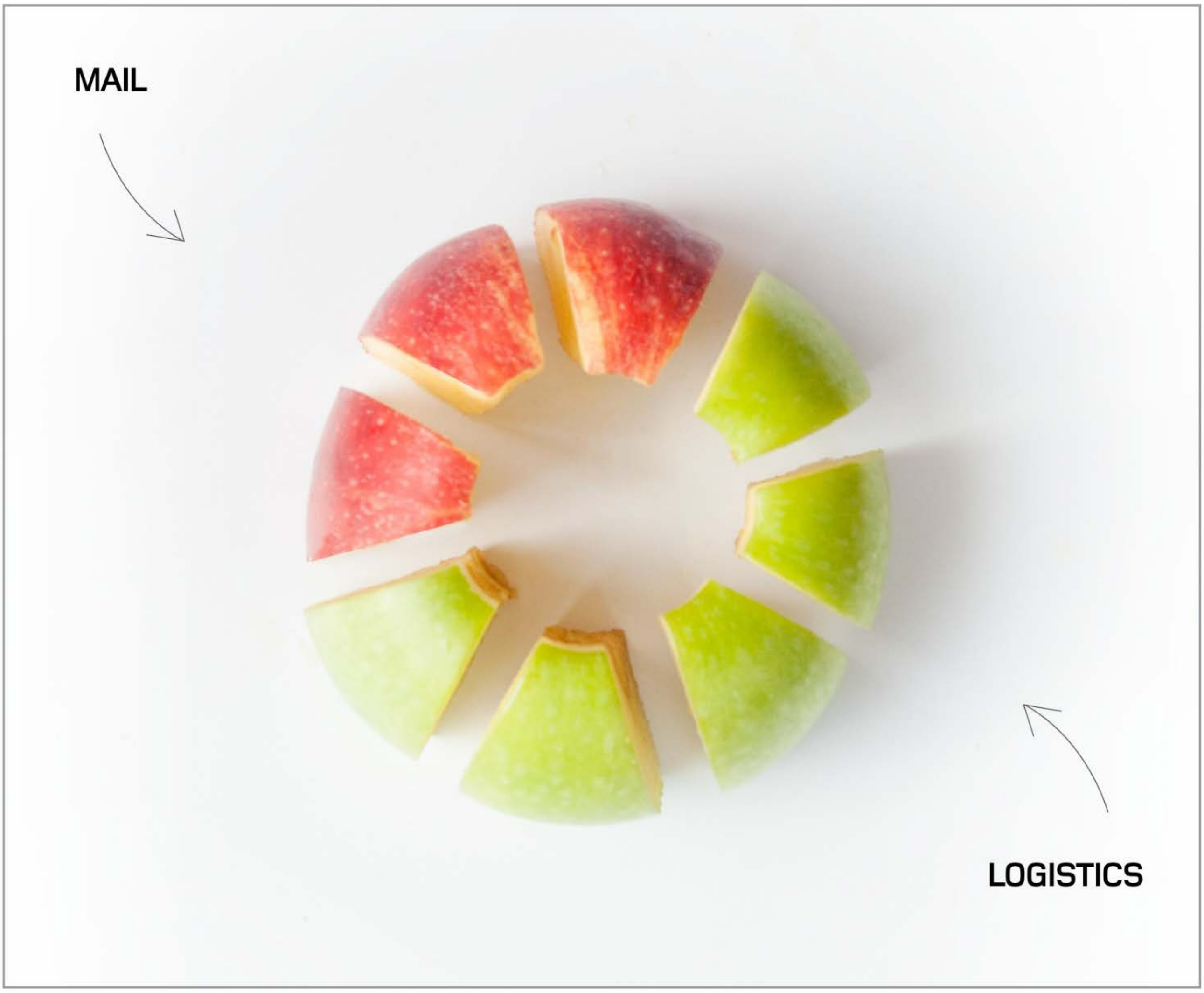
QUARTERLY REPORT

2ND QUARTER 2017



(The information in this document is not audited. All amounts are in MNOK)

Message from the CEO

Posten's core business is significantly affected by the fundamental changes that take place in the market as a result of digitalisation and internationalisation. Fewer letters create volume challenges in the Mail segment. Nevertheless, there is a positive trend in earnings both in the Mail and Logistics segments in the first half-year. Adjusted profit (EBITE) amounted to MNOK 247, an improvement of 12 % from the same period last year. In the Mail segment, the result improved, and the focus on operational measures is good. In the logistics segment, profitability also improved, but is not yet at a satisfactory level. Considering the second quarter isolated, the results declined due to fewer working days as Easter occurred in April in 2017.

The Group is working determinedly to strengthen profitability, by focusing the strategy, operational initiatives as well as organisational adjustments. This spring several large pieces have fallen into place. We have taken important decisions and are establishing a new organisation structure to ensure a clear customer focus. In addition, we reduce costs in operations as well as in administrative functions.

On 11 May, I opened a new logistics terminal in Narvik. In future, our new logistics network shall comprise 18 joint terminals for parcels and freight in Norway. This implies more than halving the number of terminals compared with what we have had and prepares for improving the efficiency of the logistics operations considerably. The investments contribute to strengthen Posten’s and Bring’s competitive power and making an even better offer to the customers. This autumn the logistics centres in Trondheim and at Alnabru are also finalised.

Each organisational unit is working with business strategies, plans and initiatives for how we shall secure future competitive power. As an organisation, we shall be interested in new technology and new solutions and continue to change in line with the market, the customers and the technology. We are in a mode of change.

Main features from the second quarter of 2017

The Group's revenues in the second quarter were MNOK 6 059, a reduction of 2.4 % compared with the second quarter in 2016. Revenues in the first half-year amounted to MNOK 12 153, a reduction of 2.0 % compared with the same period in 2016. The organic growth*) in the first half-year was positive by 0.4 %. The adjusted net income (EBITE) was MNOK 56 in the second quarter. The decline of MNOK 147 compared with the same quarter in 2016 was mainly due to fewer working days as Easter occurred in the second quarter. In the first half-year, the adjusted profit (EBITE) was MNOK 247, an improvement of MNOK 26 compared with the first half-year in 2016, and both the Mail and Logistic segments showed result improvements.

- Operating profit (EBIT) was MNOK 54, a decline of MNOK 204 from the second quarter 2016 due to fewer working days. In the first half-year, operating profit (EBIT) amounted to MNOK 257, an improvement of MNOK 26 compared with the same period in 2016.
- The return (the last 12 months) on invested capital (ROIC) was 9.1 %, an improvement of 0.6 percentage points from the 12 months' period ended on 30 June 2016.
- In the second quarter of 2017, the deliveries of priority mail delivered overnight was 85.7 %, 0.7 percentage points over the licence requirement.
- The absence due to sickness in the second quarter was 5.4 %, a reduction of 0.2 percentage points from the same quarter in 2016. For the last 12 months, the absence due to sickness was 6.0 %, an increase of 0.1 percentage points compared with the corresponding period in 2016.
- The increase in private e-commerce continued in the first half-year of 2017, and the Group's e-trade volume had a growth of 7 %.

