign. The goal was zero injuries resulting in sick leave for the entire summer (the months of July and August). The goal was not achieved, but the number of personal injuries was reduced by 27 per cent to the lowest level so far recorded. The effect of the initiative continued through the autumn. The LTI-ratio (number of injuries per million working hours) continued to fall and ended in 2011 at 11.0, which is 1.0 point lower than in 2010, a reduction of 8.3 per cent. (GRI LA 7)

Attractive workplace

One of the Group's main aims is to be an attractive workplace. As at 31 December 2011, there were 20 799 permanent employees in the Group working in 15 countries. The Group also has temporary employees, including on-call temporary staff, who work periodically as required. 82 per cent of the permanent employees work in Norway. Employees in the remaining 14 countries are primarily local staff. The reason for this is that the Group has expanded through the acquisition of locally-established companies. The Group does not have a policy which regulates local recruitment. (GRI EC 7)

In 2011 39 per cent of all the Group's employees were women. 29 per cent of the Group's managers were women. (GRI LA 1 and LA 13)

The Group has a good overview of the pay levels within different job categories, in the different countries in which the Group operates and the relationship between men and women's pay in the Group. No minimum wage agreements are used in the Nordic countries. The pay level and starting salary are regulated in negotiations between the employee representative and employer. No evidence of differences in pay levels between women and men has been found in the Group. (GRI EC 5 and LA 14)

In 2011, 1 793 employees were recruited into permanent positions in the Group, of which 882 of these were recruited in Norway. Overall the Group had a turnover of 11.3 per cent in 2011. In Norway there was a turnover of 9.8 per cent. For the Group as a whole there was an equal turnover among women and men. However there was a higher turnover among employees under 30 years of age than employees over 31 years. (GRI LA 2). 93.6 per cent of employees who took leave of absence to care for children in the parent company returned to work after their leave. More men than women returned to work after such leave. (GRI LA 15)

The annual Organisation Survey was revised and updated in 2011. The results of the survey in 2011 showed that the Group has a stable and good working environment with increasing employee satisfaction. The Group achieved a total score of 78, which was two points higher than in 2010.

In total 89 per cent of employees answered the organisation survey. 81 per cent of these reported having completed an employee review with their immediate superior and 83 per cent stated that they were satisfied with the quality of that employee review. (GRI LA 12)

Leader and team development

For many years the Group has worked systematically on the development of its leaders.

In 2011, 182 managers completed a leadership programme run by the Group. 76 managers took part in the middle management programme and 91 managers took part in the first line management programme 'The Confident Manager'. In 2011 'The Confident Manager' was also held in Sweden for the first time, with 16 participants.

In 2010 the Group launched the management programme 'Aspiring Managers'. The aim was to recruit more first line managers from its own employees. The programme continued in 2011 with a total of 28 participants. After the course five of these have started work as first line managers or deputy managers.

In 2011 the Group developed a new management programme for executive managers. The programme will help to develop further value-based and business-oriented management for the participants. The first intake of 12 participants will complete the course during 2012.

For several years the Group has focused on an obligatory raising of competence for all managers through annual, three-hour HSE training. In 2011 the main theme was the health-promoting working environment.

The Group has also helped to develop leader groups and teams in all divisions in 2011.

Development of talent

In 2011 the Group continued its work developing the 'Leader Review' and Talent Programme.

In the 'Leader Review' all executive and middle managers are reviewed through a systematic assessment. In addition ambition and willingness in organisational and geographical mobility are documented. (GRI EC 7)

In 2011 the Group ran the Talent Programme for 15 middle managers. The aim was to stimulate mobility across divisions, identify talented leaders and provide motivation for a career in the Group.

The Group's two-year trainee programme continued for the 12th consecutive year. After a thorough evaluation process in which leadership potential was also assessed, seven Group trainees were recruited in 2011. A new feature this year was the strengthened profiling of the programme for Swedish colleagues. A Summer Internship was also completed in which four summer trainees took part.

Important competence measures

The Group has its own training portal, Norway Post and Bring Akademiet, which is available to all the Group's employees. Akadamiet offers everything from specially adapted e-learning to a standard course in collaboration with external suppliers.

As a supplement to the other competence measures the Group offers a scholarship scheme. The scheme shall help to motivate employees to gain deeper knowledge of a chosen technical area through strengthened formal competence. In 2011 two application processes were completed. 45 employees were awarded a scholarship. (GRI LA11)

Through collaboration with the Norwegian Ministry of Education and Research and VOX, 106 employees of the Group in Norway completed a course in basic competences such as reading, writing and IT. 46 per cent of the participants were women. This focus on basis competence is an important instrument in promoting the integration of employees with immigrant backgrounds. 36 per cent of the course participants in 2011 had a minority language background. (GRI LA 10 and LA 11)

The Group continues its focus on certificates of apprenticeship by making arrangements for placement candidates and bringing in apprentices.

Regulated working life

A constructive and professional collaboration with employee representatives is a prerequisite for the good development of pay and staff policies. In the Group, 95.2 per cent of all employees are covered by collective bargaining agreements. (GRI LA4)

As part of its work in laying the basis for a well-functional collaboration, the necessary clarifications of roles have been made and the employer and employee parties have been trained based on the cooperation rules in the Main Agreement. In the course of 2012 this training will also be provided through internet-based modules. A survey of the right to organisational freedom has been undertaken in the Norway Post Group and no cases have been registered which restrict the right to collective bargaining. (GRI HR 5)

Internal pension advice

Employees of Norway Post have favourable pension and employee insurance schemes through DNB Livsforsikring. The Company is also part of the Joint AFP Arrangements.

In 2011 Norway Post established an internal pension advisory unit. Through this, all employees are offered individual pension advice before they reach 62 years of age. During 2011 some 516 such individual advisory sessions were carried out. (LA 11)

This measure will ensure that the individual's decision on when to retire and begin drawing a pension is made on the basis of the correct information. In Norway the pension reform's rules on flexibility regarding drawing pensions was introduced with effect from 1 January 2011. There is an emerging trend towards more elderly employees continuing to work as a result of these rules, in that 20 per cent fewer in the 62 year old age group choose to retire compared with previous years.

Restructuring in daily life

Restructuring is part of the working day for Norway Post's employees. Norway Post has a long tradition of restructuring based on active and good cooperation with the employees' organisations. Both individually and together the parties have developed a framework for agreements and procedures to handle restructuring and workforce reductions. 60 per cent of the Group's companies have a minimum notice period specified in collective agreements. 96 per cent of the Group's employees are employed in these companies. (GRI LA5) The main principle of restructuring processes is that all cases will be resolved through the internal job market and voluntary solutions. During 2011 Norway Post reduced its workforce by 330 full-time equivalents.

Major restructuring activities also took place outside the parent company during the year. In the autumn of 2011 a business takeover was completed in which parts of Bring Cargo, including around 600 employees, were transferred to Norway Post.

Ambitious diversity goals

In 2011, 10.5 per cent of the Group's employees had immigrant backgrounds. In Norway 11.7 per cent of the Group's employees had immigrant backgrounds, comprising over 70 nationalities. (GRI LA13) 3.2 per cent of all the Group's managers have immigrant backgrounds. In the parent company the proportion of immigrants within staff and management is currently 4.2 per cent.

The Group has a goal that 13.5 per cent of the company's employees in Norway shall have an immigrant background at the end of 2012 and 15 per cent at the end of 2015. To increase diversity in positions in staff units and management, a specific target has been set for 7.5 per cent of employees in these job categories to have an immigrant background by the end of 2015.

Cross-cultural sick leave follow-up

In 2011, the Group entered into a collaborative project with NAV to follow up sick leave in a cross-cultural perspective. The aim is to increase the competence of managers in implementing good follow-up procedure for employees with immigrant backgrounds.

