



POSTEN NORGE

Because people change Posten Norge must also change.

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01

The Group

THIS IS POSTEN NORGE
OUR BRANDS
NUMBER OF EMPLOYEES,
LOCATIONS AND SERVICES
GROUP STRUCTURE
GROUP MANAGEMENT
CORPORATE GOVERNANCE
HISTORY





This is Posten Norge

6

Posten Norge 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

Posten Norge will be:
The world's most
future-oriented mail
and logistics group.

BUSINESS CONCEPT

Posten Norge develops
and delivers complete
postal, communications
and logistics solutions -
with the Nordic region as
its local market.

MAIN GOALS

The main goals are based
on the requirements and
goals of our operations
and are:

1. Satisfied customers
2. Leading market
positions
3. Profitable growth and
a competitive increase
in value
4. Attractive workplaces
and a good working
environment

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

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 man-
agers 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 char-
acterised in that they:

- are visible
- are clear
- take and give respon-
sibility
- develop and inspire
employees



Our brands

Posten Norge meets the market with two brands: Posten Norge for the private market and Bring for the business market.



Posten Norge – We live to deliver

Posten Norge covers services to private customers, the post office network and the daily postal distribution across Norway.

Services: Currently offers a wide range of postal services which provide the sender and recipient with secure delivery and a wide choice of delivery methods.

Background: Posten Norge was established in 1647 and has 366 years of experience in the distribution of letters and parcels in Norway.

Reputation: The reputation survey by MMI/Ipsos for 2012 showed that Posten Norge has dropped from 17th to 39th place among the 116 companies in the survey. After a positive development over several years, the Norwegian populace has changed its view of Posten Norge. In 2011, 69 per cent of the population had a positive opinion of the organisation. In 2012, this figure fell to 57 percent.



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.

Services: Offers a broad spectrum of services within communications and logistics.

Background: Bring was established as a brand in 2008. After ten years of acquisitions of various companies with different brands, Posten Norge brought these under the same umbrella and launched the Bring brand.

High awareness: Four 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 order to be considered by customers and be deemed attractive. Surveys* in 2012 showed that awareness of Bring was at 94 percent in Norway, 66 percent in Sweden and 29 percent in Denmark.

* Ipsos MMI carries out surveys twice per year.

Bring meets the market with the following business areas:

Bring Cargo: Global goods flow with national and international cargo transport by road, sea, air or rail.

Bring Express: Express and courier services for both scheduled and occasional deliveries to small and large companies.

Bring Frigo: Temperature-controlled logistics services. Delivery and storage of fresh, chilled and frozen products from the producer to the table, in the Nordic region and the rest of the world.

Bring Parcels: Comprehensive parcel distribution in the Nordic region. Offers parcel services locally, nationally and internationally.

Bring Supply Services: Global experience with advanced fourth party logistics solutions. Develops and operates complete supply chains for companies.

Bring Warehousing: Warehousing solutions for most types of products, whether large volumes, bulk storage or individual pallets. Has Norway's largest and most technologically advanced third party logistics distribution centre.

Bring Mail: Local, national or Nordic distribution of letters, goods and advertising. Tailored solutions or basic distribution services.

Bring Citymail: Distribution of letters and advertising to 2.3 million households in Sweden.

Bring Dialog: Offers customer dialogues and CRM. Solutions are based on customer insight, CRM tools and the customer's own experience database.

Number of employees, locations and services

Norway



Posten Norge: Head office in Oslo, Posthuset

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

Employees: The Group has 20,646 employees (of which 513 are outside of the Nordic region)



Bring: Freight transport by road, sea, air or rail, express logistics and courier services, temperature-controlled logistics services, parcel distribution, development and operation of complete supply chains for companies, warehousing solutions, distribution of letters, goods and advertising, customer dialogue and CRM.



Posten Norge: Sales and customer service, Post in Shops, post offices, rural delivery persons, business centres, terminals.

Locations: All of Norway

Employees: 16,547

Sweden



Bring: Freight transport by road, sea, air or rail, express logistics and courier services, temperature-controlled logistics services, parcel distribution, development and operation of complete supply chains for companies, warehousing solutions, distribution of letters, goods and advertising, customer dialogue and CRM.

Locations: Stockholm, Helsingborg, Gothenburg, Malmö, Linköping and Örebro. In total over 50 offices in the whole of Sweden.

Employees: 3,126

Denmark



Bring: Freight transport by road, sea, air or rail, express logistics and courier services, temperature-controlled logistics services, parcel distribution, development and operation of complete supply chains for companies, warehousing solutions.

Locations: Copenhagen, Aalborg, Fredrikshavn, Kastrup and Odense. In total over 10 offices in the whole of Denmark

Employees: 436

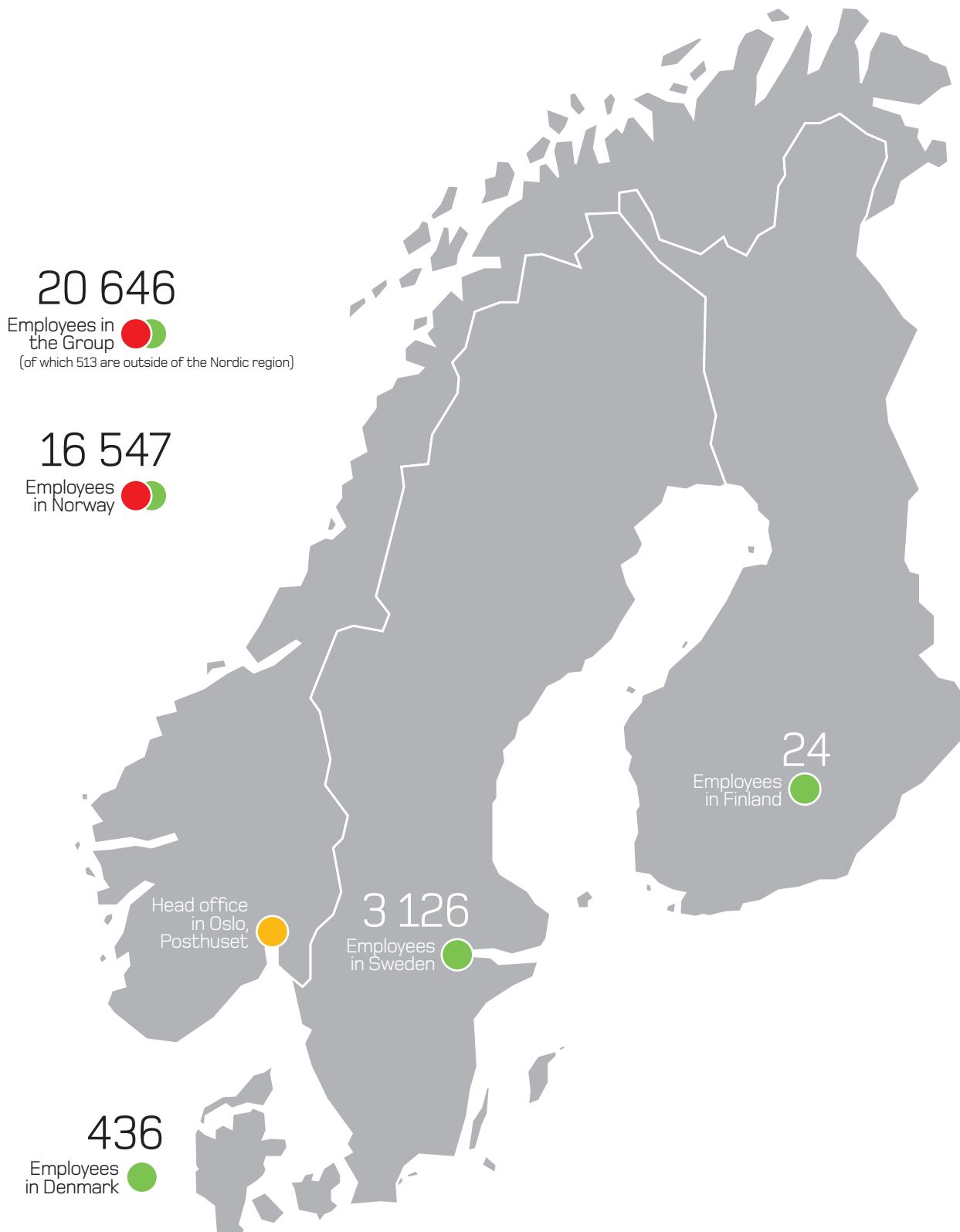
Finland



Bring: Parcel distribution, express logistics and courier services, temperature-controlled logistics services.

Locations: Helsinki and Vantaa

Employees: 24



Group structure

Group structure

Posten Norge is organised as four divisions and three corporate staff units. Group management consists of the Group CEO and seven Group Directors.

Group management deals with issues and decisions relating to the Group's strategy, budgets, follow-up of results, significant investments, pricing strategies, and issues of significance to Posten Norge's reputation, market and customers, as well as issues of a fundamental and strategic nature. Group Directors lead the divisions or corporate staff units and report to the President and CEO.

Line responsibility

The four divisions are: Mail, Logistics Norway, Logistics Nordic and E-commerce. 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 services with the associated service and quality.