*) Organic Growth = Growth in Sales Adjusted for Purchase and Sale of Business, Currency Effects and Governmental procurements of commercially, non-viable postal services

Profit development (unaudited)

Amounts in MNOK

Q2 2017	Q2 2016		YTD 2017	YTD 2016	Year 2016
6 059	6 208	Revenue	12 153	12 406	24 772
223	380	EBITDA	576	576	1 339
56	203	Adjusted profit (EBITE)	247	221	645
54	258	EBIT	257	283	178
(16)	4	Net financial items	(15)	7	52
38	262	Profit before tax	242	290	230
32	**196**	**Net income / -loss**	**187**	**216**	**39**

*For descriptions of adjustet net income (EBITE), and return on invested capital, ROIC, see appendix to the report

Operating profit

The adjusted profit (EBITE) for the Mail segment in the second quarter was MNOK 356, MNOK 12 better than in the same period in 2016. Although the decline in addressed mail volumes continued with unabated strength due to digitalisation at our customers, the results were improved as a consequence of considerable cost adjustments in operations and volume growth within unaddressed advertising.

The adjusted profit (EBITE) in the Logistics segment in the first half-year was a loss of MNOK 12, an improvement of MNOK 10 from the same period last year. High demand from private e-commerce, growth within parcels and the discontinuance of unprofitable operations in Sweden contributed to the improved results. In addition, the Bring Express business maintained a strong margin in the first half-year. The Group’s operations exposed to economic cycles experienced a decline in results in the first half-year due to weak economic group in mainland Norway and low project activities in the oil sector. The Group’s Nordic logistics business showed a solid improvement in results.

The Group’s profit before taxes was MNOK 242 in the first half-year, a reduction of MNOK 48 compared with 2016. Profit after tax so far this year amounted to MNOK 187 compared with MNOK 216 in 2016.

Revenue outside Norway

The Group’s operations outside Norway had total revenues of MNOK 4 366 in the first half-year of 2017, a decline of MNOK 340 (7.2 %). This constituted 35.9 % of the Group’s total external revenues, compared with 37.9 % in 2016. The decline was mainly a consequence of discontinuing unprofitable operations in Sweden and Denmark.

Key financial figures (unaudited)

		30.06 2017	30.06 2016	Year 2016
EBITE margin	%	2.0	1.8	2.6
EBIT margin	%	2.1	2.3	0.7
Equity ratio	%	38.2	39.0	38.7
Return on invested capital*	%	9.1	8.5	9.0
Return on equity (after tax)*	%	0.2	-3.4	0.7
Net interest-bearing debt	MNOK	378	790	518
Investments, excluding acquisitions	MNOK	454	706	1 243

Alternative performance measures applied in the quarterly report are described in appendix to the report

*Last twelve months

Balance sheet (unaudited)

Amounts in MNOK

	30.06 2017	31.12 2016
ASSETS		
Non-current assets	8 968	9 063
Current assets	7 061	6 236
Assets	**16 029**	**15 299**
EQUITY AND LIABILITIES		
Equity and liabilities	6 105	5 912
Provisions for liabilities	1 632	1 588
Non-current liabilities	2 950	2 007
Current liabilities	5 341	5 793
Equity and liabilities	**16 029**	**15 299**

Balance sheet

Total investments in non-current assets in the first half-year of 2017 were MNOK 474. The majority of the investments concerned new logistics centres and IT systems. Disposals of fixed assets in the period constituted MNOK 301, mainly due to the sales of Bring SCM and a property company in Sweden. Ordinary depreciation totaled MNOK 328.

The increase in long-term debt mainly related to a new bond loan of MNOK 1 000, placed in liquid money market funds. As at 30 June 2017, the Group had current liabilities amounting to MNOK 5 341, a reduction of MNOK 452 compared with 31 December 2016. The decline is mainly due to a reduction in trade payables, paid taxed and holiday pay in addition to other changes following ordinary operations.

Statement of cash flows (unaudited)

Amounts in MNOK

Q2 2017	Q2 2016		YTD 2017	YTD 2016	Year 2016
(181)	84	Cash flows/(used in) from operating activities	(54)	161	945
313	(326)	Cash flows from/(used in) investing activities	193	(659)	(1 210)
997	(630)	Cash flows/(used in) from financing activities	950	(445)	(633)
1 129	**(872)**	**Total change in liquid assets**	**1 089**	**(943)**	**(898)**
1 836	2 702	Cash and cash equivalents at the beginning of the period	1 875	2 773	2 773
2 964	**1 830**	**Cash and cash equivalents at the end of the period**	**2 964**	**1 830**	**1 875**

Cash flows

Cash flows used in operating activities so far in 2017 amounted to MNOK 54. The reduction from last year is mainly due to increased tax payments and reduced incurred, not paid costs related to property projects in 2017

Net cash flows from investing activities so far in 2017 were MNOK 193. This primarily related to proceeds from the sale of fixed assets mainly in the Bring Cargo Inrikes Group, proceeds from the sales of Bring SCM and Bring Cargeo Inrikes Fastighets AB less current operating investments. The majority of the investments concerned the building and logistics centres and IT related investments.

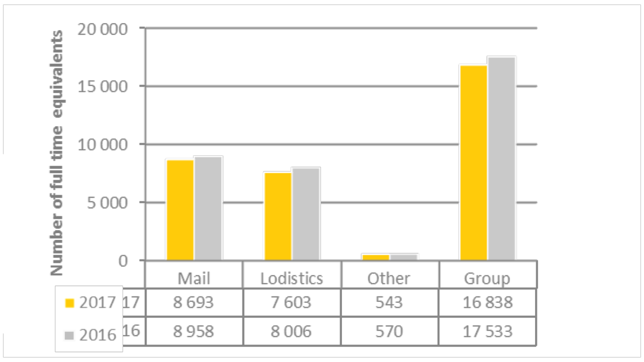
Net cash flows from financing activities in 2017 amounted to MNOK 950, principally due to a new bond loan.

Workforce

The Group's workforce constituted 16 838 full-time equivalents in the first half-year of 2017, a reduction of 695 full-time equivalents compared with the corresponding period in 2016. In the Mail segment, the workforce decreased by 265 full-time equivalents. The reduction was primarily within mail distribution and production, offset by the acquisition of Netlife Gruppen and increased staffing in Bring Citymail. In the Logistics segment, the workforce decreased by 403 full-time equivalents, of which approximately 350 concerned discontinuous operations and disposals of entities in the Nordic operations in 2016.