Training organised by NAV has been completed at the Group's largest workplace, the South-East Norway terminal in Lørenskog. In 2012 similar courses are planned for other parts of the Norwegian operation where this topic is relevant.

Racism-free zone

Norway Post's collaboration agreement with Norwegian People's Aid on a racism-free zone celebrated its 10th anniversary in 2011 and to mark this occasion was expanded to become a Group-wide agreement. The agreement entails that all units must demonstrate and mark that the business is racism-free and that there is zero tolerance for discrimination. No incidents of discrimination were registered in 2011. The Group's annual organisational survey has included the statement 'In my unit there is no discrimination' since 2005. On a scale from 1-7, where 7 is the best result, the responses to this statement have risen from 5.9 to 6.1 in recent years. (GRI HR 4)

During 2011 the Group launched a campaign called 'For us it's normal to be different'. All of the Group's employees in Norway received a leaflet with the legal definition of discrimination as well as a procedural description of how one should provide notification if one feels discriminated against or is aware of cases of discrimination.

'You make the difference'

In spring 2011 Norway Post launched the development programme ‘You make the difference’ for employees with different cultural backgrounds. The programme is specifically aimed at operative employees who have competence they are unable to use in their current position. A total of 73 applications was received, from which five employees were chosen to complete a placement within staff units and management. The programme will continue in 2012.

Separate mentor programme

In 2011 Norway Post launched a mentor programme to promote integration among unemployed immigrant women. The aim of the programme is to assist women in looking for work and provide them with knowledge about Norwegian working life. Norsk Folkehjelp Oasen and NAV help with the recruitment of suitable and interested candidates for the programme. A total of 16 women in the Group are mentors, including all three women from executive management.

Practical placements for immigrant women

During 2011 four practical placements were created for immigrant women who have not previously worked in Norway. The project is in collaboration with NAV Grünerløkka which contributes candidates. One of the women who have been in practice has moved over to an ordinary position, while the three others remain in work practice. The programme will continue in 2012 with a total of 10 candidates.

In 2012 diversity work will continue with all the measures initiated in 2011. In addition a survey will assess the need for relevant measures for the Group’s subsidiaries outside Norway.

Table: Permanent employees

Group

	Women	Men	Total	Proportion W %	Proportion M %
Number					
Executive managers	20	73	93	21,5%	78,5%
Other managers	446	1 078	1 524	29,3%	70,7%
Employees	7 712	11 470	19 182	40,2%	59,8%
Total Employees	8 178	12 621	20 799	39,3%	60,7%

Group in Norway

	Women	Men	Total	Proportion W %	Proportion M %
Number					
Executive managers	12	33	45	26,7%	73,3%
Other managers	395	867	1 262	31,3%	68,7%
Employees	6 707	9 139	15 846	42,3%	57,7%
Total Employees	7 114	10 039	17 153	41,5%	58,5%

Table: Number of employees with immigrant background

Percentage

Group 2011[1]		Group in Norway 2011[1]
3,2%	Managers	3,3%
11,1%	Employees	12,3%
10,5%	Total	11,7%

[1] 2011 was the first year this type of data was collected.

The Group’s ethics and integrity standard

In October 2011 Norway Post launched its first integrity programme. The programme will help strengthen the Group’s standard for ethics and integrity.

The integrity programme consists of several tools which aim to give employees and selected business partners advice and guidance related to:

- corruption and financial irregularities
- breaches of competition law
- social dumping
- handling sensitive information

The tools have been created to make it easier for employees in the Group to live up to the requirements and expectations Norway Post has of them. They include ethical guidelines, an integrity handbook, an e-learning program about integrity and a Warning Institute where employees can notify of possible breaches of the rules.

Ethical guidelines

The ethical guidelines are the most fundamental and highest-level tool included in the programme. The guidelines were drawn up as early as 2006 but have now been relaunched as part of the integrity programme. They cover the overall requirements made of the Group as an employer, the individual employee, and business partners. All of this is put together in a small folder available in Norwegian, Swedish and English.

Integrity handbook

The handbook builds upon the ethical guidelines but goes into more detail for topics such as corruption, social dumping, information security and legal competition. The integrity handbook is an easily available ‘reference work’ that provides an introduction to the Group's guidelines, practical advice and guidance as well as a summary of danger signals to be aware of. The handbook is available in Norwegian, Swedish and English.

E-learning programme on integrity

An e-learning programme has been created on the basis of the ethical guidelines and the integrity handbook. It is based on various dilemmas about integrity that the Group's employees can meet. The programme is available in Norwegian, Swedish and English.

Specially-adapted training

E-learning is not sufficient as the only training tool. In a number of areas and in certain units the Group is more vulnerable to integrity risk than in other areas. An important part of the integrity programme is therefore to carry out specially-adapted training in specific topics for relevant target groups. Such training will be carried out for selected leaders and employees during 2012.

Warning Institute

The Warning Institute was established as a Group-wide whistle blowers' channel as far back as 2008 . Through this channel employees who are aware of or suspect unacceptable conduct (breaches of the integrity standard) have the opportunity to provide information about this and will actually feel confident enough to make use of the channel. The Group's overriding principle is still that employees are encouraged to notify their immediate superior if such conditions are discovered. But if this is not possible or feels too difficult, employees can contact the Warning Institute. The Warning Institute can be reached by email, telephone or mail. The contact details for the Warning Institute were distributed in 2011 via the integrity handbook and can also be found on the Group's intranet. (GRI HR 11)

In 2011 the Warning Institute received six cases which were investigated and assessed. One of these cases was an alleged breach of corruption rules. Further investigation found that there were no grounds for the allegation made. (GRI SO4)

The Group's Warning Institute reports to the audit committee of Norway Post once every six months. The report details the number and type of cases as well as the results of each case. In addition the measures taken and activities implemented and completed by the Warning Institute during the six-month period are reported.

Implementation of the integrity programme

As previously mentioned, implementation of the integrity programme started in October 2011. The programme was launched at a board meeting. After this the ethical guidelines and integrity handbook were distributed to the Group's employees by mail through the company newsletters Post- og Bringavisen and Bringnews. Furthermore all relevant material was made available on the Group's intranet.

The process of implementing the e-learning programme was also initiated in 2011. The goal is for all relevant target groups to complete the programme during the first six months of 2012.

The overall responsibility for the implementation of the integrity programme lies with management in the divisions and subsidiaries. Implementation is facilitated by the legal director.

The most vulnerable

For further work on implementing the programme, employees are divided into a primary and a secondary target group. The primary target group consists of the employees deemed most vulnerable to typical risk situations discussed in the integrity programme. In addition to completing the e-learning programme, certain groups of workers in the primary target group will also complete specially-adapted training during 2012.

Network of resource persons

To help with the successful implementation of the integrity programme a network of local resource persons has been established in all subsidiaries and divisions. These persons will help to ensure that the tools in the integrity programme become known and are used. In addition, these persons will function as resource persons for local questions, as well as report to the Group following the completion of local implementation of the programme.

Supplier management

In order to ensure that the Group's suppliers also observe the fundamental requirements for integrity and ethical behaviour, a specific supplier declaration has been created ('Self certification concerning the ethical standard for suppliers to the Norway Post Group').

The declaration sets out clear requirements for the Group's suppliers and allows the Group to terminate collaboration/contracts if the supplier does not meet these requirements. The declaration must be used for all purchases in the Group and in 2011 was used in a proportion of significant contracts entered into during 2011. (GRI HR 5)

Newly-established support function

To ensure the systematic implementation and follow-up of the Group's ethical standards in the supplier chain, Procurement CR was established as a separate unit in 2011. The unit is a part of Corporate Staff – Purchasing and is to perform a support function for purchasers in pre-qualification processes and signing of contracts, in the follow-up of existing contracts and in the work on ensuring that the Group's corporate social responsibility is maintained in the supplier chain.

GRI - Profile

Norway Post's annual and sustainability report has been created in accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting (the Sustainability Reporting Guidelines).