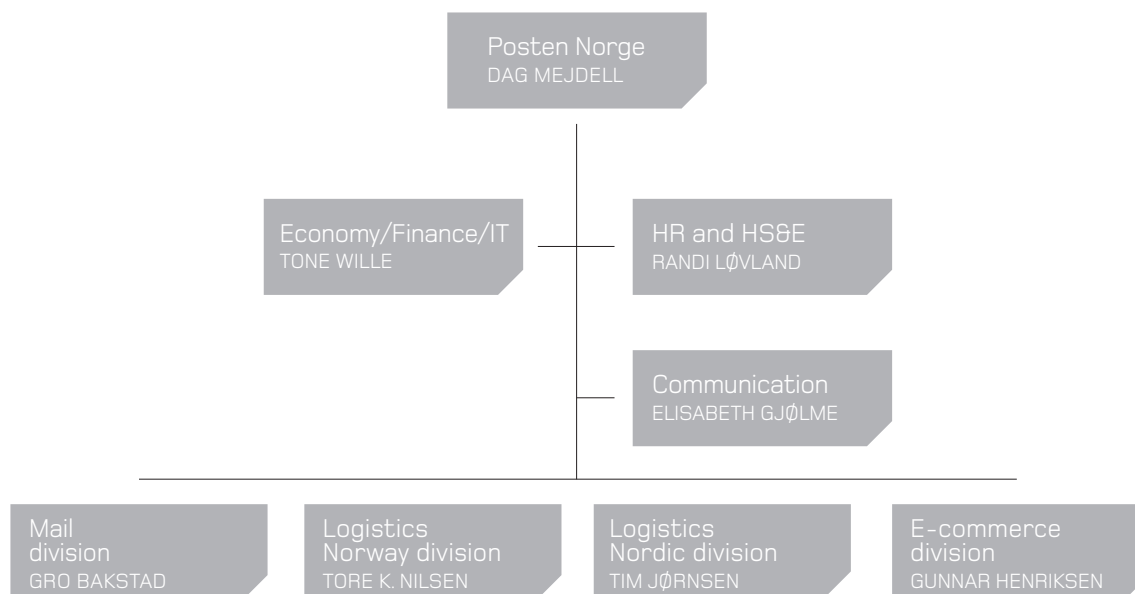
Professional responsibility

The Group has established corporate staffs with responsibility for common functions and Group development within the areas of HR/HS&E, Communications and Economy/Finance/IT. There is also a Group-wide Lean unit. Corporate staff members are professional driving forces who help support business strategies, and help to develop a professional environment within 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.



The Mail division

Is responsible for traditional postal services in Norway (including statutory services), as well as in Sweden through Bring Citymail. In addition, the division is responsible for operating the Group's activities within digital services and dialogue services. The Mail division continuously adapts its costs and capacity, and develops new physical and digital services and infrastructure.

The Logistics Norway division

Develops and delivers the Group's services within the logistics segment in Norway. The division operates the domestic parcel and freight terminals and transports mail, parcels and freight. The division is particularly focused on realising economies of scale in its network, ensuring interaction and cooperation with the Mail and Logistics Nordic divisions, and developing integrated solutions in order to meet customers' needs.

The geographical organisation of the logistics segment is based upon the different positions and strengths in the Nordic countries. The logistics divisions shall serve customers in a uniform manner, optimise national networks and utilise economies of scale across countries and business areas.

The Logistics Nordic division

Is responsible for the Group's services within the logistics segment in Sweden, Denmark and Finland, as well as the Express, Frigo and Supply Services brands throughout Scandinavia. The divisions shall establish, develop and operate networks for parcels and freight in the Nordic countries, and develop Sweden's position as a natural hub for logistics moving into and out of the Nordic region.

The E-commerce division

Is an important growth area for the Group. A dedicated E-commerce division was established in 2012 in order to support activities and develop special competence and new, customised solutions. The division serves the Group's largest customers within the B2C segment and is also responsible for services and concept development targeted towards all e-commerce customers. The E-commerce division provides no production itself, but is responsible for ensuring an efficient interface between other divisions that are responsible for deliveries.

Group Management



GUNNAR HENRIKSEN

Executive Vice President
E-Commerce Division
(since November 2012)

Born: 1959

Previous positions: Senior Vice President Sales and Customer Service, Mail Division, Posten Norge, Director Postal offices network, Posten Norge, Director Banking, Posten Norge. Various positions in the banking industry and in 3M Group in the Nordic countries and USA

Education: Master of Economics and Business Administration

TONE WILLE

Senior Vice President/CFO/IT
(since September 2012)

Born: 1963

Previous positions: Director of Finance and corporate governance at Division Mail at Posten Norge, Investment Director at Norfund, Senior VP and CFO at GE Energy (Norway) AS and former Kværner Energy AS

Education: Master of Economics and Business Administration

TIM JØRGENSEN

Executive Vice President
Logistics Nordic Division
(since October 2012)

Born: 1966

Previous positions: CEO of Palletways Europe GMBH, CEO of UPS Norden

Education: Bachelor of Business Administration

DAG MEJDELL

President and CEO
(since January 2006)

Born: 1957

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

Education: Master of Economics and Business Administration

**GRO BAKSTAD**

Executive Vice President Mail Division (since September 2012)

Born: 1966

Previous positions: Senior Vice President/CFO at Posten Norge, Financial Advisor at Procorp, Director of Finance at Ocean Rig

Education: Master of Economics and Business Administration and CPA

ELISABETH HEGG GJØLME

Senior Vice President of Communications (since April 2000)

Born: 1960

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

Education: Bachelor of Business Administration

RANDI LØVLAND

Senior Vice President of HR and HS&E (since September 2008)

Born: 1957

Previous positions: Transport Director and Communications Manager at Posten Norge, Division Director and Strategy Manager at Bravida Oslo and Akershus AS, Union Manager in The Norwegian Post Organization

Education: Posten Norge

TØRE K. NILSEN

Executive Vice President Logistics Division (since October 2012)

Born: 1956

Previous positions: Executive Vice President Division Mail at Posten Norge, Group Director at Securitas, Divisional Manager at Security Service Europe

Education: Norwegian Police Service

Corporate governance

Corporate governance Statement

Each year the Board of Directors of Posten Norge 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 Posten Norge. This includes both details of how the principles have been met, the reason for any non-compliance, if applicable, and a description of how Posten Norge rectified any non-compliance with the recommendation.

The Norwegian government is the company's sole owner. As a result of this, Posten Norge'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 contains a summary of where the information required by Section 3-3b of the Norwegian Accounting Act can be found.

1. STATEMENT ON CORPORATE GOVERNANCE

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, including the NUES recommendation, see www.nues.no/en/. Posten Norge is a limited company wholly-owned by the Government. The Group's corporate governance is based on and in accordance with Norwegian law and the Norwegian Government's ownership policy in force at any 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 Posten Norge believes that there is a clear connection between good corporate governance and creating value for the company's owners.

Through its business activities, Posten Norge is a prominent member of society and has been given an important social responsibility with its licence from the Ministry of Transport and Communications - that of ensuring nationwide, high quality and cost-effective postal services. 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 its activities - with regard to employees and its operating environment, such as its customers, suppliers and business partners. The Group's values are Integrity, Respect, Cooperation, Openness and Courage. In addition to this platform of shared

values, ethical guidelines and leadership principles have been established.

These ethical guidelines are also included in the Group's integrity programme. The aim of the integrity programme is to increase awareness and knowledge about how to handle typical ethical dilemmas. This will help to ensure that the Group always takes human rights, anti-corruption, working conditions, HSE, discrimination and environmental conditions into consideration.

2. BUSINESS

Posten Norge's social responsibility is to ensure the provision of nationwide, high quality and cost-effective postal services. This social responsibility is described in Posten Norge's licence given by the Ministry for Transport and Communications. The current licence applies until 31 December 2016.

Furthermore the Group shall run postal and logistic operations on a commercial basis, as well as other activities directly related thereto.

All of these conditions are stated in section 3 of Posten Norge's articles of association. The complete articles of association are found at the Group's website.

The Board of Directors establishes 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 Posten Norge's strategies and activities is that Posten Norge shall be a country-wide service provider focusing on competitive pricing, high quality and good accessibility. This is also a driving force for motivating employees and management in day-to-day activities and it is fundamental in maintaining Posten Norge's reputation.

As well as 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.

Within this framework Posten Norge has developed over the past decade into an industrial group that operates in the mail and logistics business areas with the Nordic region 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 Posten Norge with significant challenges with regard to the economics of the statutory services under its licence, competitiveness, adapting to new customer requirements and market position.

The following main strategies form the basis for the development of the Group:

Posten Norge shall undertake its social duties in accordance with the adopted licence requirements.

Posten Norge shall service customers' requirements and be available where the customer is located.

Posten Norge shall develop independent competitiveness in the Group's focus areas in the Nordic area.

Posten Norge shall secure satisfactory 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.

Posten Norge shall develop strong, profitable and sustainable positions within the areas in which the Group is involved.

Posten Norge shall work to extract cost benefits through efficiency measures, coordination of the value chain and the implementation of a Group-wide productivity system.

Posten Norge 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

is perceived by its customers, its operating principles and its shared culture and values.

Posten Norge shall provide a competitive rate of return for its owner through profitability and value creation in line with the best in the industry.

Posten Norge shall be an environmental leader and work actively to reduce the company's impact on the external environment. Posten Norge 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.

Posten Norge 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 work environment. It is the opinion of the Board that by taking social responsibility Posten Norge contributes to a good reputation, a reduction in risk and long-term expansion for the Group.

Posten Norge'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. The Group works continuously in a goal-oriented manner to reduce absence due to sickness and the number of employees who are newly incapacitated for work and to avoid 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 Posten Norge's Board wishes to focus on how the Group's operations can contribute to sustainable development. Refer to the Sustainability report.

3. COMPANY'S CAPITAL AND PROFITS

Equity

As at 31 December 2012 the Group's equity was MNOK 5,702 which gave an equity ratio of 37.7 percent of the Group's total assets. This level is deemed adequate with regard to the Group's required solidity in order to implement the company's goals and strategies within an acceptable risk profile.

Dividend

Posten Norge's general meeting is not bound by the Board's proposal for the distribution of dividends, cf. section 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 Posten Norge is that 50 percent 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.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Posten Norge has only one share class. All shares are owned by the Norwegian state and managed by the Ministry of Transport and Communications.

Posten Norge and the state as owner have regular ownership meetings. The articles of association also state that Posten Norge is obliged to present all cases deemed to be of major social or fundamental significance to the owner.

Posten Norge deviates from the NUES recommendation on this point. Due to government ownership the NUES recommenda-

tion on different share classes and issues is not deemed to be relevant for Posten Norge.

Information regarding transactions with related parties is provided for in the annual report, see note 28.

5. FREE SALE

All shares are owned by the Norwegian state and managed by the Ministry of Transport and Communications. In accordance with section 3 of its articles of association, Posten Norge is to operate as a limited company wholly-owned by the Government.

Posten Norge deviates from the NUES recommendation on this point. Due to government ownership, the Board deems this point of the NUES recommendation not to be relevant for Posten Norge.

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.

Posten Norge deviates from the NUES recommendation on this point because the Companies Act section 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, President and 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.