FULL-TIME EQUIVALENTS

16 838



Market and development per segment (unaudited)

MAIL

This segment comprises letter products, banking services and dialogue services. The segment includes the Mail division and the subsidiaries in the areas of Bring Citymail, Bring Mail and Netlife Gruppen.

Amounts in MNOK

Q2 2017	Q2 2016		YTD 2017	YTD 2016	Year 2016
2 314	2 452	Revenue	4 808	4 964	9 839
182	245	Segment profit (EBITDA)	508	502	1 105
106	168	Segment profit (EBITE)	356	344	800

In the first half-year, the volume of addressed mail in Norway was 10.4 % lower than in the same period in 2016. The largest customers showed the strongest reductions in volumes, by reductions of 28 % within banking and finance and 29 % for the public.

In the first half-year, the volume of unaddressed mail increased by 11.9 % compared with the same period in 2016. Increased volumes from large customers were the main reason for the growth.

Turnover in the first half-year was MNOK 156 lower compared with 2016. The main reason was the decline in addressed mail and reduced government procurements of commercially, non-viable postal services. Increased prices on addressed mail and a higher volume for unaddressed mail contributed to moderate the fall in turnover. In the first half-year of 2017, the adjusted profit (EBITE) increased by MNOK 12 compared with 2016. The result was improved because of considerable operational adjustments to lower volumes and increased unaddressed volumes. The income from reduced government procurements of commercially, non-viable postal services in the first half-year was MNOK 85 lower than in the corresponding period in 2016.

In the second quarter of 2017, the result for priority mail delivered overnight was 85.7 %, 0.7 percentage points over the licence requirement. In the first half-year, the result for priority mail delivered overnight was 85.8 %.

Bring Citymail's volumes increased by 6.4 % in the first half-year.

LOGISTICS

This segment comprises groupage and part-load services, parcel delivery, warehousing services, temperature-controlled transport and express services.

The segment includes the divisions Logistics Norway, Logistics Nordic and E-Commerce, which include operations in Bring Cargo, Bring Linehaul, Bring Warehousing, Bring Frigo, Bring Express, Bring Parcels, Bring Transport Solutions and Bring Supply Services.

Amounts in MNOK

Q2 2017	Q2 2016		YTD 2017	YTD 2016	Year 2016
4 131	4 147	Revenue	8 115	8 241	16 525
88	161	Segment profit (EBITDA)	161	171	430
-2	62	Segment profit (EBITE)	-12	-22	49

Revenue in the Logistics segment in the first half-year was MNOK 126 lower than last year. Organic growth showed a positive 1.3 %. In the Norwegian logistics operations, freight, home deliveries and privat e-commerce contributed to growth. As in the previous quarter, operations exposed to economic cycles continued to have profitability challenges due to the lack of growth in the market. The small economic growth in mainland Norway and reduced activities in the oil sector, including deferred offshore projects, were the main reasons for weak profit margins.

The Swedish logistics business showed considerable growth in private e-commerce and home deliveries. Liquidated businesses affected turnover negatively.

The adjusted profit (EBITE) in the Logistics segment in the first half-year of 2017 was MNOK 10 better than in 2016. Whereas logistics operations in Norway were reduced due to weak development in business activities, the Swedish and Danish logistics businesses showed profitability improvements as a consequence of a high volume growth in private e-commerce, increased home deliveries and discontinued freight operations in Sweden.

The increase in private e-commerce continued in the first half-year and contributed to a growth of 7 % in the Group’s total e-commerce trade.

Other matters

HSE

The Group's ambition is to create and maintain a working environment focusing on health where nobody gets injured or sick as a consequence of their work. The Group's focus on systematic HSE initiatives has had positive results. Both the number of personal injuries and absences due to sickness have declined significantly in recent years.

In the second quarter of 2017, absence due to sickness in the Group was 5.4 %, a reduction of 0.2 percentage points compared with the second quarter of 2016. Absence due to sickness in the last 12 months was 6.0 %, an increase of 0.1 percentage points compared with the corresponding period in 2016.

The total number of personal injuries per million worked hours (H2) was 5.9 in the second quarter of 2017, a reduction of 0.1 compared with the same quarter last year. The injury frequency in the last 12 months was reduced from 9.1 to 8.4 compared with the last period last year.

The external environment

The Group has set a new and ambitious environmental goal in using only renewable energy in all their vehicles and buildings before 2025. This implies a transition from «fossil» vehicles to electric vans and the use of renewable fuel in heavier vehicles. All buildings must phase out fossil energy sources and plan for loading more electric vehicles. The new energy goal requires that the Group continuously considers renewable solutions and is testing emerging new technology. It is an important condition that low emission solutions are financially sustainable compared with «fossil» solutions when implemented on a large scale.

The Group is working actively to increase the share of electric vehicles and is participating in a project directed by the environmental organisation Zero. The project's goal is to double the number of electric vans before 2020 and is a cooperation with several actors.

During the summer, the Group shall test two of the Nordics' first larger electric vans. They shall be used in the city of Oslo, and will provide important learning in the efforts to electrify vans.

Other matters

The Government granted MNOK 177 to government procurements of commercially, non-viable postal services*) for the accounting year 2017. The grant is MNOK 316 below the calculated net cost for 2017.

The General Annual Meeting in June 2017 determined to pay MNOK 19 in dividends, corresponding to the proposed dividend in the 2016 financial statements.

*) For further description, see note 25 in the Financial Report for 2016

Future prospects

In the Mail segment, the decline in addressed volumes continues as a consequence of digitalisation at our customers. A more extensive regulatory flexibility will be required to adjust services to the market development more rapidly.

Starting on 1 January 2018, Posten will unite priority and non-priority mail to one mail stream with two days forwarding time in order to adjust the offered services and related costs better to the market demand. Consequences of the transition will be less mail freight by airplane and a more environmentally friendly transport by railway.

The first quarter this year showed an upturn in the Norwegian mainland economy, and according to analyses, the recession following the fall in oil prices in 2014 is going to an end. The preliminary future growth forecasts indicate that the upturn in the Norwegian economy will be moderate, that the fall in petroleum investments will decline and that growth in exports and increase in the private demand are expected. A moderate recovery of the Norwegian economy will give increased activity in the logistics market in the time to come and a more favourable market situation than in the last years.

The growth forecasts indicate that the economic boom continues in Sweden, but GNP growth is not as high in 2017 as in the previous two years. Growth is expected to increase in 2018. It is primarily high investments and the export businesses are the main contributors to the growth.

The new logistics centre at Alnabru in Oslo, a new mail and logistics centre in Trondheim and a new joint terminal in Gothenburg open during 2017.

The Group has recently established a competence centre for digital innovation in order to strengthen its market position and competitiveness. The competence centre shall strengthen the Group's competitiveness for developing new innovative ideas and be a driving force within digital innovation.