The profile information below is a part of this framework and describes the organisation and how the work on sustainability is organised.

Fully reported

Partially reported

Not reported

Strategy and Analysis

Strategy and Analysis

PROFILE INFORMATION		REPORTING	COMMENTS
(1.1)	**Statement from the most senior decision-maker of the organisation.** • CEO	Fully reported	
(1.2)	**Description of key impacts, risks, and opportunities.** • REPORT OF THE BOARD OF DIRECTORS (RISK) • NORWAY POST AND SUSTAINABILITY	Fully reported	

Organisational Profile

Organisational Profile

PROFILE INFORMATION		REPORTING	COMMENTS
(2.1)	Name of the organisation. • ORGANISATION CHART • THE GROUP	●	Norway Post
(2.2)	Primary brands, products, and/or services. • SEGMENT REPORT LOGISTICS DIVISION • SEGMENT REPORT DIVISION MAIL • SEGMENT REPORT LOGISTICS SOLUTIONS DIVISION	●	
(2.3)	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures. • ORGANISATION CHART	●	
(2.4)	Location of organisation's headquarters. • THE GROUP	●	
(2.5)	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. • THE GROUP	●	
(2.6)	Nature of ownership and legal form. • CORPORATE GOVERNANCE	●	
(2.7)	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). • SEGMENT REPORT LOGISTICS DIVISION • SEGMENT REPORT DIVISION MAIL • SEGMENT REPORT LOGISTICS SOLUTIONS DIVISION • THE GROUP	●	
(2.8)	Scale of the reporting organisation. • SEGMENTS • NOTE 1 SEGMENTS	●	
(2.9)	Significant changes during the reporting period regarding size, structure, or ownership. • THE GROUP'S DEVELOPMENT	●	
(2.10)	Awards received in the reporting period.	●	

- **IMPORTANT EVENTS**

Report Parameters

Reporting Profile

PROFILE INFORMATION		REPORTING	COMMENTS
(3.1)	Reporting period (e.g. fiscal/calendar year) for information provided.		January 1. to December 31. 2011
(3.2)	Date of most recent previous report (if any).		Norwegian webreport March 25. 2011. English webreport June 1. 2011.
(3.3)	Reporting cycle		Anually reporting
(3.4)	Contact point for questions regarding the report or its contents.		rapport@posten.no

Report Scope and Boundary

PROFILE INFORMATION		REPORTING	COMMENTS
(3.5)	Process for defining report content. • NORWAY POST AND SUSTAINABILITY		
(3.6)	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). • NORWAY POST AND SUSTAINABILITY • ACCOUNTING PRINCIPLES		Reporting includes the entire group.
(3.7)	State any specific limitations on the scope or boundary of the report. • NORWAY POST AND SUSTAINABILITY • ACCOUNTING PRINCIPLES		Reporting includes the entire group.
(3.8)	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations. • NORWAY POST AND SUSTAINABILITY • ACCOUNTING PRINCIPLES		
(3.9)	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols. • NORWAY POST AND SUSTAINABILITY • ENVIRONMENTAL REPORT • WORKING ENVIRONMENT REPORT		
(3.10)	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature		

of business, measurement methods).

- NORWAY POST AND SUSTAINABILITY
- ENVIRONMENTAL REPORT
- WORKING ENVIRONMENT REPORT

(3.11) Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

- NORWAY POST AND SUSTAINABILITY

GRI Content Index

PROFILE INFORMATION		REPORTING	COMMENTS
(3.12)	Table identifying the location of the Standard Disclosures in the report.	●	

- SITE MAP

Assurance

PROFILE INFORMATION		REPORTING	COMMENTS
(3.13)	Policy and current practice with regard to seeking external assurance for the report.	●	Assurance report from Ernst & Young

- INDEPENDENT ASSURANCE REPORT (SUSTAINABILITY)

Governance, Commitments, and Engagement

Governance

PROFILE INFORMATION		REPORTING	COMMENTS
(4.1)	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. • GROUP MANAGEMENT • CORPORATE GOVERNANCE	●	
(4.2)	Indicate whether the Chair of the highest governance body is also an executive officer. • CORPORATE GOVERNANCE (POINT 8)	●	
(4.3)	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members. • CORPORATE GOVERNANCE (POINT 8)	●	
(4.4)	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. • CORPORATE GOVERNANCE (POINT 8) • INTEGRITY REPORT	●	
(4.5)	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance). • CORPORATE GOVERNANCE (POINT 11) • CORPORATE GOVERNANCE (POINT 12)	●	
(4.6)	Processes in place for the highest governance body to ensure conflicts of interest are avoided. • CORPORATE GOVERNANCE (POINT 7) • CORPORATE GOVERNANCE (POINT 8)	●	
(4.7)	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity. • CORPORATE GOVERNANCE (POINT 7) • CORPORATE GOVERNANCE (POINT 8)	●	
(4.8)	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and	●	

social performance and the status of their implementation.

- CORPORATE GOVERNANCE (POINT 1)

(4.9) Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.

- CORPORATE GOVERNANCE (POINT 10)

(4.10) Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.

- CORPORATE GOVERNANCE (POINT 9)

Commitments to External Initiatives

PROFILE INFORMATION	REPORTING	COMMENTS

(4.11) Explanation of whether and how the precautionary approach or principle is addressed by the organisation.

- CORPORATE GOVERNANCE (POINT 10)

(4.12) Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.

- NORWAY POST AND SUSTAINABILITY

(4.13) Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.

- NORWAY POST AND SUSTAINABILITY
- WORKING ENVIRONMENT REPORT
- ENVIRONMENTAL REPORT

Stakeholder Engagement

PROFILE INFORMATION	REPORTING	COMMENTS

(4.14) List of stakeholder groups engaged by the organisation.

- STAKEHOLDERS

(4.15) Basis for identification and selection of stakeholders with whom to engage.

- NORWAY POST AND SUSTAINABILITY
- STAKEHOLDERS

(4.16) **Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.**

- NORWAY POST AND SUSTAINABILITY
- STAKEHOLDERS

(4.17) **Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.**

- STAKEHOLDERS
- WORKING ENVIRONMENT REPORT
- ENVIRONMENTAL REPORT
- INTEGRITY REPORT

GRI - Performance Indicators

Norway Post's annual and sustainability report has been created in accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting (the Sustainability Reporting Guidelines).

The performance indicators below are divided into three categories: economic, environmental and social. Social is again divided into four sub-categories: labour practices and decent work, human rights, the organisation's role in society and product responsibility. Norway Post reports fully for 34 performance indicators and partly for 3. It thus qualifies for the B-level in 2011.

Fully reported

Partially reported

Not reported

Economic

Disclosures on Management Approach (EC)

		COMMENTS
(DMA)	Management Approach briefly describes how the management is working on initiatives and developments within the various areas of sustainability. The group goals, strategies, policies, values and practices lay the foundation for this work. ● REPORT OF THE BOARD OF DIRECTORS ● SEGMENT REPORT LOGISTICS DIVISION ● SEGMENT REPORT DIVISION MAIL ● SEGMENT REPORT LOGISTICS SOLUTIONS DIVISION	

Economic Performance

GRI INDICATOR		REPORTING	COMMENTS
(EC1)	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. ● KEY FIGURES ● BALANCE SHEET	Fully reported	
(EC2)	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Not reported	
(EC3)	Coverage of the organisation's defined benefit plan obligations. ● NOTE 3 PENSIONS	Fully reported	

(EC4)	Significant financial assistance received from government.	●	

- CORPORATE GOVERNANCE (POINT 2)
- NOTE 29 OTHER MATTERS

Market Presence

GRI INDICATOR		REPORTING	COMMENTS
(EC5)	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	●	

- WORKING ENVIRONMENT REPORT

(EC6)	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	○	
(EC7)	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	

- WORKING ENVIRONMENT REPORT

Indirect Economic Impacts

GRI INDICATOR		REPORTING	COMMENTS
(EC8)	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	○	
(EC9)	Understanding and describing significant indirect economic impacts, including the extent of impacts.	○	

Environmental

Disclosure on Management Approach (EN)

		COMMENTS
(DMA)	Management Approach briefly describes how the management is working on initiatives and developments within the various areas of sustainability. The group goals, strategies, policies, values and practices lay the foundation for this work. • ENVIRONMENTAL REPORT	

Materials

GRI INDICATOR		REPORTING	COMMENTS
(EN1)	Materials used by weight or volume.		
(EN2)	Percentage of materials used that are recycled input materials.		