7. ELECTION COMMITTEE

The Norwegian Government, through the Minister of Transport and Communications, is the only shareholder, and the company therefore does not have an election committee. The Board of Directors is appointed by the general meeting in accordance with section 20-4 (1) of the Norwegian Companies Act. Posten Norge deviates from the NUES recommendation on this point.

Four members of the Board of Directors are chosen by and from the employees in Norway.

A Group-wide scheme was established for the election of employee representatives to the Board of Directors of Posten Norge. This entails that all employees in the Norwegian part of the Group can be elected and have voting rights.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

Corporate assembly

Posten Norge is subject to the main rule of the Norwegian 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 Posten Norge in accordance with section 6-35 of the Norwegian Companies Act. The same agreement gives the right to an expansion of employee representation on the Board of Directors from three to four representatives.

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 meeting. 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.

During the first six months of 2012 five of the members of the Board were women, of whom three were shareholder-appointed representatives and two were employee representatives. After the new Board was elected in 2012, four of the members are women, of whom three are shareholder-appointed representatives and one is an employee representative.

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 its members stand for election at the same time.

The Board members' backgrounds are described in the annual report and on the Group's website.

Independence of the Board of Directors

The Board of Directors assesses the independence of its members on a continuous basis. As at 31 December 2012 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 their evaluations or decisions as Board members of Posten Norge.

9. THE BOARD'S WORK

Duties of the Board of Directors

The Board of Directors of Posten Norge AS is responsible for the overall management

of the Posten Norge 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 President and CEO's work form part of the instructions for the Board of Directors of Posten Norge.

Together these documents clarify the tasks and responsibilities of the Board of Directors and the President and CEO, including which matters shall, can and should be handled by the Board. This also includes the President and CEO's authorisation limits. Matters 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 performance reports, HSE issues, investments and related follow-up work, evaluation of the Group's risks and internal control as well as HR and organisational issues.

The Board ensures 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 presentations by the President and CEO. The Company expects these presentations to constitute a good and satisfactory basis for considering the matter. The Board has appointed a Vice-chairman of the Board who functions as chairman if the Chairman of the Board cannot or ought not lead the work of the Board.

The Board held seven meetings in 2012.

The Board carries out an annual evaluation of its work and its competence. The Board is also evaluated by the company's 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: to prepare the Board's follow-up work on reporting processes for the financial accounts (including ongoing contact with the company's external auditor regarding the audit of the annual financial statements), to supervise the systems for internal control and risk management and to supervise 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 Directors' 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 President and CEO. The committee otherwise contributes to the thorough and independent handling of remuneration issues for leading employees.

in the company's articles of association and internal governing documentation as well as in 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 establishes how the management and control of the Group shall be carried out. The documents set 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 committed to integrating risk management and internal control into 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. This risk analysis is based on the Group's 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

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors' responsibility for risk management and internal control is set out

the individual risk factors and avoid events that can adversely affect the Group's operations and reputation.

A central monitoring process for internal control has also been established to help ensure that there is adequate and effective internal control for specified risk areas. One element in this process is to propose specific measures to improve internal control. The implementation of proposed measures 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. In addition, processes have been implemented to ensure that the Group carries out systematic reporting of corporate social responsibility.

Posten Norge's consolidated financial statements are presented in accordance with the applicable IFRS regulations. The Group's reporting process for the financial accounts is described in the Group's governing documentation, which includes procedures 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 built-in 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 and continuous efforts are made to increase awareness of this standard. Posten Norge also established an integrity programme which shall help to ensure a high and precise ethical standard with regard to anti-corruption, competitive practices, social dumping and the handling of information. The Group's suppliers and business partners are required to comply with the same standard.

Openness is one of the Group's core values and 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 for the prevention and rectification of non-compliance. All employees and business partners are therefore encouraged to report any censurable and/or illegal conditions as soon as possible. This is a part of the individual's responsibility.

A corporate unit for misconduct has been established to ensure good and safe receipt and follow-up of reports. The corporate unit for misconduct shall ensure that the reports are not met with negative reactions or sanctions. The Board of Directors' audit committee reviews the report from the Group's corporate unit for misconduct every six months.

11. REMUNERATION TO 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 Board members in 2012 are presented in note 2.

12. REMUNERATION TO SENIOR EXECUTIVES

The Board has prepared a statement concerning the determination of salaries and other benefits for the General Manager and other senior executives. 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 to be an important tool for focusing 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 to ensure that more than just the closest manager is involved in the decision-making process concerning employment, pay and bonuses. In such situations, the person making the decision/manager shall obtain approval from his/her immediate superior.

The statement concerning the determination of salaries and other benefits for the General Manager and other senior executives is included in note 2.

13. INFORMATION AND COMMUNICATION

The Group follows an open and proactive 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 Posten Norge acts professionally and uniformly in its communications.

Financial information is reported quarterly at stipulated times as set out 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 and specifies who is entitled to speak on behalf of the Group, 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.

14. COMPANY TAKEOVERS

Posten Norge deviates from the NUES recommendation on this point. Posten Norge's articles of association state that the company shall operate as a limited company wholly-owned by the Government, and the Board therefore deems this point of the NUES recommendation not to be relevant for Posten Norge.

15. AUDITOR

Posten Norge 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 procedures 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.

16. REQUIREMENTS OF SECTION 3-3B OF THE NORWEGIAN 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, point 5 Free sale of shares, point 6 General Meeting, point 7 on election committees and point 14 Company takeovers.

4. "a description of the main elements in the company's, as well as the Group's if Group accounts are also prepared, systems for internal control and risk management related to the accounts reporting process": 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 Board's work.
7. "provisions of the Articles of Associa-

tion 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.

History

Posten Norge's history

Some highlights of Posten Norge's 366-year history.

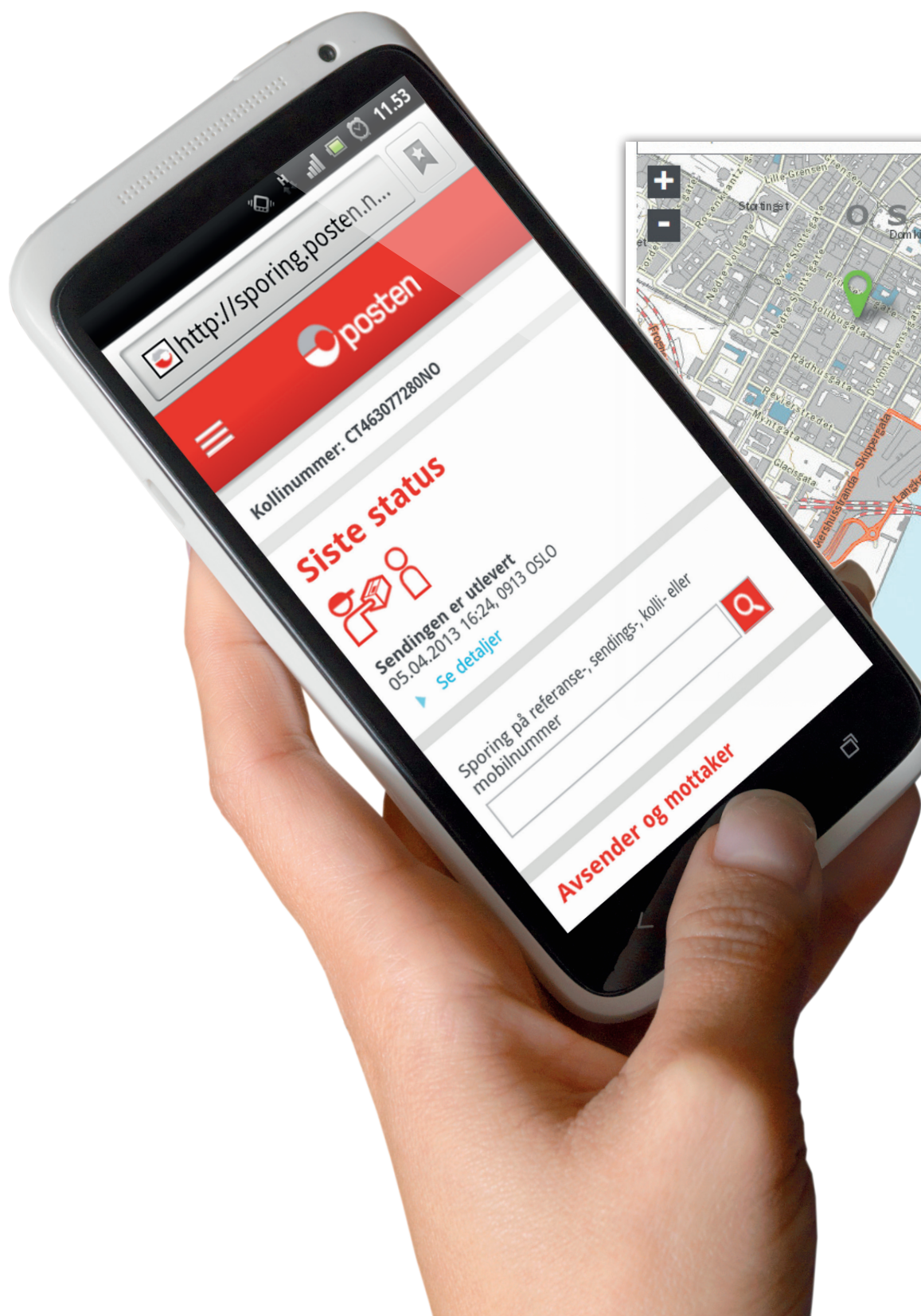
- **1647** The Norwegian postal service was established by the Danish governor in Norway, Hannibal Sehested.
- **1719** The State assumed responsibility.
- **1827** The need to improve postal delivery along the coast and abroad made the postal service into the country's first steamship company.
- **1854** Posten Norge 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 Posten Norge on board.
- **1943** The postgiro was introduced in Norway.
- **1950** Norway's Postal Savings Bank was established.