Half-year declaration

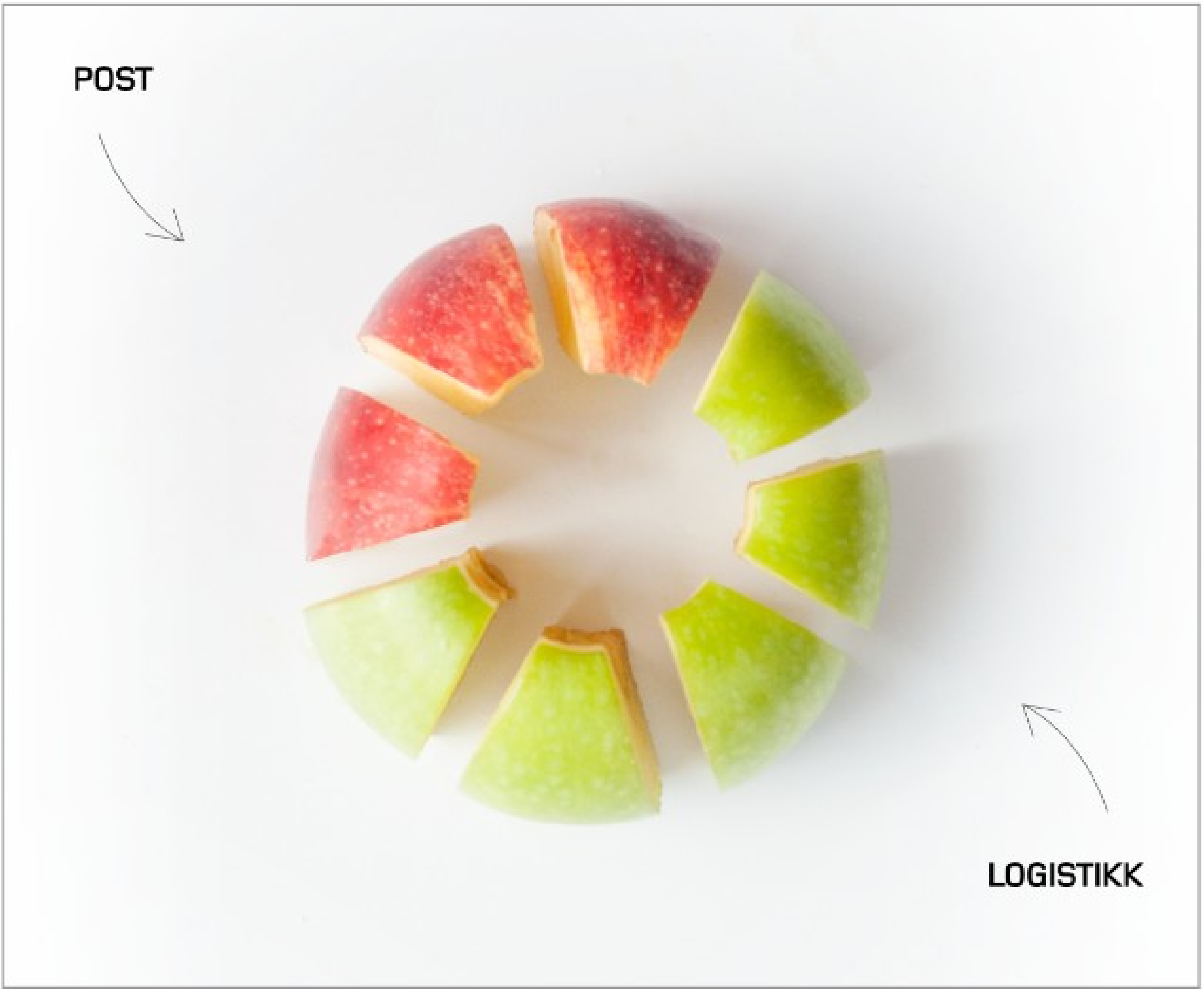
We confirm that, to the best of our knowledge, the condensed half-year financial statements for the period 1 January to 30 June 2017 have been prepared in accordance with IAS Interim Reporting, that the information provides a true and fair view of the Group's assets, liabilities, financial position and results as a whole, and that the half-year report gives a fair view of the information in section 5-6 (4) of the Norwegian Securities Trading Act.

Oslo, 24 August 2017

The Board of Directors in Posten Norge AS

FINANCIAL REPORT

2ND QUARTER 2017



Condensed income statement

Amounts in MNOK

Q2 2017	Q2 2016		Note	YTD 2017	YTD 2016	Year 2016
6 059	**6 208**	**Revenues**	1	**12 153**	**12 406**	**24 772**
2 588	2 498	Cost of goods and services		5 074	5 004	10 086
2 419	2 468	Payroll expenses		4 807	5 031	9 749
167	177	Depreciation and amortisation	2	328	355	694
1		Write-downs	2	(1)	1	313
830	862	Other operating expenses		1 696	1 796	3 599
6 004	**6 005**	**Operating expenses**		**11 905**	**12 186**	**24 440**
5	52	Other income and expenses (-)	5	14	53	(169)
(6)	3	Share of profit from associates and joint ventures		(5)	9	15
54	**258**	**Driftsresultat**	1	**257**	**283**	**178**
93	107	Financial income		229	194	370
109	102	Financial expenses		244	186	318
(16)	**4**	**Net financial items**		**(15)**	**7**	**52**
38	**262**	**Profit before tax**		**242**	**290**	**230**
6	66	Tax expence		54	74	191
32	**196**	**Profit/ loss (-) for the period**		**187**	**216**	**39**
31	196	Controlling interests	1	186	216	36
1		Non-controlling interests		2		4

Condensed statement of comprehensive income

Amounts in MNOK

Q2 2017	Q2 2016		YTD 2017	YTD 2016	Year 2016
32	**196**	**Profit / loss (-) for the period**	**187**	**216**	**39**
		Items that will not be reclassified to income statement			
		Pension			
		Changes in estimates			(74)
		Tax			17
		Total items that will not be reclassified to income statement			**(58)**
		Items that later will be reclassified to income statement			
		Translation differences			
(7)	52	Result of hedging of foreign entities	(19)	97	173
2	(13)	Tax	5	(24)	(43)
25	(36)	Translation differences from hedging of investments of foreign entities	34	(80)	(142)
		Cash flow hedging			
(13)	3	Changes in value	(10)	1	10
		Transferred to income			13
3	(1)	Tax	2		(6)
10	**5**	**Total items that later will be reclassified to income statement**	**12**	**(6)**	**5**
		Other income/(costs) using the equity method			
		Changes in tax rate			3
10	**5**	**Other income/costs (-) directly included in equity**	**12**	**(6)**	**(50)**
42	**201**	**Comprehensive income**	**199**	**210**	**(11)**
		Total comprehensive income is distributed as follows:			
41	201	Controlling interests	197	210	(15)
1		Non-contolling interests	2		4