Energy

GRI INDICATOR		REPORTING	COMMENTS
(EN3)	Direct energy consumption by primary energy source. • TABLE: ENERGY CONSUMPTION		
(EN4)	Indirect energy consumption by primary source. • TABLE: ENERGY CONSUMPTION		
(EN5)	Energy saved due to conservation and efficiency improvements.		
(EN6)	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		
(EN7)	Initiatives to reduce indirect energy consumption and reductions achieved.		

Water

GRI INDICATOR		REPORTING	COMMENTS
(EN8)	Total water withdrawal by source.		
(EN9)	Water sources significantly affected by withdrawal of water.		
(EN10)	Percentage and total volume of water recycled and reused.		

Biodiversity

GRI INDICATOR		REPORTING	COMMENTS
(EN11)	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		

(EN12)	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		
(EN13)	Habitats protected or restored.		
(EN14)	Strategies, current actions, and future plans for managing impacts on biodiversity.		
(EN15)	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		

Emissions, Effluents and Waste

GRI INDICATOR		REPORTING	COMMENTS
(EN16)	Total direct and indirect greenhouse gas emissions by weight. • TABLE: CLIMATE ACCOUNTS		
(EN17)	Other relevant indirect greenhouse gas emissions by weight. • TABLE: CLIMATE ACCOUNTS		
(EN18)	Initiatives to reduce greenhouse gas emissions and reductions achieved.		
(EN19)	Emissions of ozone-depleting substances by weight.		
(EN20)	NOx, SOx, and other significant air emissions by type and weight. • TABLE: EMISSIONS TO AIR		
(EN21)	Total water discharge by quality and destination.		
(EN22)	Total weight of waste by type and disposal method. • TABLE: WASTE		
(EN23)	Total number and volume of significant spills.		
(EN24)	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		
(EN25)	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.		

Products and Services

GRI INDICATOR		REPORTING	COMMENTS
(EN26)	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. • ENVIRONMENTAL REPORT		
(EN27)	Percentage of products sold and their packaging materials that		

	are reclaimed by category.		

Compliance (EN)

GRI INDICATOR		REPORTING	COMMENTS
(EN28)	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. • NOTE 29 OTHER MATTERS		There are no registered offenses or sanctions related to environmental legislation in 2011. See note 29 for other disputes.

Transport

GRI INDICATOR		REPORTING	COMMENTS
(EN29)	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.		

Overall

GRI INDICATOR		REPORTING	COMMENTS
(EN30)	Total environmental protection expenditures and investments by type.		

Social: Labor Practices and Decent Work

Disclosure on Management Approach (LA)

		COMMENTS
(DMA)	Management Approach briefly describes how the management is working on initiatives and developments within the various areas of sustainability. The group goals, strategies, policies, values and practices lay the foundation for this work. • WORKING ENVIRONMENT REPORT	

Employment

GRI INDICATOR		REPORTING	COMMENTS
(LA1)	Total workforce by employment type, employment contract, and region, broken down by gender. • WORKING ENVIRONMENT REPORT		
(LA2)	Total number and rate of new employee hires and employee turnover by age group, gender, and region. • WORKING ENVIRONMENT REPORT		
(LA3)	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		
(LA15)	Return to work and retention rates after parental leave, by gender. • WORKING ENVIRONMENT REPORT		The reporting are for the parent company

Labor/management Relations

GRI INDICATOR		REPORTING	COMMENTS
(LA4)	Percentage of employees covered by collective bargaining agreements. • WORKING ENVIRONMENT REPORT		
(LA5)	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. • WORKING ENVIRONMENT REPORT		

Occupational Health and Safety

GRI INDICATOR		REPORTING	COMMENTS
(LA6)	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		

- WORKING ENVIRONMENT REPORT

(LA7)	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	●	

- WORKING ENVIRONMENT REPORT
- SEGMENT REPORT LOGISTICS DIVISION
- SEGMENT REPORT DIVISION MAIL
- SEGMENT REPORT LOGISTICS SOLUTIONS DIVISION

(LA8)	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	

- WORKING ENVIRONMENT REPORT

(LA9)	Health and safety topics covered in formal agreements with trade unions.	●	

- WORKING ENVIRONMENT REPORT

Training and Education

GRI INDICATOR		REPORTING	COMMENTS
(LA10)	Average hours of training per year per employee by gender, and by employee category.	●	

- WORKING ENVIRONMENT REPORT

(LA11)	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	

- WORKING ENVIRONMENT REPORT

(LA12)	Percentage of employees receiving regular performance and career development reviews, by gender.	●	

- WORKING ENVIRONMENT REPORT

Diversity and Equal Opportunity

GRI INDICATOR		REPORTING	COMMENTS
(LA13)	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	●	

- CORPORATE GOVERNANCE
- WORKING ENVIRONMENT REPORT
- NOTE 2 PAYROLL EXPENCES AND OTHER REMUNERATION

Equal Remuneration for Women and Men

GRI INDICATOR		REPORTING	COMMENTS

(LA14) **Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.**

- **WORKING ENVIRONMENT REPORT**

Social: Human Rights

Disclosure on Management Approach (HR)

		COMMENTS
(DMA)	Management Approach briefly describes how the management is working on initiatives and developments within the various areas of sustainability. The group goals, strategies, policies, values and practices lay the foundation for this work.	

- INTEGRITY REPORT
- WORKING ENVIRONMENT REPORT

Investment and Procurement Practices

GRI INDICATOR		REPORTING	COMMENTS
(HR1)	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.		
(HR2)	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.		
(HR3)	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		

Non-discrimination

GRI INDICATOR		REPORTING	COMMENTS
(HR4)	Total number of incidents of discrimination and actions taken.		

- WORKING ENVIRONMENT REPORT

Freedom of Association and Collective Bargaining

GRI INDICATOR		REPORTING	COMMENTS
(HR5)	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.		

- WORKING ENVIRONMENT REPORT
- INTEGRITY REPORT

Child Labor

GRI INDICATOR		REPORTING	COMMENTS
(HR6)	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.		

Forced and Compulsory Labor

GRI INDICATOR		REPORTING	COMMENTS
(HR7)	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	○	

Security Practices

GRI INDICATOR		REPORTING	COMMENTS
(HR8)	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	○	

Indigenous Rights

GRI INDICATOR		REPORTING	COMMENTS
(HR9)	Total number of incidents of violations involving rights of indigenous people and actions taken.	○	

Assessment

GRI INDICATOR		REPORTING	COMMENTS
(HR10)	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	○	

Remediation

GRI INDICATOR		REPORTING	COMMENTS
(HR11)	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	●	

- INTEGRITY REPORT

Social: Society

Disclosure on Management Approach (SO)

		COMMENTS
(DMA)	Management Approach briefly describes how the management is working on initiatives and developments within the various areas of sustainability. The group goals, strategies, policies, values and practices lay the foundation for this work.	