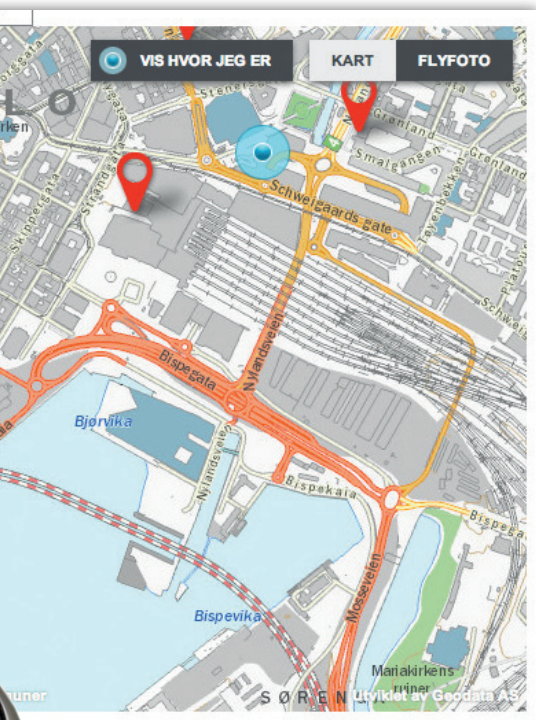
- **1968** Postcodes were introduced to manage better the increasing volume of mail.
- **1976** Oslo postal terminal and the Postgiro building built.
- **1984** Changeover from contents-based classification of letter post to pricing according to time of forwarding (A, B and C post).
- **1995** Postbanken was established as an independent bank following the merger of Postbanken and Postgiro. In the same year Posten Norge bought Statens Data-sentral, merged it with Posten Norge's Datasentral and renamed it Posten SDS (latterly EDB Ergo-Group, now Evry).
- **1996** Posten Norge changes from an administrative agency of the government to a state owned company with "limited liability": Posten Norge BA.
- **2000** Posten Norge's plans for transforming traditional post offices to Post in Shops were approved by Parliament.
- **1998–2007** Posten Norge carried out a number of acquisitions in heavy goods and express transport. This included the purchase of Citymail in Sweden.
- **2002** Parliament made Posten Norge a limited company: The Posten Norge Group.
- **2008** The new brand Bring was launched, while the Posten Norge logo was modernised.
- **2010** Posten Norge's South Eastern Norway terminal at Lørenskog was officially opened by King Harald.
- **2011** Norway's new digital mail system, Digipost, opens 4 April.

02

Results

KEY FIGURES
IMPORTANT EVENTS
PRESIDENT AND CHIEF
EXECUTIVE OFFICER'S REPORT
THE BOARD OF DIRECTORS
REPORT OF THE BOARD
OF DIRECTORS
SEGMENTS
MARKET REPORT
IN THE FUTURE

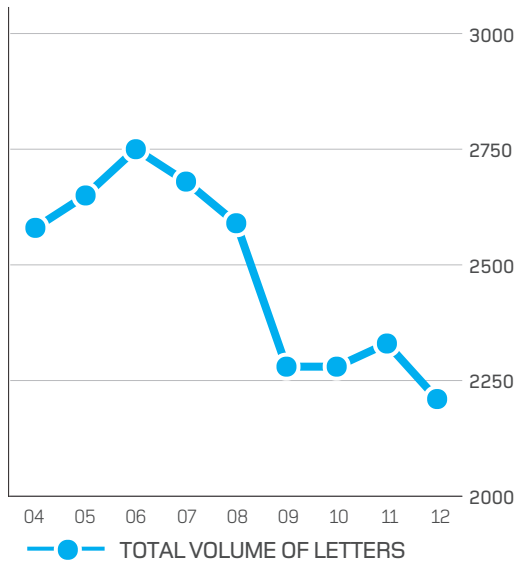




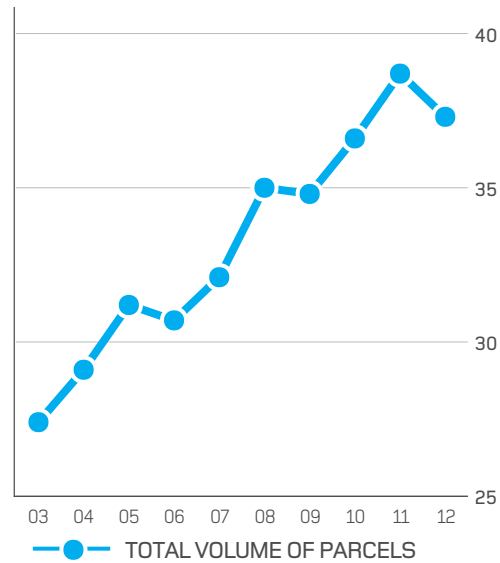
Key figures

28

VOLUME
LETTERS
in mill. units
2219



VOLUME
PARCELS
in mill. units
37,3



	2012	2011	2010	2009	2008
OPERATING REVENUES MNOK	22 925	22 981	22 451	22 613	23 940
EBIT MNOK	632	956	1638	269	-14
GOVERNMENT PROCUREMENTS MNOK	219	345	116	211	0
SHARE OF REVENUE FROM MONOPOLY AREA (percentage)	14,6	14,8	14,7	15,3	14,8
REVENUE FROM FOREIGN SUBSIDIARIES MNOK	6434	6443	5959	5855	5871
TOTAL PARCEL VOLUME, POSTEN NORGE AS million units	37,3	38,7	36,6	34,9	35,0
TOTAL LETTER VOLUME, POSTEN NORGE AS million units	2219	2337	2289	2284	2598
DEVELOPMENT A AND B MAIL (percentage)	-8,2	-6,1	-7,2	-10,1	0,7
DELIVERY QUALITY FOR A MAIL (proportion delivered overnight) (percentage)	85,3	85,3	83,5	88,3	87,1
PROPORTION OF MACHINE-SORTED, ALL LETTERS (percentage)	79,6	79,2	73,7	72	70
EMPLOYEES (full-time equivalents) AS AT 31 DECEMBER	19 388	19 622	19 884	20 555	22 221
NUMBER OF SALES OUTLETS (post office/Post in Shops)	1407	1413	1434	1443	1455
POSTEN NORGE'S REPUTATION (proportion with a 'good impression') (percentage)	57	69	63	61	55
ABSENCE DUE TO SICKNESS, GROUP (percentage)	6,9	7,1	7,8	8,1	8,2

Important events

January

- Posten Norge presents new analyses which show that approximately 150 post offices can be converted to Post in Shops.
- From New Year, the prices to send letters are calculated from both the weight and thickness of the letter. This is because volume influences distribution costs.

February

- In order to deal with the continuing steep decline in letter volumes, Posten Norge asks the Ministry of Transport and Communications to assess changes in the banking obligation, sales network and Saturday deliveries.
- King Harald celebrates his 75th birthday and Posten Norge honours both the King and Queen with two hand-engraved stamps.

March

- Posten Norge becomes the first partner in the new European trade organisation E-Commerce Europe and simultaneously initiates an even closer collaboration with trade association Distansehandel Norge.
- For the first time, Posten.no wins the Farmand Prize 2012 for best website in the "Non-traded" category.
- The Zero Emission Resource Organisation (Zero) and Posten Norge initiate a collaboration that includes electric vehicles and alternative fuels.
- Posten Norge opens competitive tendering for the company's IT contracts. The aim is to collate the contracts with a small number of suppliers.

April

- The government presents a white paper supporting Posten Norge's desire to limit its banking obligation and continue conversion to Post in Shops.
- Posten Norge acquires Fredrikstad Transport & Spedisjon AS.
- The EFTA court does not revoke the ESA's fine for Posten Norge from 2010, but the size of the penalty is reduced.
- Posten Norge launches new iPhone and Android applications which enable users to send postcards from mobile phones.
- Larvik becomes the first municipality to use Digipost in its communications with the municipality's inhabitants.

May

- A new solution is introduced to enable users to receive electronic receipts in Digipost, the digital mailbox.
- The DNB Group signs agreements to use Digipost for the digital distribution of letters.

June

- Posten Norge becomes the first Norwegian company to enable its customers to BankID in its new application for iPad or iPhone.
- The government discusses the post notification and decides that 149 post offices shall be converted to Post in Shops. The conversions will take place in 2013 and 2014. There will then be 30 post offices and around 1,400 Post in Shops in Norway.
- Idar Kreutzer is elected the new Chairman of the Board of Posten Norge after Arvid Moss.

July

- Posten Norge opens a new post office in "Cardamom Town" in Kristiansand Zoo and Amusement Park, where adults and children can purchase stamps, special envelopes and cards with images from the town.

August

- The Swedish government clarifies the provisions for the permitted weight and length of heavy goods vehicles that cross the border into and out of Sweden.

September

- Posten Norge makes changes to Group management from 1 September.
- Clasohlson.no is selected as Webshop of the Year; Tretti.no receives the Innovation of the Year prize, and Shavecare.no becomes Newcomer of the Year at the Load logistics and e-commerce event.
- Posten Norge submits a new e-commerce report which shows that e-commerce has become commerce.
- Posten Norge AS, Aftenposten, Distribution Innovation and Amedia distribution start a trial project to test opportunities for collaborative distribution between Posten Norge and the newspapers.
- Bring is chosen as the supplier of logistics services for Statoil's operations on the Norwegian Continental Shelf.
- Posten Norge releases a new profile film, "Posten Norge is changing because people are changing".

October

- 94,000 households and 7,000 companies receive a new post code due to population growth.
- The Posten Norge Group is restructured in order to strengthen competitiveness and customer orientation. Posten Norge now has four divisions: The Mail division, the Logistics Norway division, the Logistics Nordic division and the E-commerce division.
- Posten Norge acquires Swedish logistics company Ekdahls Åkeri.

November

- The government decides that digital mailbox suppliers shall compete for the sending of mail from the public sector. Posten Norge's solution, Digipost, is developed with the aim of meeting the needs of the public sector.

December

- Posten Norge invites tenders to deliver banking services within Posten Norge's sales network (excluding the national postal network) which gives suppliers the right and an obligation to distribute and market banking services in this network.
- Posten Norge desires stricter requirements regarding the tyres that shall be used on heavy goods vehicles than those presented in a new suggestion from the Norwegian Public Roads Administration. In the consultative statement, Posten Norge also desires more frequent controls and stricter sanctions for drivers who break the rules.

Packed and ready for more e-commerce

Changes in people's mailing habits have been greater in the past 10 years than in the first 356 of the postal service. President and CEO Dag Mejdell is now gearing up to win the battle for e-commerce customers.

Since the start of the 2000s, the number of letters in Norwegian mailboxes has become fewer and fewer due to electronic communication. The same trend has resulted in more parcels to be delivered to all the country's inhabitants and companies, or across national borders. The online shopping market in the Nordic region is growing by around 15 percent annually. Posten Norge has therefore changed the company's structure and created a dedicated e-commerce division.