Condensed balance sheet

Amounts in MNOK	Note	30.06 2017	31.12 2016
Assets			
Intangible assets	2	2 114	2 194
Deferred tax asset		410	396
Tangible fixed assets	2	5 848	5 866
Other financial assets		597	608
Total non-current assets		**8 968**	**9 063**
Inventories		18	21
Interest-free current receivables		3 986	4 255
Interest-bearing current receivables		92	85
Liquid assets		2 964	1 875
Current assets		**7 061**	**6 236**
Total assets		**16 029**	**15 299**
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity		2 956	2 777
Non-controlling interests		29	14
Equity	3	**6 105**	**5 912**
Provisions for liabilities		**1 632**	**1 588**
Interest-bearing non-current liabilities	4	2 923	1 978
Interest-free non-current liabilities		27	29
Non-current liabilities		**2 950**	**2 007**
Interest-bearing current liabilities	4	420	415
Interest-free current liabilities		4 860	5 117
Tax payable		61	260
Short-term liabilities		5 341	5 793

Condensed statement of changes in equity

Amounts in MNOK	Controlling interests							
	Share capital	Share premium reserves	Hedging reserves	Transl. differ-ences	Retained earnings	Other equity	Non-contr. interests	Total equity
Equity 01.01.2016	**3 120**	992	(17)	195	1 637	**2 808**	(2)	**5 926**
Net income for the period					36	**36**	4	**39**
Other comprehensive income/(loss) for the period			17	(13)	(55)	**(50)**		**(50)**
Total comprehensive income			**17**	**(13)**	**(19)**	**(15)**	**4**	**(11)**
Dividend paid					(13)	**(13)**	13	
Other equity transactions					(3)	**(3)**		**(3)**
Equity 31.12.2016	**3 120**	**992**		**183**	**1 602**	**2 777**	**14**	**5 912**
Equity 31.12.2016	**3 120**	**992**		**183**	**1 602**	**2 777**	**14**	**5 912**
Net income for the period					186	**186**	2	187
Other comprehensive income/(loss) for the period			(8)	19	0	**12**		12
Total comprehensive income			**(8)**	**19**	**186**	**197**	**2**	**199**
Dividend paid						(19)	(2)	(21)
Addition non controlling interest							15	15
Other equity transactions								
Equity 30.06.2017	**3 120**	**992**	**(8)**	**202**	**1 788**	**2 974**	**31**	**6 105**

Condensed statement of cash flows

Amounts in MNOK

Q2 2017	Q2 2016		01.01 - 30.06 2017	01.01 - 30.06 2016	Year 2016
38	262	Income/(loss) before taxes	242	290	230
(153)	(74)	Tax paid in period	(250)	(130)	(156)
(17)	(6)	(Gain)/loss from sales of non-current assets, subsidiaries and associated company	(31)	(8)	(6)
168	177	Depreciation and write-downs	328	355	1 007
6	(3)	Share of net income from associated companies and joint venture	5	(9)	(15)
18	(26)	Financial items without cash flow effect	49	(50)	25
(156)	(171)	Changes in receivables, inventory and payables	(88)	(120)	(25)
(156)	3	Changes in other working capital	(284)	(69)	(182)
74	(85)	Changes in other accruals	(21)	(102)	70
9	19	Interests received	25	40	65
(12)	(13)	Interests paid	(28)	(37)	(69)
(181)	**84**	**Cash flow from/(used in) operating activities**	**(54)**	**161**	**945**
(217)	(379)	Investments in tangible non-current assets and	(454)	(706)	(1 243)
(19)	(15)	Investments in businesses	(19)	(25)	(112)
(7)		Investments in associated companies and joint venture	(7)		
27	40	Proceeds from sales of tangible non-current assets and intangible assets	66	49	95
512	22	Proceed from sale of subsidiaries	597	22	22
		Proceed from sale of associated companies			5
2		Dividend received from associated companies	2		17
15	8	Changes in other financial non-current assets	9	3	6
313	**(325)**	**Cash flow from/(used in) investing activities**	**193**	**(659)**	**(1 210)**
1 000	(100)	Proceeds from non-current and current debt rais	1 000	100	100
	(330)	Repayment of non-current and current debt	(50)	(582)	(733)
(3)	(200)	Decrease/increase bank overdraft		37	
997	**(630)**	**Cash flow from/(used in) financing activities**	**950**	**(445)**	**(633)**
1 129	**(871)**	**Total change in cash and cash equivalents during the year**	**1 089**	**(943)**	**(898)**
1 836	2 702	Cash and cash equivalents at the start of the period	1 875	2 773	2 773
2 964	**1 830**	**Cash and cash equivalents at end of period**	**2 964**	**1 830**	**1 875**

SELECTED ADDITIONAL INFORMATION

General

Posten Norge AS was established as a company on 1 December 1996 and is today a Norwegian-registered limited liability company with the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries, as its sole shareholder. Posten Norge AS' address is Biskop Gunnerus gate 14, 0001 Oslo, Norway.

This condensed interim report has been prepared in accordance with the IFRSs (International Financial Reporting Standards) approved by the EU and complies with the prevailing accounting standard IAS 34 for interim financial reporting. The condensed interim financial accounts do not provide complete note disclosures as required for annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements.

Accounting principles

The interim financial statements have been prepared in accordance with the same accounting principles as stated in the 2016 annual report, with the following exceptions:

New or amended standards that have been applied from 1 January 2017:

None of the approved standards or interpretations effective from 1 January 2017 has any significant impact on the consolidated accounts.

Standards issued, but not yet effective

IFRS 9 *Financial Instruments* concerns the classification, measurement and recognition of financial assets and liabilities, as well as hedge accounting. The standard will be effective for the 2018 financial year. The Group does not expect any significant effect on the consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers* concerns revenue recognition. The standard will be effective for the 2018 financial year. The Group has not fully assessed the effect of IFRS 15, but no significant effect on the consolidated financial statements is expected.

IASB issued the new standard IFRS 16 *Leases* in January 2016. The new standard changes the requirements for recognising lease agreements for the lessee significantly. All lease agreements (with some minor exceptions) shall be recognised in the balance sheet, showing the value of the right to use as assets and the corresponding lease obligations in the balance sheet. Lease payments shall be recorded as amortisations/repayments and interest expense. The "right to use" asset will be depreciated over its expected economic lifetime. The accounting requirements for lessors are basically unchanged. The new standard also has new and amended requirements for accompanying disclosures. IFRS 16 will be effective for the accounting year 2019 (provided approval by the EU).

The Group is in an early phase of evaluating the effects of IFRS 16, and has not yet fully assessed the impact of the new standard. The Group’s initial assessment is that the new standard will change the accounting of lease contracts in the Group significantly, especially regarding lease agreements related to buildings and terminals and to the Group’s car fleet.

No other issued standards or interpretations not yet effective are expected to have any significant impact on the Group's financial statements.