- STAKEHOLDERS
- INTEGRITY REPORT
- REPORT OF THE BOARD OF DIRECTORS

Local Communities

GRI INDICATOR		REPORTING	COMMENTS
(SO1)	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	○	
(SO9)	Operations with significant potential or actual negative impacts on local communities.	○	
(SO10)	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	○	

Corruption

GRI INDICATOR		REPORTING	COMMENTS
(SO2)	Percentage and total number of business units analyzed for risks related to corruption.	○	
(SO3)	Percentage of employees trained in organisation's anti-corruption policies and procedures.	○	
(SO4)	Actions taken in response to incidents of corruption.	●	

- INTEGRITY REPORT

Public Policy

GRI INDICATOR		REPORTING	COMMENTS
(SO5)	Public policy positions and participation in public policy development and lobbying.	●	

- STAKEHOLDERS
- REPORT OF THE BOARD OF DIRECTORS

GRI INDICATOR		REPORTING	COMMENTS
(SO6)	Total value of financial and inkind contributions to political parties, politicans, and related institutions by country.	○	

Anti-competitive Behavior

GRI INDICATOR		REPORTING	COMMENTS
(SO7)	Total number of legal actions for anti-competitive behavior, anti-	●	

trust, and monopoly practices and their outcomes.

- NOTE 29 OTHER MATTERS
- REPORT OF THE BOARD OF DIRECTORS

Compliance (SO)

GRI INDICATOR		REPORTING	COMMENTS
(SO8)	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		

- NOTE 29 OTHER MATTERS
- REPORT OF THE BOARD OF DIRECTORS

Social: Product Responsibility

Disclosure on Management Approach (PR)

		COMMENTS
(DMA)	Management Approach briefly describes how the management is working on initiatives and developments within the various areas of sustainability. The group goals, strategies, policies, values and practices lay the foundation for this work.	

- SEGMENT REPORT LOGISTICS DIVISION
- SEGMENT REPORT DIVISION MAIL
- SEGMENT REPORT LOGISTICS SOLUTIONS DIVISION

Customer Health and Safety

GRI INDICATOR		REPORTING	COMMENTS
(PR1)	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		
(PR2)	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		

Product and Service Labelling

GRI INDICATOR		REPORTING	COMMENTS
(PR3)	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		
(PR4)	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		
(PR5)	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		

- STAKEHOLDERS (CUSTOMERS)

Marketing Communications

GRI INDICATOR		REPORTING	COMMENTS
(PR6)	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		

- STAKEHOLDERS (CUSTOMERS)

(PR7)	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications,		

	including advertising, promotion, and sponsorship by type of outcomes.

Customer Privacy

GRI INDICATOR		REPORTING	COMMENTS
(PR8)	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		

Compliance (PR)

GRI INDICATOR		REPORTING	COMMENTS
(PR9)	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		

- NOTE 29 OTHER MATTERS

The Group

Norway Post is a Nordic mail and logistics group that develops and delivers complete solutions within postal services, communications and logistics, with the Nordic area as its local market.

Vision

Norway Post will be: The world's most future-oriented mail and logistics group.

Business concept

Norway Post develops and delivers complete postal, communications and logistics solutions - with the Nordic region as its local market.

Strategy towards 2013

Norway Post's Group strategy is to develop an integrated and industrialised Nordic mail and logistics business.

This entails that:

- The Group will develop leading positions in all the Nordic countries within selected service areas. It will offer Nordic solutions to Nordic and international customers in the Nordic market.
- The Group's value chains shall be reduced in number and integrated into a single distribution and terminal network with a coordinated customer interface. All information about products and capacity will be available in the entire value chain across geographical and organisational units.
- The Group will create increased customer value and competitiveness through standardisation, the development of module-based solutions, industrial customisation and continuous improvement.

Our values

Through our values, we reflect a Group that can be relied upon in all respects, and one we can be proud to work for. These values help build our common culture and guide us in all our decisions. Established forms of cooperation between managers, employees, management organs, owners and the authorities will reflect our basic values.

- Integrity
- Respect
- Cooperation
- Openness
- Courage

Main goals

The main goals are based on the requirements and goals of our operations and are:

- Satisfied customers
- Leading market positions
- Profitable growth and a competitive increase in value
- Attractive workplaces and a good working environment

Leadership principles

To be a leader in the Group means to set goals, release energy and control resources. The Group's leaders must practise value-based leadership that balances involvement and control. Good managers are a prerequisite for employees to be happy and to give their best. Leaders are role models in their behaviour and must bring the Group's values to life.

Our leaders are characterised in that they:

- are visible
- are clear
- take and give responsibility
- develop and inspire employees

Corporate Management

Corporate Management consists of Pål R. Amundsen, Elisabeth Hegg Gjølme, Gro Bakstad, Dag Mejdell, Randi Løvland, Arne Bjørndahl and Tore K. Nilsen.

Group structure

Norway Post is organised as three divisions and three corporate staff units. Corporate Management consists of the Group CEO and six Executive Vice Presidents.

Corporate management deals with issues and decisions relating to the Group's strategy, budgets, financial developments, significant investments, pricing strategies, and issues of significance to Norway Post's reputation, market and customers, as well as issues of a fundamental and strategic nature.

Line responsibility

Executive Vice Presidents lead the divisions or corporate staff units and report to the CEO. The divisions are central to the management of the Group and devise strategies for their respective business areas that support the corporate strategy. The divisions are responsible for developing and delivering products and services with the associated service and quality.

Professional responsibility

Corporate staff are established in the areas where there is a need to provide professional support to the CEO, Corporate management and the divisions. Corporate staff members are professional driving forces who help support business strategies and help develop a professional environment in the Group.

The corporate staffs have the special task of contributing to interaction and co-operation across Group boundaries in the development of policies and best practices. Certain professional functions are centralised at the Group level and provide services to the divisions and business areas.

Two segments

For financial reporting the Group has chosen to split the business into two segments; mail and logistics, in accordance with international financial reporting standards (IFRS) and best practice.

Mail Division

The division consists of letter products and banking services, Norway Post's distribution apparatus and customer service through the sales and service network as well as the new digital postal system Digipost. The parent company's mail operations are carried out under the Norway Post brand name for the private market and Bring Mail for the business market. The Bring Citymail Sweden and Bring Dialog companies are also included in the division.

The division's goal is to provide high quality postal services in accordance with customer requirements and expectations, and in accordance with licence requirements. At the same time postal operations are to be industrialised and made more efficient.

Logistics Division

The division consists of the specialist areas parcels and goods in the Norwegian and Nordic markets. Increased long distance/online shopping is the driving force within the parcels market and the Division has leading competence in this area.

The Logistics Division is responsible for customers and earnings for parcels and goods in addition to being responsible for production and transport. The ambition is to create the coordinated and industrialised production of parcels and goods as well as to develop an integrated transport network for post, parcels and goods. This entails increased proximity to customers and that employees are encouraged to cooperate better across business areas and divisions.

Logistics Solutions Division

The division consists of the specialist areas express, thermo, supply services and warehousing, along with Bring's activities in Denmark. The aim is to contribute to greater interaction with regard to the market and benefit from synergies in production between the business areas.

Logistics Solutions Division has a distinct range of services to the market and shall be the best in the Nordic region within its specialist areas.

Our brands

Norway Post meets the markets with two brands: Norway Post for the private market and Bring for the business market.

Norway Post - We live to deliver

Norway Post covers services to private customers, the post office network and daily postal distribution to the entire Norwegian populace.

- **Services:** Offers a wide range of services which provide the sender and recipient with secure delivery and a wide choice of delivery methods.
- **Background:** Norway Post was established in 1647 and has 365 years of experience in the distribution of letters and parcels in Norway. Read more about its history [here]
- **Reputation:** The reputation survey by MMI/Ipsos (formerly Synovate) for 2011 showed that Norway Post scored 69 per cent in the good impression sector, up 6 per cent from 2010. Norway Post ended at 17th place among the 116 companies in the survey.

Bring – Finding New Ways

Bring is the Nordic specialist in post and logistics with a range of services aimed at business customers in the Nordic region. Bring consists of nine specialists, each with key skills within their areas.