"One of the challenges facing postal companies is that e-commerce companies' needs are covered by different parts of the companies. We are now gathering together those who have the most experience within e-commerce in order to strengthen the services offered. We are the first of the postal companies to do this, and I'm absolutely sure that this will give positive results," says President and CEO Dag Mejdell.

Significant growth

The volume of e-commerce parcels (B2C) increased by 4,6 percent in 2012. The growth is most significant across national borders. Mejdell believes that this may become one of the largest areas within the Posten Norge Group in the long-term. In 2012, Posten Norge changed the delivery times for e-commerce parcels. Large areas of Norway now receive their parcels a day earlier. You can now place an order on one day and receive it on the following day. People want their parcels delivered as quickly as possible, and want to know where it is at any given time. Good tracking solutions are therefore important.

"No other areas have an equivalent rate of growth. We must therefore be best among the competition. This is a young type of activity with old services, and innovation will therefore be important going forward. Recipients also gain greater power because they decide which distributor shall transport the parcel to their home or local collection point," says Mejdell.

More collection points

In the next two years, Posten Norge will open 170 new Post in Shops across the country. This means even greater opportunities for the collection of parcels, and customers also appreciate longer opening hours. In total, Posten Norge will have over 3,000 collection points across the country through post offices, Post in Shops and the rural postal service.

"No other provider has such a finely-meshed network. We are, and will continue to be, the best in Norway," says Mejdell.

Important meeting place

Post in Shops is becoming increasingly important as a point of contact with customers. When the conversion is completed in 2014, there will be only 30 post offices remaining in Norway. Fifty years ago, there were 5,000 post offices.

"This is a consequence of societal development. A core part of what the post offices offered was banking services. The use of banking services in the manual world has now become minimal, and we must therefore adapt. ►



We cannot justify operating many post offices with peak visits by customers twice a day – once in the morning and once in the afternoon. This is not a wise use of society's resources," says Mejdell.

Improved results

A gradual conversion to Post in Shops over the past 10 years is one of the measures that has contributed to ensuring efficient operations and improved profitability in a declining market.

"2012 was the fifth year in a row with an increase in profit. This is because we have worked extremely effectively with cost reduction measures, while simultaneously being successful in the market. I think this has been a good year," says Mejdell.

More logistics

Logistics is now the largest area of the business, with 58 percent of the turnover. In order to strengthen its competitive position against large international competitors, the Group has chosen to organise logistics activities by country. In the autumn of last year, a new division was established – the Logistics Nordic Division, which is responsible for Sweden, Denmark and Finland.

"I think we have taken many appropriate steps in 2012 towards becoming a Nordic, industrialised and integrated Group. We are working in a more industrial manner, and have acquired Ekdals Åkeri in Sweden in order to strengthen the domestic position in Sweden. But we will also become better at identifying synergies and coordinating operations through common terminals, among other measures," says Mejdell.

One Bring

Since Bring was launched in 2008, the brand has emerged on the market as a series of specialists. This is something that Mejdell is now working to change.

"I think that we have been more concerned with our specialists than our customers. What we are hearing is that our customers

think of Bring and not the individual specialists. Our customers are asking for one point of contact with Bring. In order to become one Bring, the specialist names have now been removed. In addition, our largest customers will now have contact with one account manager across the organisation," says Mejdell, adding that this may seem like a given, but is in fact an important step in both appearing and becoming more customer-oriented.

Oil logistics

When Posten Norge was established in 1647, both digital mail and the production of oil in Norway would have seemed like wild ideas. But now, 366 years later, both are important factors in how the Posten Norge Group is changing. In the autumn of last year, Bring entered into the largest ever logistics contract with Statoil, and this has become an important growth area.

"Firstly, activity on the Norwegian continental shelf is in a growth phase. This will continue due to new discoveries. The investments look promising for the supply industry, and we are a part of this. The agreement with Statoil lays a good foundation for growth within the area in the coming years," says Mejdell.

Mail of the future

With the major changes in people's mailing habits, Mejdell is extremely keen to develop new areas of expertise – because letter volumes are steadily moving in only one direction.

"The year 2013 will be weaker than 2012 for the mail segment, because the decrease in mail volume is so great that we are unable to fully compensate for it. We estimate that the volume will decrease by 7 percent or more every year going forward. In 2020, we will only have half of the current letter volume," says Mejdell. This leads him to point out the changes that are necessary in responding to this trend.

"In order to further reduce costs, we believe that Saturday distribution must be removed. We have notified the owner that this must be considered if the cost of public sec-

tor purchases is not to become too great. We are not doing our job if we do not point out the kinds of challenges that lie ahead. But we must also have respect for the fact that, ultimately, it is the politicians who will make this decision. It is important that additional funds are provided if the politicians decide that the service level shall be maintained at a level for which there is no market basis," says Mejdell.

Digital mail

In response to the transition to electronic mail, Posten Norge launched the digital post system Digipost in April 2011 – a service for sending important mail electronically. Last year, the government decided that this service will be put out to tender for public sector mail. Mejdell is happy about this.

"I'm very happy that the authorities have decided to put an electronic mailbox for digital mail out to tender. When effective solutions already exist, it is unwise to use public resources on developing new solutions from the ground up. We will now demonstrate that we can deliver a solution that Norway's entire population will be satisfied with," says Mejdell.

Healthier employees

An area close to the President and CEO's heart is HSE. Since he started in his role in 2006, he has tirelessly maintained focus on health, safety and the environment. He is therefore satisfied that the level of absence due to sickness in Posten Norge was 6.9 percent in 2012.

"We started by building up good knowledge and reporting practices within HSE. Then we worked preventively. Now we're moving onto health-promoting measures. We have run pilot health tests on our employees, and this has enormously influenced sickness absences and other parameters such as cholesterol levels and weight. The tests show that for every NOK 100 we invest in

health, we receive NOK 3.5 in return. If the effect were to prove to be equally great for all our employees, we could save society NOK 150 million in costs relating to absence due to sickness. If we were to convert this to the kind of turnover we would have to have in order to create an equivalent result, we would need to increase our turnover by NOK 3-5 billion," Mejdell points out.

Less CO2

Posten Norge has a goal to reduce CO2 emissions by 30 percent compared with 2008 by 2015, and the Group is well on the way to reaching this goal. An important measure is to replace many of our 10,000 cars with other types of vehicles that run on electricity or biogas. The Group is now planning to purchase 200 biogas lorries.

Posten Norge is a member of UN Global Compact. This is the UN's initiative for co-operation with businesses on sustainable development. As a participant, Posten Norge undertakes to integrate ten basic principles into its strategy and daily operations. The Group is also committed to reporting activities and improvements relating to this.

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

"2012 was the fifth year in a row with an increase in profit. It has been a good year."

Board members



**ODD CHRISTIAN
ØVERLAND**

Employee representative
(since 2000)

Born: 1957

General Secretary of the
Norwegian Postal and
Communications Workers'
Union (Postkom)

Employee of Posten Norge
since 1979

**TERJE
WOLD**

Board member (since 2010)

Born: 1963

CEO of Invenia AS

Education: Master of
Science and Master of
Management

Offices: Chairman of the
Board of Abelia (NHO),
Board Member of VERDIKT
(Research Committee),
Tromsø International Film
Festival, member of the
Supervisory Board of
Gjensidige

**SIGRID
HJØRNEGÅRD**

Board member (since 2012)

Born: 1965

Director for renewable
energy, climate and the
environment at Energy
Norway

Education: Master of
Science

Offices: Board member
of Energi21 (OED), board
member of the Norwegian
Forest and Landscape
Institute at UMB (LMD),
represents Energy Norway
in the Environment and
Sustainability Committee in
Eurelectric (the European
energy organization).

**ANN ELISABETH
WIRGENESS**

Employee representative
(since 2012)

Born: 1961

Deputy union
representative for
the Logistics Division,
Member of the National
Executive Committee of
the Norwegian Postal and
Communications Workers'
Union (Postkom)

Employee of Posten Norge
since 1985

**GØRIL
HANNÅS**

Board member (since 2010)

Born: 1968

Risk Manager, National
Oilwell Varco Norway AS

Education: Master of
Economics and Business
Administration and PhD
Logistics

Offices: Board member
Sigtor AS, Seamless AS,
Smart Engineering AS,
Agder Energi AS



IDAR KREUTZER

Chairman of the Board
(since 2012)

Born: 1962

CEO, Finance Norway

Education: Master
of Economics and
Business Administration

Offices: Orkla, Statoil,
Hydro, member of the
strategy Council for The
Government Pension Fund
Global (NBIM), Chairman
of the Board of the
Norwegian Refugee Council

JØRGEN RANDERS

Board member (since 2011)

Born: 1945

Professor of Climate
Strategy, Norwegian
Business School (BI)

Education: PhD in
Management

Offices: Chairman of
the Board of yA Bank
ASA, Chairman of the
Board 21st Venture AS,
member of "sustainability
board" The Dow Chemical
Company (USA)

RANDI B. SÆTERS HAGEN

Vice-chairman of the
Board (since 2010)

Born: 1958

CEO, Medi 3 Innlandet AS

Education: Master
of Economics and
Business Administration

Offices: Board member of
Grid Design AS, Elssikkerhet
Norge AS, Briskeby
Eiendom 1 AS

GEIR LØLAND

Employee representative
(since 2012)

Born: 1958

Union Leader in Postal
Employees Union

Employee of Norway
Post since 1979

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 Posten Norge
since 1974



Report of

38

Group profit before non-recurring items and write-downs was MNOK 1,116 in 2012. This is 6.2 percent higher than in the previous year. In total, the Group's streamlining programmes implemented since 2008 contributed to reducing annual costs by billion NOK 3.

Society is changing

Posten Norge's traditional mail business is under pressure and services must be continuously adapted to new user demands if Posten Norge is to remain topical and relevant in the future. Through being at the

forefront of development, restructuring on a timely basis and working with employee representatives, the Group has gained the momentum needed to focus on new business areas and markets.

Group operating revenue in 2012 were MNOK 22,925 and were at the same level as the year before. In 2012 the Group acquired logistics operations, which contributed to the increase in sales, but market uncertainty and weak international demand resulted in less activity on the logistics market in 2012.