Estimates and assessments

In the preparation of the interim financial statements, management has used estimates and assumptions affecting revenues, expenses, assets and liabilities. Areas in which such estimates and assessments can have an impact include goodwill, other intangible assets, tangible fixed assets, pensions, provisions and tax.

The sources of uncertainty concerning estimates are the same as for the 2016 financial statements. Future events may result in changes in the estimates, and these changes will be recognised in the accounts once any new estimate has been determined.

The annual report for 2016 is available at www.postennorge.no

NOTES TO THE ACCOUNTS

Note 1 Segments

Posten Norge's operations are divided into two segments, Mail and Logistics. Group administration and shared functions, together with eliminations, are allocated to Other/eliminations.

The Group's segments are reported by areas whose operating results are regularly reviewed by the Board of Posten Norge AS. The objectives are to enable the Board to decide which resources should be allocated to the segment and to assess its earnings.

Internal revenues are turnover between segments in the Group. The pricing of transactions with other segments is based on normal commercial terms and conditions as if the segments were independent parties. Deferred tax assets are not included in allocated assets, and deferred tax and interest-bearing liabilities are not included in allocated liabilities.

The segments are described in more detail in the 2016 annual report.

Revenue per segment

Q2 2017	Q2 2016	Total revenue	YTD 2017	YTD 2016	Year 2016
2 135	2 271	External revenue	4 444	4 598	9 092
179	181	Internal revenue	364	366	747
2 314	**2 452**	**Mail**	**4 808**	**4 964**	**9 839**
3 923	3 936	External revenue	7 710	7 807	15 676
207	211	Internal revenue	406	434	849
4 131	**4 147**	**Logistics**	**8 115**	**8 241**	**16 525**
0	1	External revenue	-2	1	4
-386	-392	Internal revenue	-769	-800	-1 595
-386	**-391**	**Other/eliminations**	**-771**	**-799**	**-1 591**
6 059	**6 208**	**Posten Norge**	**12 153**	**12 406**	**24 772**

(The information in this document is not audited. All amounts are in MNOK) 19

EBIT per segment

Q2 2017	Q2 2016	EBITDA	YTD 2017	YTD 2016	Year 2016
182	245	Mail	508	502	1 105
88	161	Logistics	161	171	430
-47	-25	Other/eliminations	-93	-97	-196
223	**380**	**Posten Norge**	**576**	**576**	**1 339**

Q2 2017	Q2 2016	Adjusted profit (EBITE)	YTD 2017	YTD 2016	Året 2016
106	168	Mail	356	344	800
-2	62	Logistics	-12	-22	49
-48	-27	Other/eliminations	-97	-101	-204
56	**203**	**Posten Norge**	**247**	**221**	**645**

Q2 2017	Q2 2016	Operating profit (EBIT)	YTD 2017	YTD 2016	Året 2016
99	234	Mail	352	415	724
20	52	Logistics	18	-29	-334
-65	-29	Other/eliminations	-113	-103	-212
54	**257**	**Posten Norge**	**257**	**283**	**178**

Assets and liabilities per segment

30.06.2017	Mail	Logistics	Other	Group
Segment assets	3 897	10 329	-1 960	12 266
Associated companies and joint ventures	33	356		389
Non allocated assets				3 374
Total assets				**16 029**
Segment liabilities	2 750	3 780	51	6 581
Non allocated liabilities				3 343
Total liabilities				**9 924**
	0	0	0	0

31.12.2016	Mail	Logistics	Other	Group
Segment assets	3 864	10 815	-2 033	12 647
Associated companies and joint ventures	23	358		381
Non allocated assets				2 271
Total assets				**15 299**
Segment liabilities	3 152	4 049	-207	6 994
Non allocated liabilities				2 393
Total liabilities				**9 387**

(The information in this document is not audited. All amounts are in MNOK) 20

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets
Total at 01 Jan. 2017	**2 194**	**5 866**
Additions	120	335
Additions from acquisitions	19	
Disposals		-65
Disposals from sales of subsidiaries	-174	-62
Depreciation	-70	-258
Write-downs		1
Translation differences	25	31
Total at 30 June. 2017	**2 114**	**5 848**

Investments in the first half-year of 2017 amounted to MNOK 455, of which investments in IT related solutions constituted MNOK 120. MNOK 154 of the MNOK 335 invested in tangible fixed assets concerned buildings and property, of which the new logistic centres in Bergen, Stavanger and Trondheim were the largest projects. Investments in other fixed assets included terminal furnishings, vehicles and other operating equipment

The purchase price allocation (PPA) for the sub-subsidiary Netlife implied an increase of goodwill of MNOK 15 and added value in brand names of MNOK 4. Disposals from sales of companies mainly relate to the sale of the sub-group Bring SCM and Bring Cargo Inrikes Fastighets AB. Note 7 has details on disposals of companies.

Note 3 Equity

As at 30 June 2017, the share capital consisted of 3 120 000 shares at a nominal value of NOK 1 000. All the company's shares are owned by the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries.

At the Annual General Meeting in June 2017, it was decided that dividends of MNOK 19 be distributed, corresponding to the Board’s proposals in the 2016 financial statements. Dividend is presented as a liability in the accounts.

Note 4 Interest-bearing non-current and current liabilities

The Group’s non-current interest-bearing liabilities increased by MNOK 945 from 31 December 2016 to 30 June 2017, mainly due to a new bond loan of MNOK 1 000 and repayments of debt amounting to MNOK 50.

Current interest-bearing debt at 30 June 2017 was on the same level as 31 December 2016.

As at 30 June 2017, none of the Group’s credit facilities had been used. The average interest rate on Posten’s outstanding interest-bearing liabilities was 2.1 % as at 30 June 2017.

Note 5 Other income and expenses

Other income and expenses include restructuring costs together with gain and loss on sales of tangible assets. The purpose of this line in the accounts is to show significant irregular items separately, thereby making the development in the operating items presented in the adjusted profit (EBITE) comparable.

Q2 2017	Q2 2016		YTD 2017	YTD 2016	Year 2016
17	6	Gain from sale of fixed assets etc.	31	8	6
-13	-8	Restructuring costs	-16	-8	-220
	54	Other income		54	45
5	**52**	**Total other income and expenses (-)**	**14**	**53**	**-169**

Gain and loss from the sale of fixed assets in the first half-year of 2017 primarily concerned the sale of Bring SCM, with a gain of MNOK 15, and of Bring Cargo Fastighets AB with a gain of MNOK 13. The gain from the sale of fixed assets in 2016 mainly concerned the sale of the wholly owned subsidiary Posten Eiendom Skien AS.

Restructuring costs so far in 2017 concerned restructuring operations in the Logistics segment, and mainly included adjustments to one mail stream in the Mail segment.

Other income and expenses in 2016 mainly comprised income related to the settlement of a dispute in the Mail segment.

Note 6 Fair value measurement

The fair value of financial assets and liabilities is calculated in line with the methods and assumptions, as well as the fair value hierarchy, used in previous years. This is described in more detail in the 2016 annual report.