- **Services:** Offers a wide range of services within communications and logistics (see below for a separate description for each of the Bring specialists).
- **Background:** The Bring brand was established in 2008. After ten years of acquisitions of various companies with different brands, Norway Post brought these under the same umbrella and launched the Bring brand. Today the brand consists of nine specialists. Read more about its history [here]
- **High awareness:** Three years after its launch Bring has achieved a high level of brand awareness among its target group of executive and middle managers. Awareness is an important starting point in coming to a customer's attention and being deemed attractive. Surveys in 2011 showed that awareness of Bring was at 91 per cent in Norway, 66 per cent in Sweden and 31 per cent in Denmark.

The Bring specialists:

Bring Express: Bring Express provides same-day courier and express deliveries.

Bring Frigo: Provides shipping and storage of food and goods to be handled at specific temperatures.

Bring Mail: Provides solutions for the distribution of letters, advertising and goods to the post box through Norway Post's distribution network in Norway. Cross-border mail in the rest of the Nordic region.

Bring Citymail: Provides efficient mail distribution from business to business and private individuals in Sweden.

Bring Dialog: Provides advice, data tools, analysis and implementation of activities in customer dialogue and CRM.

Bring Parcels: Delivers parcels to and from companies and to private customers in the Nordic region and 193 countries.

Bring Cargo: Provides national and international goods transport by road, sea, air or rail. Handles deliveries and return goods around the world.

Bring Warehousing: Provides optimum warehouse services for most types of product, whether these are large volumes, bulk storage or individual pallets.

Bring Supply Services: Develops and operates complete supply chains (supply services) for companies. Has global experience with advanced fourth party logistics solutions.

Corporate Governance

Each year the Board of Directors of Norway Post submits a statement concerning the Norwegian Code of Practice for Corporate Governance (NUES recommendation).

Below (points 1-15) is a statement of how the points in the NUES recommendation have been followed in Norway Post. This includes both details of how the principles have been met and if applicable the reason for any non-compliance and/or why the principle is not relevant for Norway Post.

Non-compliance is primarily related to the fact that the Norwegian government is the company's sole owner. As a result of this, Norway Post's corporate governance deviates from point 4 of the NUES recommendation on the equal treatment of shareholders and transactions with related parties, point 5 on the free sale of shares, point 6 on general meetings, point 7 on election committees and point 14 on company takeovers.

The Board must also provide information on corporate governance in accordance with Section 3-3b of the Norwegian Accounting Act. The statement below follows the NUES recommendation's systematic structure. Point 16 is a summary of where the information required by Section 3-3b of the Norwegian Accounting Act can be found.

Point 1 Statement on corporate governance

Norway Post is a limited company wholly-owned by the Government. The Group's corporate governance is based on Norwegian law and the Norwegian Government's ownership policy in force at the given time.

Good corporate governance is a prerequisite for a profitable and powerful company, while at the same time the requirements and expectations of the company's owner must be fulfilled. The Board of Directors of Norway Post believes that there is a clear connection between good corporate governance and creating value for the company's owners.

Through its business activities Norway Post is a prominent member of society and has been given an important social responsibility with its licence from the Ministry of Transport and Communication - that of ensuring the nationwide operation of delivery services in a proper and cost-effective manner. This social task also entails a particular responsibility with regard to how this task is carried out.

The Group's common core values thus create an important premise for the Group's activities - with regard to employees and with regard to the Group's operating environment; customers, suppliers and business partners. The Group's values are Honesty, Respect, Cooperation, Openness and Courage. In addition to this shared value platform, ethical guidelines and leadership principles have been established.

These ethical guidelines are also included in the Group's integrity programme. The aim of the programme is to increase awareness and knowledge related to how typical ethical dilemmas can be handled. This will help to ensure that consideration is always taken of human rights, anti-corruption, working conditions, HSE, discrimination and environmental conditions in the Group.

Point 2 Business

Norway Post's social responsibility is to ensure the nationwide operation of delivery services in a proper and cost-effective manner. This social responsibility is described in Norway Post's licence given by the Ministry for Transport and Communication. The current licence applies until 31 December 2012.

Furthermore the Group shall run postal and logistic operations on a commercial basis, as well as other activities directly related to this.

All of these conditions are stated in section 3 of Norway Post's articles of association. The complete articles of association are found on http://www.postennorge.com/about-norway-post/control-and-management/group-regulations.

The Board of Directors determines goals and strategies, both on a Group-wide level and for each business area, which support the Group's aims related to mail and logistics operations. These documents are based on regular assessments and decision processes which shall ensure that the Group has a well-founded and operational strategy at all times.

A central premise for Norway Post's strategies and activities is that Norway Post shall be a country-wide service provider focusing on competitive pricing, high quality and good accessibility. This is also a driving force for motivated employees and management in day-to-day business and is fundamental in maintaining Norway Post's reputation.

As well as Norway Post meeting its socially-defined service requirements, the Group shall also be run profitably on commercial terms, meet its owner's required rate of return and adapt its activities to the structural changes that take place in the market.

Over the last decade and within this framework Norway Post has developed into an industrial group operating within the postal services and logistics business areas with the Nordic area as its local market. The markets in which the Group operates are characterised by fierce competition and major technological and structural changes. These changes present Norway Post with significant challenges with regard to the economics of the statutory services under its licence, competiveness, adapting to new customer requirements and market position.

The following main strategies form the basis for the development of the Group:

- Norway Post shall undertake its social duties in accordance with the adopted licence requirements.
- Norway Post shall service customers' requirements and be available where the customer is located.
- Norway Post shall develop independent competitiveness in the Group's focus areas in the Nordic area.
- Norway Post shall increase returns from investments made in its traditional core business and at the same time the Group shall continue to invest in Nordic growth areas in order to ensure future profitability and strength.
- Norway Post shall develop strong, profitable and sustainable positions within the areas in which the Group is involved.
- Norway Post shall work to extract cost benefits through efficiency measures, coordination of the value chain and the implementation of a Group-wide productivity system.
- Norway Post shall have a balanced portfolio of business operations that strengthens its ability to service customers' requirements. This portfolio shall have clearly defined common characteristics for the Group's role as a trusted third party, the way in which it appears to customers, its operating principles as well as a shared culture and values.
- Norway Post shall provide a competitive rate of return for its owner through profitability and value creation in line with the best in the industry.
- Norway Post shall be an environmental leader and work actively to reduce the company's impact on the external environment.
- Norway Post shall develop good and attractive workplaces.

Continuous improvement is an important common denominator in the development of the Group. This entails improvements to processes, products and services to increase customer value and reduce unnecessary use of resources. Norway Post also recognises the importance of corporate social responsibility in how its operations affect people, the environment and society. This is achieved by reducing the impact of its activities on the external environment as well as developing the Group as an attractive workplace with a diverse and inclusive working environment. It is the opinion of the Board that by taking social responsibility, Norway Post contributes to a good reputation, a reduction in risk and long-term expansion for the Group.

Norway Post's operations are labour intensive. In total the Group's workforce consists of approximately 20 000 full-time equivalents. Health, Safety and the Environment (HSE) is therefore a high priority and the Group's aim is for nobody to be injured or become sick as a result of their work. Continuous and focused work is underway to reduce the sick leave rate, number of employees who are incapacitated for work and lost-time injuries.

With the establishment of a Group-wide integrity programme the Group is actively working to prevent corruption and contributing to respect for human and workers' rights. In this way Norway Post's Board wishes to focus on how the Group's operations can contribute to sustainable development. See also the Sustainability Report.

Point 3 Equity and dividends

Equity

As at 31 December 2011 the Group's equity was MNOK 5 517 which gave an equity ratio of 35.9 per cent of the Group's total assets. This level is deemed adequate with regard to the Group having sufficient solidity to implement its goals and strategies within an acceptable risk profile.