E-commerce is growing 15 per cent an-

the Board of Directors 2012

2012 was a good year for Posten Norge. For the fifth consecutive year the Group reported growth in income, and operating profit before non-recurring items and write-downs was MNOK 1,116. Absence due to sickness was historically low. The long-term decline in letter volumes continues to be Posten Norge's greatest challenge, but through extensive restructuring and streamlining of its operations, profitability was strengthened over the course of the past year. The Group is equipped for growth and will strengthen its investment in e-commerce and logistics.

nually in the Nordic region. This is an important focus area for the Group and it has now been organised as its own division. The goal is to take part in this strong growth by developing new solutions and concepts that will make the Group the preferred supplier for both recipients and senders.

Of the Group's sales, 30 per cent come from operations outside Norway. Southern Sweden is becoming an increasingly important starting point for distribution to the entire Nordic region and several Norwegian businesses have moved their warehousing

functions to Sweden. A high percentage of Bring's customer are requesting a Nordic offering and purchasing several types of logistics services in addition to mail services.

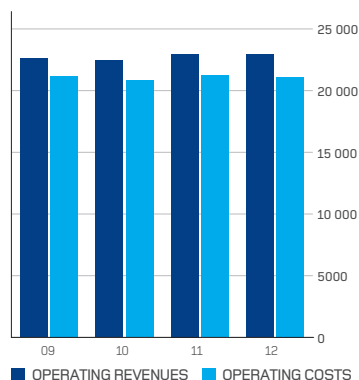
To support this Nordic strategy and take a stronger position in the region, the Group established a Nordic logistics division that is based in Sweden.

The Group would like to build upon Posten Norge's strong position and tradition as a trusted distributor of mail and take part in digital message transmission. When the Government switches from physical mail to

OPERATING REVENUES AND OPERATING EXPENSES

in mill. NOK

22 925/21 090



communicating digitally with the country's inhabitants, it is Posten Norge's goal to be the chosen supplier of public digital mail in the future in the same way as Posten Norge has delivered physical mail for 366 years.

The Government's White Paper on Posten Norge (Parliamentary report 18 (2011-2012)) was considered by Parliament in 2012. Parliament expressed satisfaction with Posten Norge's development and approved the Group's Nordic strategy with a focus on profitable growth in the Logistics segment. Efforts within HSE, diversity, integration and the environment, and Posten Norge's ability to carry out restructuring in particular, were all praised. Furthermore Parliament gave its approval for the conversion of more post offices to Post in Shops, so that a minimum of 30 sales outlets are maintained as independently run post offices after 2014, and banking services will be limited to the rural delivery network. The requirement for the return on equity after tax was lowered from 10 to 9 percent per year.

As of 2013 the postal market throughout all of Europe will be opened for free competition in accordance with the EU's third Postal Directive. 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 reservation process and the consequences this may have are still unclear. Only 15 percent of Posten Norge's income comes from business areas in which Posten Norge has a monopoly.

Posten Norge 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 work environment.

REVENUE AND PORTFOLIO DEVELOPMENT

Posten Norge consists of two segments: mail and logistics. Operating revenue for 2012 was MNOK 22,924, which is the same level as last year. The Group's operations outside of Norway had combined revenue of MNOK 6,434 in 2012, which is the same level as in 2011.

Logistics segment

Logistics is the Group's largest segment and accounted for 58 per cent of the revenue in 2012, with a turnover of MNOK 14,317. Acquisitions in 2011 and 2012 contributed to revenue growth and offset the fall in volume in the domestic parcels market. Combined operating revenue outside Norway totalled MNOK 5,475 in 2012, which represented 38.2 per cent of the segment's total revenue.

Parcels from abroad increasing

Parcel volumes were 3 per cent lower in 2012 than in 2011. Domestic parcel volumes in Norway fell slightly, but grew in Sweden and Denmark. Cross-border parcels increased as a result of, in part, an increase in e-commerce and the fact that an increasing number of Norwegian companies are moving their warehousing operations to Sweden.

Parcel volumes are to a large extent dependent on e-commerce. Both national and international trends indicate that buying an item online has become just as common as buying an item in a store. In the Nordic region, 86 per cent of consumers shop online and 50

per cent shop outside their home country.

Freight volumes in 2012 were at the same level as last year, while thermo-transport in Norway had a weaker development in volume than in 2011.

The Group won several large customer contracts in 2012, including the logistics services for Statoil's operations on the Norwegian continental shelf, a framework agreement with Kværner Stord, a distribution partnership with UPS and a trial with home delivery for Systembolaget in Sweden.

Acquisitions strengthen market positions

Acquisitions of logistics operations will strengthen the Group's position on the Nordic market and expand its logistics offering. In 2012 the Group acquired Fredrikstad Transport & Spedisjon and the Swedish transport company, Ekdahls Åkeri.

Physical and digital mail

The Mail segment accounted for 42 per cent of external Group revenue in 2012. Total revenue was MNOK 10,409, a decline of MNOK 198, or 2 percent, from the previous year.

Physical letter volumes, both addressed and unaddressed, continued to fall in 2012. Addressed mail fell 8.2 per cent and unaddressed advertising fell 2.1 percent compared to last year. Unaddressed mail advertising accounted for 53 percent of Posten Norge's letter volume in Norway, which was the same as in 2011.

More customers are moving to digital solutions, particularly with regard to retail and services. The decline in newspaper sales and the transition to in-house distribution systems contributed to a fall in newspaper volumes of 9.5 percent compared to last year. Changes in the product and format mix as well as price increases reduced the effect

of the fall in volume on Posten Norge's earnings, but did not fully offset this effect.

Parliament decided in 2012 that Posten Norge's statutory requirement to offer banking services will be limited to the rural postal network. In 2012 Posten Norge opened its system of banking services throughout its sales network to competition with the aim of entering a new agreement on commercial terms. The extent to which Posten Norge will continue to offer banking services through its sales network will be determined in 2013.

Posten Norge's digital mailbox system, Digipost, is generating considerable interest among recipients. An increasing number of customers have signed contracts to send secure digital mail. A total of 240,000 people have registered as Digipost users and more than one million letters were distributed via Digipost in 2012.

Bring Citymail Sweden distributed mail volumes in 2012 that were at the same level as the previous year.

Social mission and position in Norway

Through its business activities, Posten Norge is a prominent member of Norwegian society. The company undertakes an important social responsibility by ensuring nationwide, high quality and cost-effective mail services.

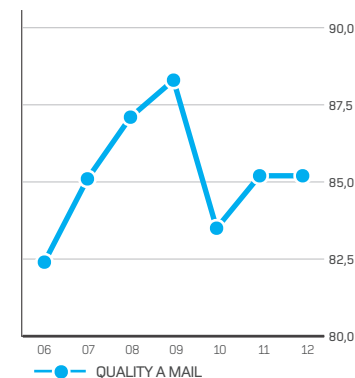
Posten Norge AS received a new licence that goes into effect on 1 January 2013 and is valid until 31 December 2016. The Ministry for Transport and Communications can change the licence during the licence period.

Delivery quality for A mail delivered overnight was 85.3 per cent in 2012, which is the same level as in 2011. The licence requirement is 85 percent. Posten Norge also fulfilled the five other licence requirements for delivery quality for letters and parcels by a good margin in 2012.

QUALITY OF A MAIL IN NORWAY

percentage

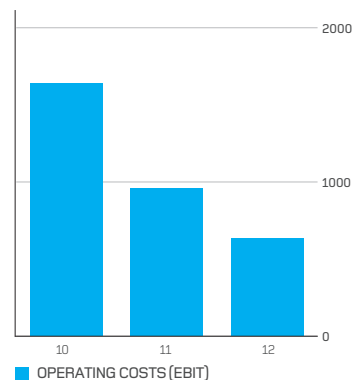
85,3 %



OPERATING PROFIT (EBIT)

in mill. NOK

632



42

Since 2001 Posten Norge has converted 700 post offices to Post in Shops. Customer surveys confirm that the service is working well and provides better accessibility for customers. During 2013 and 2014, Posten Norge will open 170 new Post in Shops throughout the country to meet new customer requirements. When the transition is completed in 2014, Posten Norge will have around 3,000 delivery points in the form of post offices, Post in Shops and rural postmen/-women. No other country has such a finely woven delivery network as Norway.

Reputation

Posten Norge's reputation fell slightly in 2012 after several years of positive growth. An increase in prices and changes to the service selection had an adverse effect on Posten Norge's reputation. New growth areas, for example in international transport, present the Group with new challenges.

Customer satisfaction surveys show that that customers are just as satisfied in 2012 as they were in last year.

PROFITABILITY

The Group's operating profit (EBIT) before non-recurring items and write-downs for continued operations was MNOK 1,116 in 2012, which was MNOK 65, or 6.2 percent, better than in 2011. Measures to improve profitability were implemented in both the mail and logistics segments. In total, the improvement programmes have contributed to more than Billion NOK 3 in improved profitability since 2008. Efforts to improve profitability will continue and new measures will

be evaluated. The Group's EBIT margin before non-recurring items and impairment losses for 2012 was 4.9 per cent, compared with 4.6 percent in 2011.

The return on invested capital before non-recurring items and write-downs (ROIC) for 2012 was 18.3 percent, which is the same as last year.

The Group's EBIT after non-recurring items and write-downs was MNOK 632, which is MNOK 324 less than the previous year due to significant provisions for restructurings and impairment losses.

Earnings after tax in 2012 were MNOK 382 compared with MNOK 373 in 2011.

Logistics segment

The Logistics segment's operating profit (EBIT) in 2012 was MNOK 112, which is an improvement of MNOK 16 compared to 2011. Profits were then burdened by MNOK 197 from write-downs of fixed assets and goodwill.

In a market that is characterised by strong competition, a number of measures intended to improve profitability had a positive effect in most areas of the Logistics segment. The parcels business continues to be characterised by heavy competition and a drift toward low cost products.

Economies of scale are larger on a national basis than between countries. The Group therefore implemented a country-based organisation for its Logistics segment in 2012 in order to facilitate joint production and closer integration of acquired operations.