The Group had the following financial assets and liabilities measured at fair value at the end of the second quarter of 2017:

	At fair value				At amortised cost		
	Valua- tion level	**FVO – Fair value through**	**Derivatives at fair value through**	**Derivatives at fair value through**	**Receiv- ables**	**Other financial liabilities**	**30.06 2017**
Assets							
Interest-bearing current receivables					6		6
Other financial non-current assets	2		181		36		217
Interest-free current receivables	2		0	3	4 043		4 046
Interest-bearing current receivables					92		92
Liquid assets							2 964
Total financial assets							**7 325**
Liabilities							
Interest-bearing non-current liabilities	2	624				2 273	2 923
Interest-free non-current liabilities	2		21	3		3	27
Interest-bearing current liabilities	2					420	420
Interest-free current liabilities, incl. tax payable	2		3	44		4 856	4 902
Total financial liabilities							**8 272**
Total value hierarchy level 1							
Total value hierarchy level 2		(649)	157	(44)			(537)
Total value hierarchy level 3							

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	At fair value				At amortised cost		
	Valuation level	**FVO – Fair value through**	**Deriva-tives at fair value through**	**Deriva-tives at fair value through**	**Receiv-ables**	**Other financial liabilities**	**31.12 2016**
Assets							
Interest-bearing current receivables					8		8
Other financial non-current assets	2		194		28		223
Interest-free current receivables	2		2	39	4 203		4 255
Interest-bearing current receivables					85		85
Liquid assets							1 875
Total financial assets							**6 446**
Liabilities							
Interest-bearing non-current liabilities	2	635				1 344	1 978
Interest-free non-current liabilities	2		24	2		2	29
Interest-bearing current liabilities	2					415	415
Interest-free current liabilities, incl. tax payable	2		8	8		5 362	5 378
Total financial liabilities							**7 800**
Total value hierarchy level 1							
Total value hierarchy level 2		(635)	175	29			(431)
Total value hierarchy level 3							

The table above is shows the classification in categories pursuant to IAS 39. Details can be found in the 2016 financial report.

Level 1: Listed prices

Level 2: Other observable input, direct or indirect

Level 3: Non-observable input

There have been no transfers between the levels in the fair value hierarchy since last year.

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Note 7 Changes to the Group's structure

Sale of company

In March 2017, Bring Cargo Inrikes AB sold the subsidiary Bring Cargo Inrikes Fastighets AB, cf. note 5. The sale involved disposals of property.

On 30 June 2017, the Group sold its share in Bring SCM, cf. note 5. The sale involved disposals of property, a receivable on a customer for third-party logistics services and corresponding current liabilities.

Other changes

As part of simplifying the company structure, Bring Express AS (target company) merged with Posten Norge AS (acquiring company) with effect from 1 January 2017. The merger was carried out as a parent-subsidiary merger without compensation and with accounting and tax continuity.

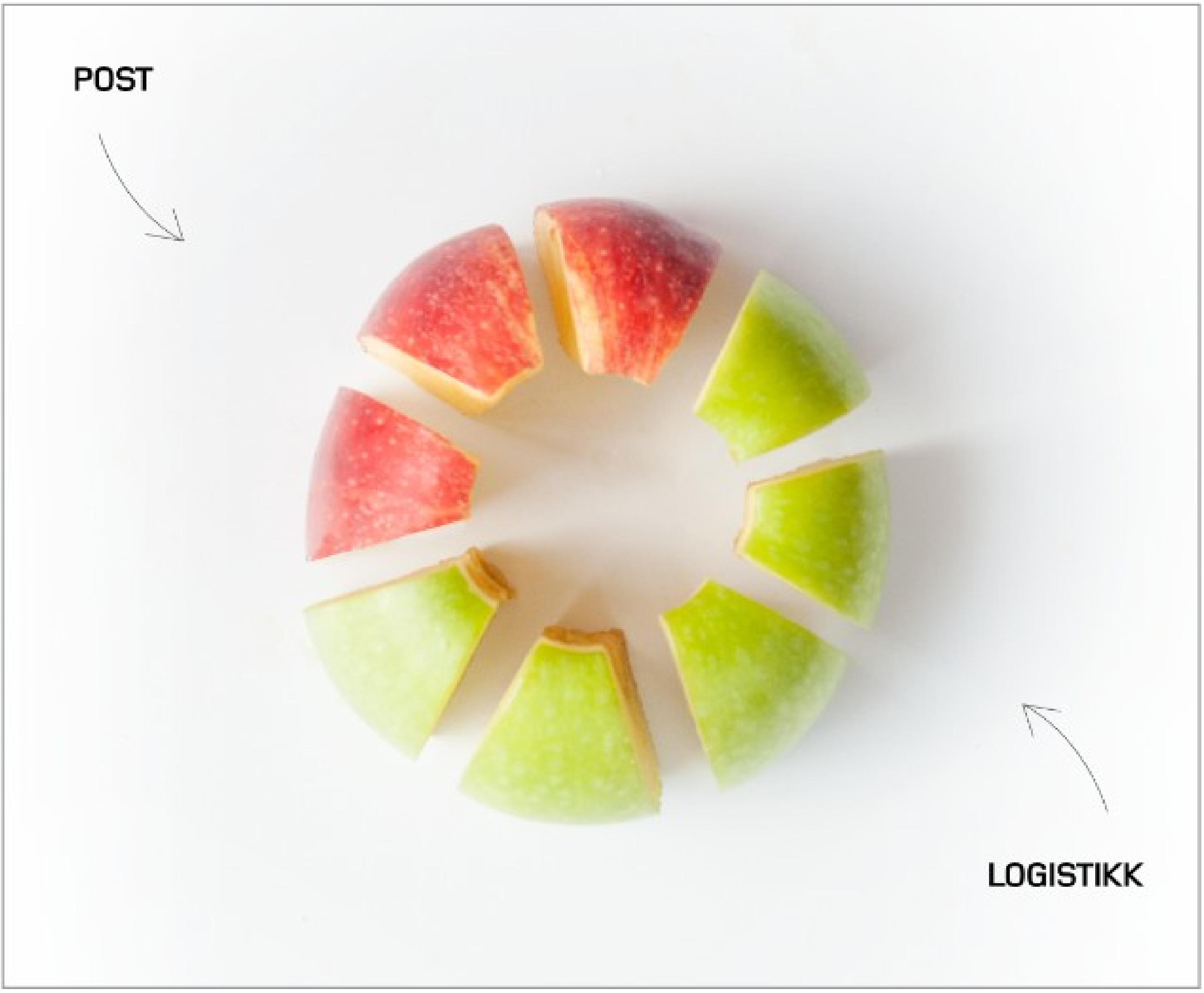
A business transfer of customs and international traffic from Bring Transportløsninger AS to Bring Cargo AS was carried out, effective from 1 January 2017.