Dividend

Norway Post's general meeting is not bound by the Board's proposal for the distribution of dividends, cf. § 20-4 (4) of the Companies Act and the company is thus subject to the Government dividend policy in force at any given time. The Norwegian Government’s dividend policy for Norway Post is that 50 per cent of Group post-tax profits can be paid as a dividend. Before the annual dividend is determined an independent assessment of the Group's financial situation and future prospects shall be carried out.

Point 4 Equal treatment of shareholders and transactions with related parties

Norway Post has only one share class. All shares are owned by the Norwegian state and managed by the Ministry of Transport and Communications.

Contact between the Norwegian state as owner and Norway Post is undertaken via regular ownership meetings. The articles of association also state that Norway Post is obliged to present all cases deemed to be of major social or fundamental significance to the owner.

Due to government ownership the NUES recommendation on share issues is not deemed to be relevant for Norway Post.

Information regarding transactions with related parties is provided for in the annual report, see note 28.

Point 5 Free sale of shares

All shares are owned by the Norwegian state and managed by the Ministry of Transport and Communications. In accordance with § 3 of the articles of association Norway Post is to operate as a limited company wholly-owned by the Government. Due to government ownership the NUES recommendation on free sale of shares is not deemed to be relevant for Norway Post.

Point 6 General meeting

The Norwegian Government, through the Minister of Transport and Communications, is the company's general meeting. In accordance with the company's articles of association, the ordinary general meeting is to be held by the end of June each year.

The Companies Act § 20-5 (1) states that the Ministry of Transport and Communications is responsible for sending notification of both ordinary and extraordinary general meetings and for deciding the method of notification.

The Board of Directors, CEO, company auditor and the Office of the Auditor General are invited to the general meeting.

The minutes from the ordinary general meeting are available on the company's website.

Point 7 Election committee

As the Norwegian Government, through the Minister of Transport and Communications, is the only shareholder, the company does not have an election committee. The Board of Directors is appointed by the general meeting in accordance with the Companies Act § 20-4 (1). This represents non-compliance with the NUES recommendation.

Four members of the Board of Directors are chosen by and from the employees in Norway.

In 2010 a Group-wide scheme was established for the election of employee representatives to the Board of Directors of Norway Post. This entails that all employees in the Norwegian part of the Group can be elected and have voting rights.

Point 8 Corporate assembly and Board of Directors, composition and independence

Corporate assembly

In principle Norway Post is subject to the main rule of the Companies Act that a corporate assembly must be appointed if a company has more than 200 employees. However the company does not have a corporate assembly as an agreement has been entered into between the employees and the company that there is to be no corporate assembly in Norway Post in accordance with § 6-35 of the Companies Act. The same agreement gives the right to an expansion of employee representation on the Board of Directors from three to four representatives.

The composition of the Board of Directors

In accordance with the articles of association the Board of Directors shall consist of between seven to ten members. Up to six of these are nominated by the General Assembly. As the sole shareholder the Norwegian state represented by the Ministry of Transport and Communications designates and selects all the shareholder-appointed Board members. There are currently six shareholder-appointed Board members. There are no deputies for the shareholders' representatives on the Board of Directors.

By virtue of the agreement the employees have the right to elect up to four members of the Board of Directors.

In 2011 five of the members of the Board were women, of whom three were shareholder-appointed representatives and two were employee representatives.

The election period for board members is limited to two years at a time. Continuity within the Board of Directors is ensured as only half of the directors stand for election at the same time.

The Board members' backgrounds are described in the annual report [s.x] and on the Group's website

The independence of the Board of Directors

The Board of Directors assesses the independence of its members on a continuous basis. As at 31 December 2011 all of the shareholder-appointed representatives were deemed to be "independent" Board members, since they were not considered to have commercial, family or other relationships that could be deemed to affect the respective members' evaluations or decisions as Board members of Norway Post.

Point 9 The work of the Board of Directors

The duties of the Board of Directors

The Board of Directors of Norway Post Group is responsible for the overall management of the Norway Post Group and supervises the Group's activities in general.

This overall responsibility is described in detail in the adopted instructions for the Board of Directors and in the Board's plan for its own work. Both these documents are revised on an annual basis.

The guidelines for the CEO's work form part of the instructions for the Board of Directors of Norway Post.

Together these documents clarify the tasks and responsibilities of the Board of Directors and the CEO, including which cases shall, can and should be handled by the Board. This also includes the Group CEO's authorisation limits. Cases that typically appear on the agenda of the Board of Directors on a regular basis are the preparation and implementation of the Group's strategies, the processing and approval of quarterly and annual reports, monthly result reports, HSE issues, investments and follow-up work on these, evaluation of the Group's risks and internal control as well as HR and organisational issues.

The Board of Directors shall also ensure that the company fulfils its corporate social responsibility commitments.

The Board's responsibility for reviewing and reporting risk management and internal control is described in more detail under point 10.

The Board's work and its meetings are led by the Chairman of the Board and based on cases presented by the Group CEO. The Company expects such case presentation to constitute a good and satisfactory basis for considering the case. The Board has appointed a vice-chairman who functions as chairman if the Chairman of the Board cannot or ought not to lead the work of the Board.

The Board held 8 meetings in 2011.

The Board carries out an annual evaluation of its work and its competence. The Board is also evaluated by the owner.

The Board of Directors' audit committee

The Board has established an audit committee consisting of two Board members. The audit committee meets at least five times per year. The audit committee shall operate as a case preparation body for the Board and support the Board in carrying out its responsibility for financial reporting, risk management, internal control and external auditing. The committee's main duties are: preparation of the Board's follow-up work on accounts reporting processes (including ongoing contact with the company's external auditor regarding the audit of the annual financial statements), supervision of the systems for internal control and risk management and supervision of the work and independence of the external auditor.

The external auditor is present for all relevant points on the agenda in meetings of the audit committees.

The Board of Director's remuneration committee

A remuneration committee has been established which consists of three Board members and is led by the Chairman of the Board. The remuneration committee holds regular meetings throughout the year. The committee prepares and recommends proposals to the Board related to remuneration for the Group CEO. The committee also contributes to the thorough and independent handling of remuneration issues for leading employees.

Point 10 Risk management and internal control

The Board of Directors' responsibility for risk management and internal control is a directly consequence of the company's articles of association and internal management governing documentation in addition to the general legal provisions and clear recommendations based on best practice.

The Board emphasises the importance of a good and efficient control environment in addition to good control processes. The Company's governing documentation represents a good basis for this type of environment and processes. The Group’s governing documentation stipulates directions for the management and control of the Group. The documentation sets out Group-wide requirements with regard to conduct in important areas and processes, including ethical behaviour and how corporate social responsibility is to be practiced in the Group.

Risk management and internal control depend on people. Internal control cannot only focus on guidelines, manuals and forms, but must also focus on the individual's efforts at all levels in the organisation. The Board of Directors is therefore determined that risk management and internal control be integrated in the Group's core and support processes. Managers on all levels are responsible for ensuring that risk management and good internal control systems are established within their own area, that these have the necessary effect and that they are put into operation in an expedient manner.

The Board ensures that an overall assessment of the Group’s risk is conducted each year. The risk analysis is based on the Group’ strategy, business plans and targets. The process is based on COSO's framework for risk management. The aim is to evaluate risks affecting strategy, finance, operations and reputation. The results of this process are consolidated to form an assessment of the main risks to which the Group is exposed. This is followed up with actions and recommendations in order to manage and control the individual risk factors and avoid events that can be negative for the Group's operations and reputation.

In addition a central monitoring process for internal control has been established which helps to ensure that there is adequate and effective internal control for specified risk areas. An element of this process is to propose specific measures to improve internal control. The implementation of the proposed measure is the responsibility of line management. As part of the central monitoring process for internal control the compliance of the Group's governing documentation including ethical guidelines is also assessed. During the last year the Board has worked on implementing processes to ensure that the Group carries out the systematic reporting of corporate social responsibility.