Extensive programmes have been rolled out to take advantage of economies of scale in both of the logistics divisions. Work is underway, for example, on a new production concept for parcels and freight, coordination simplification of transport routes and joint IT systems. A new terminal structure is under

development with the goal of gathering parcel and freight production under fewer and larger units, both in and outside of Norway. The Group is planning to build a modern logistics centre for Posten and Bring at Alnabru in Oslo. Such a centre will be the hub of the Group's logistics operations and result in significant efficiency and environmental benefits.

Mail segment

The Mail segment's operating profit (EBIT) was MNOK 561, which was MNOK 379 lower than in 2011. Profits were adversely affected by falling letter volumes, while price increases and comprehensive efficiency measures improved profitability. Provisions totalling MNOK 331 were made for restructuring measures, which primarily are related to the conversion of 149 post offices to Post in Shops.

Even if Norway has not opened the market for letters under 50 grams for competition, Posten Norge must still adapt to developments, such as falling letter volumes, and continue to restructure its business and adapt the service level to the public's changed use of mail and banking services.

The government wishes to maintain letter distribution six days a week. The consequence of this is that the unprofitability of Saturday distribution must be covered through increased government procurement.

A positive effect of the fact that Posten Norge in recent years has successfully 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. In accordance with this arrangement Posten Norge repaid in 2012 MNOK 165 of received government procurements for the year 2011, including interest. For 2012

the government granted MNOK 179 for similar government procurements. The need for government procurements will be recalculated in 2013 to ensure that compensation is in line with actual costs and exclusive profits from business areas in which Posten Norge has a monopoly.

Bring Citymail Sweden implemented extensive measures to improve profitability.

Stable financial result

In 2012 the Group had net financial expenses of MNOK 84 compared with MNOK 156 in 2011. The Group had long-term liquidity reserves of MNOK 3,403 as at 31 December 2012 compared with MNOK 3,481 last year. These reserves consisted of invested funds and available credit facilities. In 2013 the Group will refinance long-term loans that mature. The Group emphasises financial flexibility and the ability to take advantage of opportunities in the market.

At Posten Norge's general meeting in 2012 a dividend of MNOK 186 for 2011 was declared in accordance with the Board's proposal. In addition, the general meeting decided on an extraordinary dividend of MNOK 90 that burdened the 2012 financial accounts.

The Board views the dividend policy in the context of the company's strategy and would like to continue with a dividend of up to 50 per cent of the profits for the year.

Ordinary earnings before taxes on continued operations were MNOK 547 in 2012 compared with MNOK 800 in 2011.

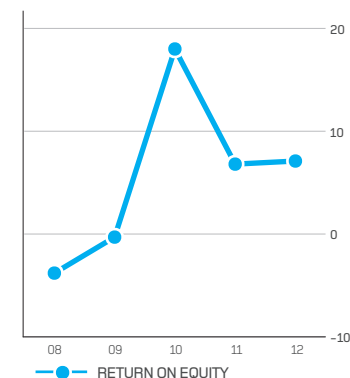
Associated companies

Posten Norge owns 40 per cent of EVRY ASA. For accounting purposes, Posten Norge's ownership interest is treated as an associated company, and the Group's share of the result is classified under operations. Posten

RETURN ON EQUITY

after tax percentage

7,1



To see accounts and notes:
Please go to
[www.postennorge.com/
annual-report-2012/](http://www.postennorge.com/annual-report-2012/)

Norge's share of EVRY ASA's profit after taxes in 2012 was MNOK 79. (See note 24.)

Goodwill

The Group has a total of billion NOK 2.3 related to goodwill from previous acquisitions recorded in the balance sheet as at 31 December 2012. 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 2012 resulted in a total impairment loss of MNOK 21, which refers in its entirety to the Logistics segment.

Investments

Total investments, excluding acquisitions, were MNOK 593 in 2012, which was MNOK 135 higher than in 2011. The majority of these investments were for IT and operational assets. The cash flow from operations and investment activities in 2012 was MNOK 692 lower than in 2011. This change is due to variations in receivables and provisions, higher tax payments and increased investments.

RISK

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

As part of its corporate governance the

Board of Directors discusses annual risk analyses that evaluate the Group's total risk. The risk analysis is carried out as a comprehensive process in which all divisions and major businesses in the Group are involved and integrated in the Group's analyses.

Measures and follow-up

The evaluations are followed up and risk-mitigating measures are implemented to ensure that the business achieves its goals. In addition a less comprehensive half-yearly follow-up process is carried out to see how these measures have worked and if they have resulted in a reduction in Posten Norge's risks or if new risk factors have appeared.

Posten Norge 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 absence due to sickness 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 2012 Posten Norge continued the measures started in 2009/10 to reduce financial risk and increase financial freedom. Discipline in the use of capital, a limited number of 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 2012. The Logistics segment increased its

earnings and profit but also experienced pressure on its margin in 2012.

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

No long-term loans matured in 2012, but the company has prepared re-financing for long-term loans that fall due in 2013. Credit and counterparty risk for the placement of surplus liquidity is deemed to be limited as Posten Norge's counterparties generally have high ratings.

Debt covenants

Some of Posten Norge's loan agreements contain debt covenants that limit net interest-bearing liabilities/EBITDA to 3.5 and require a minimum equity ratio of 25 percent. As at 31 December 2012 net interest-bearing liabilities/EBITDA was 0.6 (up from 0.5 in 2011) and the equity ratio was 37.4 per cent (up from 35.9 per cent in 2011).

Posten Norge 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 ESA issued Posten Norge a fine of MEUR 12.9 in connection with previous exclusivity clauses in the Post in Shops agreements for the period 2000 - 2006. Posten Norge disputes the ESA decision and brought the case before the EFTA court. The EFTA court did not find in favour of Posten Norge in its lawsuit, but reduced the fine to MEUR 11.1. The logistics company Schenker has made a claim for compensation against Posten Norge but the case has been adjourned until the EFTA court has completed

its handling of the appeal from Posten Norge in 2012. Posten Norge maintains that there are no grounds for compensation.

ALLOCATION OF ANNUAL PROFITS

In 2012 Posten Norge AS recorded a post-tax profit of MNOK 157. The Company had MNOK 826 in unrestricted equity as at 31 December 2012.

The Norwegian government's dividend policy for Posten Norge 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 199 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.

SOCIAL CORPORATE RESPONSIBILITY

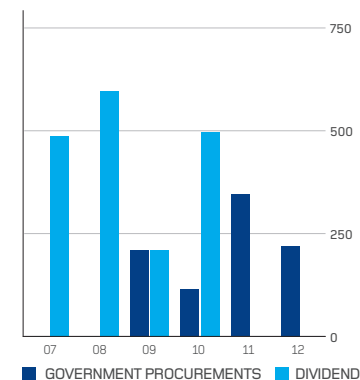
Posten Norge works systematically to ensure the Group's activities contribute to sustainable development in line with the demands of customers and the government's ownership policy.

The company's corporate culture is characterised by an active attitude to taking

GOVERNMENT PROCUREMENTS AND DIVIDEND

in mill. NOK

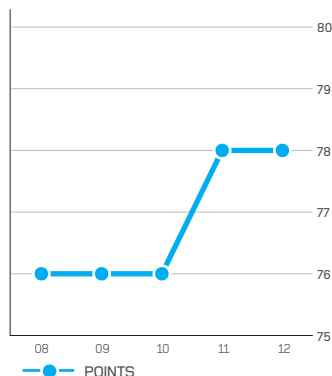
219



EMPLOYEE SATISFACTION

on a scale from 1 to 100, where 100 is best

78



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, Posten Norge has undertaken to integrate ten fundamental sustainability principles in its strategy and operations, as well as to report activities and improvements related to all areas with a social impact within the economy, environment and social conditions. 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).

In 2013 the Group conducted a materiality analysis with the aim of identifying and prioritising the sustainability areas that are most important for the Group. The materiality analysis resulted in 14 prioritised areas that will serve as the basis for the Group's sustainability reporting in the future.

SOCIAL CONDITIONS

Systematic health, safety and environment work

Posten Norge's operations are labour intensive. Health, Safety and the Environment (HSE) is therefore a high priority and the Group's vision is for nobody to be injured or become sick as a result of their work. Systematic and goal-oriented efforts to reduce absence due to sickness, the number of people newly incapacitated for work and work injuries have generated very good results.

Extensive restructuring of the mail business has a major effect on Posten Norge's employees. The Group believes that solid co-operation between management and trade unions is important, and it also believes that employees should be given time and predictability during the restructuring process. Through the development of new operational solutions, efforts are made to maintain a high percentage of full-time positions and variation in tasks. During the redundancy process, Posten Norge endeavours to provide redundant employees with support and assistance with the goal of gaining new employment within or outside the Group.

At the end of 2012 the Group had 19,388 full-time equivalent positions, which is 233 less than at the end of 2011. Posten Norge 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 Posten Norge'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 new knowledge. Posten Norge has been a racism-free zone for more than ten years. This means that everyone is welcome at Posten Norge regardless of skin colour, religion or cultural background. An agreement on a racism-free zone with Norsk Folkehjelp and Postkom covers the entire group.

Satisfied employees

The annual organisation survey showed an increasing level of satisfaction amongst the Group's employees. Overall employee satisfaction in 2012 was 78 points (on a scale from 1 to 100 where 100 is best) compared with 77 last year.

Absence due to sickness in 2012 was 6.9 per cent, which is 0.2 per cent lower than the previous year. The long-term trend is showing that the Group's absence due to sickness declined from 9.2 to 6.9 per cent in the past six years. This means that every day there are almost 500 more employees at work. Lower absence due to sickness is primarily important for the individual, but it is also important for Posten Norge and society.

To a large extent the Group has directed its focus towards following up on absence due to sickness, and it has introduced a good system and structure for follow-up on an individual basis. In recent years efforts have been made to work more with prevention by focusing on healthy employees to avoid future health problems. In 2012, 550 employees had a medical check-up as part of the Group's health-promoting programme.

Nobody should be injured at work

Efforts to reduce personal injuries have been concentrated on building a safety culture. In 2012 a joint safety standard was established that is followed up on through a self-evaluation and an audit. The increased reporting of near-accidents has raised awareness of risk areas and strengthened preventive work.

The number of lost-time injuries fell by 18 percentage points in 2012 and the LTI ratio was 5.3, which is almost a 50 per cent decrease compared with the previous year. The definition of the LTI ratio was changed as of 2012 and now corresponds to the standard

in the Federation of Norwegian Industries. The decrease is due to both the change in the definition and a sharp drop in the number of lost-time injuries.