In April 2017, a business transfer from Bring Frigo AS to Bring Transportløsninger AS was carried out as part of consolidating the Group's operation of vehicles.

Bring SCM AB sold three wholly owned subsidiaries to the parent company Bring Frigo AB before the sub-group Bring SCM was sold out of the Group.

ALTERNATIVE PERFORMANCE MEASURES (APM)

2ND QUARTER 2017



Alternative Performance Measures (APM)

The Groups financial information has been prepared in accordance with international accounting standards (IFRSs). In addition, information has been given about alternative performance measures that are regularly reviewed by management for improve the understanding of the result. The alternative performance measures presented may be defined differently by other companies.

As a consequence of new guidelines for «Alternative performance measures in financial reporting», the Group has clarified the definition of performance measures and other financial figures applied in the annual report, which are not part of the disclosed financial statements.

The Group's performance measures and other target figures applied in the the annual and quarterly reports are described below:

EBITDA, adjusted profit (EBITE), EBIT

Group management is following up the Group's financial situation by using common target figures (KPIs) and target figures showing income and expenses related to the Group's ordinary operations.

The alternative target figures applied in the reports to Group management comprise earnings excluding items of a non-operating character.

Profit/loss before tax, financial items and depreciation (EBITDA) is an important financial parameter for the Group and the basis for the term adjusted profit (EBITE). The adjusted profit (EBITE) is EBITDA before other income and expenses and includes depreciation. EBIT includes the Group's write-downs, other income and expenses in addition to income from associated companies and joint ventures.

The target figures are valuable for the users of Posten's financial information, also including management, the Board and external parties. They give the users of the financial information the opportunity to assess the operating result on the basis of variable current items, as depreciation and amortisation costs, non-recurring items and other gain and loss related to investment are excluded. It is also assumed that the target figures contribute to a more comparable evaluation of operating results of the Group's competitors.

The EBIT and EBITE margins are presented defined as EBIT and adjusted profit (EBITE), respectively, divided by total income.

		2017	2016
+	Revenues	12 153	12 406
-	Costs of goods and services	5 074	5 004
-	Payroll and social expenses	4 807	5 031
-	Other operating expenses	1 696	1 796
=	**EBITDA**	**576**	**576**

		2017	2016
+	EBITDA	576	576
-	Depreciation	328	355
=	**Adjusted profit (EBITE)**	**247**	**221**

		2017	2016
	Adjusted profit (EBITE)/	247	221
-	Total operating revenues	12 153	12 406
=	**EBITE margin**	**2.0 %**	**1.8 %**

		2017	2016
+	Adjusted profit (EBITE)	247	221
-	Write-downs	-1	1
+/-	Total other income and expenses	14	53
+	Share of profit or loss from associates and joint ventures	-5	9
=	**EBIT**	**257**	**283**

		2017	2016
	EBIT/	257	283
	Total revenues	12 153	12 406
=	**EBIT margin**	**2.1 %**	**2.3 %**

Net interest-bearing debt (NIBD) and liquidity reserve

A primary objective in the Group's guidelines for finance is to secure financial freedom of action for the Group. Such freedom makes it possible to operationalise strategies and reach the business' goals. The Group shall at all times have adequate access to capital to cover normal fluctuations in the Group's liquidity needs, refinancing risk and normal expansion rate without the need for special financing measures set off by individual projects. This implies adequate resources to realise the Group's approved strategies.

Net interest-bearing debt and the liquidity reserve are indicators of the Group's liquid situation and closely followed up by the Group's centralised finance function. It is also an individual target that can be applied to assess the Group's liquidity requirements.

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Net interest-bearing debt comprises both short-term and long-term interest-bearing debt, excluding financial instruments like debt instruments and derivatives, financial market placements in addition to cash and cash equivalents.

The Group's liquidity reserve includes all funds available to finance operations and investments. It is allocated to amounts available according to agreements in the short and longer term and as such a useful target figure to consider whether the Group has adequate liquidity to achieve the Group's approved strategy.

		2017	2016
+	Interest-bearing non-current liabilities	2 923	2 166
+	Interest-bearing current liabilities	420	455
-	Market-based financial investments	2 608	1 613
-	Cash	65	84
-	Bank deposits - Group account system	99	
-	Bank deposits - other	191	134
=	**Net interest-bearing dept (NIBD)**	**378**	**790**

		2017	2016
+	Market-based investments	2 608	1 613
+	Syndicate facility	3 350	3 255
+	Bilateral credit facilities	750	750
-	Certificate loans	300	300
=	**Long-term liquidity reserve**	**6 408**	**5 318**

		2017	2016
+	Long-term liquidity reserve	6 408	5 318
+/-	Deposits on group account	91	
+/-	Deposits outside group account	200	134
+	Bank overdraft not utilised	550	513
=	**Short-term liquidity reserve**	**7 249**	**5 965**

Invested capital and return on invested capital (ROIC)

The Group is creating value for the owners by investing cash today that contributes to increased cash flows in the future. Such value is generated as long as the business is growing and achieves a higher return on its invested capital (ROIC) than the capital costs (WACC). It is a useful tool to measure whether the investments generate adequate return.

Items included in the calculation of invested capital are shown below:

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		2017	2016
+	Total intangible assets	2 268	2 476
+	Total tangible fixed assets	5 854	5 416
+	Total current assets	6 466	7 129
-	Total liquid assets	2 024	2 618
-	Interest-bearing current assets	91	126
-	Interest-free current liabilities	5 301	5 421
+	Tax payable	142	127
+	Dividend and group contributions	1	
=	**Invested capital***	**7 314**	**6 984**

		2017	2016
	Last 12 months' accumulated Adjusted profit (EBITE)/	671	593
	Invested capital	7 357	7 006
=	**Return on invested capital (ROIC)**	**9.1 %**	**8.5 %**

Other alternative performance measures

The Group applies and presents some other individual performance measures, considered to be useful for the market and the users of the Group's financial information. These measures are shown in the table below:

		2017	2016
+	Totalt investments	481	732
-	Investment due to aquisitions	27	25
=	**Investment before aquisitions***	**454**	**707**

*Equivalent to Investments in tangible non-current assets and intangible assets in the cash flow statment

		2017	2016
	Profit after tax total	11	-213
	Total equity on balance sheet date	6 121	6 196
=	**Return on equity after tax**	**0.2 %**	**-3.5 %**

*(IB+UB)/2

		2017	2016
	Total equity on balance sheet date/	6 105	6 138
	Total equity and liabilities (total capital)	16 029	15 736
=	**Equity ratio**	**38.2 %**	**39.0 %**

		2017	2016
+	Total revenues	12 153	12 406
-	Total external revenues	7 787	7 701
=	**Revenues**	**4 366**	**4 706**

(The information in this document is not audited. All amounts are in MNOK) 30