Norway Post’s consolidated financial statements are presented in accordance with the applicable IFRS regulations. The Group’s accounts reporting process is described in the Group's governing documentation which includes routines and rules for monthly, quarterly and annual reporting. The Group’s accounting principles are described in more detail in the Group's accounting manual. The reporting and consolidation of financial accounting information is carried out in a common reporting system. The Group utilises a common Group account plan and the Group accounts department makes use of both inbuilt system controls and manual controls to ensure complete and consistent accounting information. The consolidation of accounting information takes place at multiple levels within the Group. Subsidiaries are responsible for their Group/Company accounts being reported in accordance with the Group’s principles and routines.

The Group has established an advisory investment committee which handles all cases that entail investment and sales in accordance with specified authorisation limits.

A common ethical standard applies to all Group employees. A continuous effort is underway to make this standard known. As stated in point 1 Norway Post has established an integrity programme which shall help to ensure a high and precise ethical standard within anti-corruption, competitive practices, social dumping and the processing of information. It is a requirement that the Group's suppliers and business partners comply with the same standard.

Openness is one of the Group's core values and is a significant element in the company's general risk management and internal control. With regard to breaches of the ethical standard in general and the integrity standard in particular openness is especially important in order to prevent and rectify non-compliance. All employees and business partners are therefore encouraged to notify any censurable and/or illegal conditions as soon as possible. This is a part of the individual's responsibility.

A warning institute has been established to ensure good and safe receipt and follow-up of warnings given. The warning institute shall ensure that such warnings are not met with negative reactions or sanctions. The Board of Directors' audit committee reviews the report from the Group's warning institute every six months.

Point 11 Remuneration of the Board of Directors

The Board members' fees are set at the general meeting each year. Remuneration is not dependent on results and none of the shareholder-appointed Board members has a pension scheme or agreement on salary after leaving his/her position from the company. Details of the remuneration for the directors in 2011 are stated in note 2.

Point 12 Remuneration for leading employees

The Board has prepared a statement concerning determination of salaries and other benefits for the General Manager and other leading employees. This statement is prepared in accordance with Section 8 last paragraph of the Articles of Association and builds upon the principles in the Government's guidelines for State Ownership on this subject.

The statement shall be presented to the ordinary general meeting.

The Board considers incentive systems as an important tool to focus management on increasing company profitability, in line with the owner’s interests. It is against this background that a bonus scheme for individuals in key positions has been established.

Payment under these schemes will be covered by the company's business.

Routines have been established which ensure that more than just the immediate leader is involved in the decision making process concerning employment, pay and bonuses. In such cases the current decision maker/ manager will obtain approval from their immediate superior.

The statement concerning determination of salaries and other benefits for the General Manager and other leading employees is included in note 2.

Point 13 Information and communication

The Group follows an open and offensive communications strategy to support the Group's business strategies and goals and contribute to a good reputation, strong brands, satisfied customers and proud employees. Guidelines for a code of conduct have been established to ensure that Norway Post acts professionally and uniformly in its communications.

Financial information is reported quarterly at stipulated times which are available on the company's website in accordance with the Oslo Stock Exchange’s information requirements.

These reports are made available via the Internet in both Norwegian and English.

A communications policy has been drawn up which states who is entitled to speak on behalf of the company, including subsidiaries, in various circumstances. The contingency plan for information in cases of a special nature or media interest is also included in this policy.

The Board also emphasises the importance of good communication with the company's owner outside the general meeting. Refer to point 4 for a more detailed description of this communication.

Point 14 Company takeovers

Norway Post's articles of association state that the company shall operate as a limited company wholly-owned by the Government. The Board of Directors of Norway Post does not deem the NUES recommendation to be relevant and this point therefore represents non-compliance with the recommendation.

Point 15 Auditor

Norway Post has an independent external auditor selected by the general meeting on the recommendation of the Board of Directors.

The auditor takes part in Board meetings that handle the annual financial statements in order to improve the Board's basis for making decisions. In the same or a separate meeting the auditor presents the audit, and gives his view of the Group’s accounting principles, risk areas, internal control routines and the Group’s bookkeeping. The conclusions are presented in an annual, numbered letter to the board.

The Group's policy allows the use of the auditor in naturally audit-related tasks in addition to the statutory audit. The Board of Directors informs the general meeting of the remuneration to the auditor.

Point 16 Requirements of Section 3-3b of the Accounting Act

The Board must also provide information on corporate governance in accordance with Section 3-3b of the Norwegian Accounting Act. Below is an overview of where in the statement above this information is described.

1. “details of the recommendations and rules on corporate governance which cover the enterprise or which the enterprise otherwise decides to follow”: see point 1 Statement on corporate governance.

2. “information about where the recommendations and rules mentioned in no. 1 are publicly available”: see point 1 Statement on corporate governance.

3. “reasons for any non-compliance with the recommendations and rules mentioned in no. 1”: There are five cases of non-compliance described in detail in point 4 Equal treatment of shareholders and transactions with related parties, point 5 Free sale of shares, point 6 General meeting, point 7 Election committee and point 14 Company takeovers.

4. “a description of the main elements in the company’s systems for internal control and risk management related to the accounts reporting process , including if Group accounts are prepared also the Group’s ”: see point 10 Risk management and internal control.

5. “provisions of the Articles of Association which fully or partly expand or exclude provisions of chapter 5 of the Public Limited Companies Act”: see point 6 General meeting.

6. “the composition of the Board of Directors, corporate assembly, representative and control committee; if applicable any working committee for these bodies, as well as a description of the main elements in the applicable instructions and guidelines for the bodies’ and if applicable the committees’ work”: see point 8 Corporate assembly and Board of Directors, composition and independence and point 9 The work of the Board of Directors

7. “provisions of the Articles of Association which regulate the appointment and replacement of Board members”: see point 8 Corporate assembly and Board of Directors, composition and independence.

8. “provisions of the Articles of Association and powers of attorney which give the Board the power to decide that the company shall buy back or issue shares or equity certificates”: see point 3 Equity and dividends.

Norway Post's history

Some of the milestones in Norway Post's 365-year history:

1647: The Norwegian postal service was established by the Danish governor in Norway, Hannibal Sehested.

1719: The State assumed responsibility.

1827: The need to improve postal delivery along the coast and abroad made the postal service into the country's first steamship company.

1854: Norway Post was also on board when the first railway was established from Christiania to Eidsvoll. The Railways Act of 1848 stated that mail should be carried by train and that postal stations should be located in train stations.

1855: The first Norwegian stamp was issued.

1871: A new Postal Services Act introduced a simplified price system with a domestic postage rate, post boxes at post offices and mailboxes at the addressees' doors.

1872: The postcard was introduced.

1920: Norway's first official air route opened with Norway Post on board.

1943: The postgiro was introduced in Norway.

1950: Norway's Postal Savings Bank was established.

1968: Postcodes were introduced to manage better the increasing volume of mail.

1976: Oslo postal terminal and the Postgiro building built.

1984: Changeover from contents-based classification of letter post to pricing according to time of forwarding (A, B and C post).

1995: Postbanken was established as an independent bank following the merger of Postbanken and Postgiro. In the same year Norway Post bought Statens Datasentral, merged it with Norway Post's Datasentral and renamed it Posten SDS (latterly EDB ErgoGroup, now Evry).

1996: Norway Post changes from an administrative agency of the government to a state owned company with "limited liability": Norway Post BA.

1998-2007: Norway Post carried out a number of acquisitions in heavy goods and express transport. This included the purchase of Citymail in Sweden.

2000: Norway Post's plans for transforming traditional post offices to Post in Shops were approved by Parliament.

2002: Parliament made Norway Post a limited company: The Norway Post Group.

2008: The new brand Bring was launched, while the Norway Post logo was modernised.

2010: Norway Post's South Eastern Norway terminal at Lørenskog was officially opened by King Harald.

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