The most common cause of injury is falling and this mainly occurs during the winter on slippery surfaces. The Group works systematically with goal-oriented measures such as spiked shoes and shoe crampons for postal workers, safety audits of terminals and reviews of the most serious accidents.

Pay and equality

Posten Norge AS's main principle is that management pay should be competitive, but not leading the field for equivalent types of companies. Employment terms for managers at Posten Norge AS are well within the government's guidelines for salary policies in state-owned enterprises. The Board prepares a statement every year regarding salaries and other benefits for management at Posten Norge AS for the coming financial year. This statement is included as note 2 in the annual report and is presented at the ordinary general meeting. Salaries, other remuneration and accrued pensions for management totalled MNOK 27.4 in 2012, compared with MNOK 24.4 the year before.

Posten Norge's recruitment policy requires moderate gender quotas to increase the number of female managers and employees in male-dominated job categories. Posten Norge is concerned about equality on all levels.

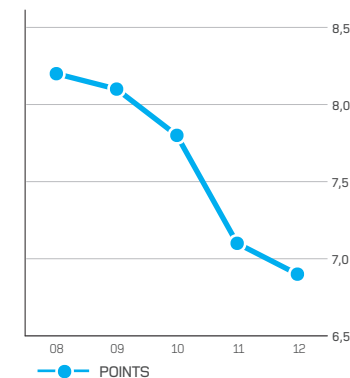
A review of the pay differential between women and men has not shown any significant pay differences that could be due to gender.

Posten Norge's Group management is 50 per cent female. The proportion of women among employees in the Group is 38 per cent, and 31 per cent among managers.

ABSENCE DUE TO SICKNESS

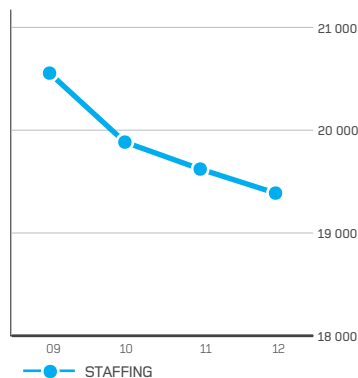
percentage of the Group

6,9 %



EMPLOYEES (FULL-TIME EQUIVALENTS)

number
19 388



Management development

Posten Norge is working on the continuous improvement of leadership through the systematic development of managers. Using the Plus discussions and management evaluations as a basis, managers are objectively evaluated on their performance and potential in parallel with the identification of development needs. Posten Norge has management development programmes for executive, middle and first line managers. During 2012, 190 managers completed individual programmes. These management programmes have had a documented effect in the form of greater employee satisfaction and lower absence due to sickness.

Employee development

The Group emphasises skills development and offers a variety of internal training courses. Interest in e-learning is on the rise and more e-learning modules are being developed. In total, 12,000 e-learning modules were completed in 2012. In addition, traditional classroom courses and work-place based training were also completed. The share of certificates of apprenticeship is increasing through the admission of apprentices and employees who receive their certificate of apprenticeship as placement candidates. The Group's scholarship programme distributes MNOK 1.5 every year to employees who would like to expand their formal competence.

Integrity programme

The integrity programme was introduced to ensure that everyone who represents the Group behaves in accordance with the Group's ethical guidelines. The aim is to ensure a high ethical standard within anti-corruption, competitive practices, social dumping and the handling of information. The programme also includes its own ethical standard and a system for following up on suppliers and business partners.

Moderate criminality

Crime against Posten Norge is considered to be moderate. No robbery attempts were made on the post offices, Post in Shops or other units of Posten Norge in 2012, but the number of reports of criminal activities in the Group increased. This increase is primarily due to a stronger focus on reporting, but also to an actual increase, particularly with regard to parcel theft. The Group has a zero-tolerance policy for internal fraud.

Posten Norge focuses on all types of criminality and works actively to prevent and solve cases. Mail theft has increased internally in the company and in Post in Shops, and external attacks against rail containers increased as well. An increasing number of customers are falling victim to Internet fraud, which in some instances starts with the theft of personal information from letters in mailboxes.

The main conclusions and recommendations from the July 22 report were reviewed and the Group decided to implement a stricter and more extensive follow-up of its risk management work within the security area. This will entail mapping the work with security follow-up/control, risk analyses, contingency plans and exercises.

Terrorist threats are evaluated on an ongoing basis and are assessed in conjunction with the authorities' terrorist threats as well as events and measures initiated by international bodies such as the Universal Postal Union (UPU) and the International Civil Aviation Organization (ICAO).

THE ENVIRONMENT

As one of the Nordic region's biggest transport operators, Posten Norge has a particular responsibility to reduce its environmental impact and increase energy efficiency in the

Group. Posten Norge has set a goal to reduce CO2 emissions by 30 percent by the end of 2015, measured against 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) carries out an annual ranking of the environmental work carried out by the world's postal companies. In 2012 Posten Norge was ranked in 5th place.

Reduced CO2 emissions

In 2012 Posten Norge reduced its CO2 emissions by 5 per cent compared with 2011 for the operations that are followed up against the emissions level from 2008. The Group consumed less energy in its buildings in 2012 primarily due to energy-saving measures. This reduced greenhouse gas emissions by 3 per cent.

The environmental accounts that are part of the sustainability report provide more detail about the type and volume of the pollution from the Group.

The Group offers "Climate-neutral Service Pack" and "Climate-neutral mail distribution". These services were developed in accordance with the Consumer Ombudsman's specifications for environmental labelling which entail that Posten Norge carries out specific measures to reduce greenhouse gas emissions for the entire value chain which are audited by Co2 focus. As compensation for residual emissions, Posten Norge purchases climate quotas through the Climate and Pollution Agency (KLIF).

Posten Norge received the 'Green Car' award in 2013 for its comprehensive focus

on alternative vehicles. Posten Norge has 643 large and small electric vehicles. Posten Norge also used 65 biogas vehicles and has Norway's first hybrid truck in operation. Taken together, this is by far Norway's largest investment in environmentally-friendly vehicles.

CORPORATE GOVERNANCE

The composition of the Board of Directors changed in 2012. Idar Kreutzer was elected the new Chairman of the Board to replace Arvid Moss and Sigrid Hjørnegård replaced Eli Arnstad as the new Board member. Ann-Elisabeth Wirgeness and Geir Løland were elected as employee representatives, while Judith Olafsen and Annemarie Elstner left the Board. Posten Norge's Board of Directors consists of 40 per cent women.

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 (Norwegian Code of Practice for Corporate Governance, NUES). 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.

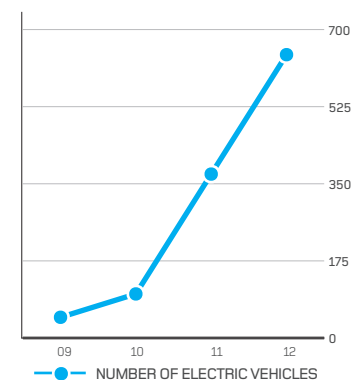
Each year the Board presents a statement on the company's corporate governance which forms part of the annual and sustainability report. The goal of this declaration is to give those with interests in Posten Norge confidence in the company's leadership systems.

The Board's audit committee supports the Board in carrying out its responsibility for fi-

ELECTRIC VEHICLES

number

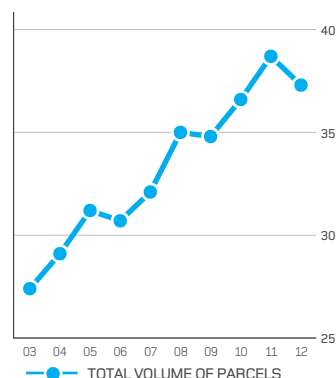
643



VOLUME PARCELS

in mill. units

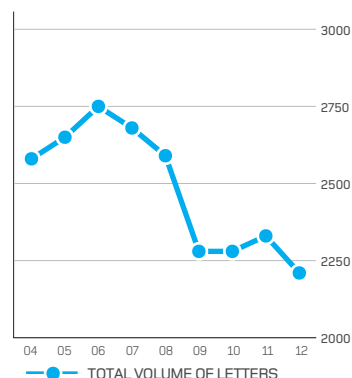
37,3



VOLUME LETTERS

in mill. units

2219



financial reporting, risk management, internal control and external auditing. The audit committee had 6 meetings in 2012.

The Board's remuneration committee prepares and recommends proposals to the Board related to remuneration for the President and CEO. The committee also contributes to the thorough and independent handling of remuneration issues for senior executives.

Shared values

Posten Norge has established Group-wide core values, governing principles for the Group and central disciplines, leadership principles and ethical guidelines. Posten Norge also has a Group-wide Whistle Blowers' channel, the Corporate unit for misconduct. No major cases were reported in 2012.

Evaluation of own work

The Board carries out an annual evaluation of its work, competence and 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 contribute to the development of the Group by being a valuable discussion partner for the company's management and owner, based on good insight into Posten Norge's strategies, value chain and processes, combined with relevant external competence.

FUTURE PROSPECTS

Posten Norge's strategy is to develop a leading Nordic, integrated and industrialised

mail and logistics group. This means that the Group should develop leading positions throughout the Nordic region in selected service areas and offer our customers Nordic solutions. The Group should take advantage of economies of scale by linking value chains in each country with a distribution and terminal network and a coordinated customer interface. The Group will create increased customer value and competitiveness through standardisation, the development of module-based solutions, industrial customisation and continuous improvement.

The market prospects for 2013 and 2014 are characterised by low economic activity among Norway's most important trading partners. The Board of Directors believes that the Norwegian economy will be a bit stronger and report moderate growth in its domestic production and demand.

The main challenges for the Group will be to adapt costs to the continuing fall in letter volumes. Restructurings and streamlining of the operations will continue at the same level. At the same time, there will be a focus on growth within the Logistics segment, and the Group will take advantage of attractive acquisition opportunities if such arise.

Physical and digital mail

Posten Norge's forecasts show that physical letter volumes in Norway in 2020 are expected to constitute just 30 percent of the volume of the top year of 2000. Posten Norge is focused on developing and adapting services to new customer and user requirements and contributing to ensuring that the mailbox is the preferred channel for small items bought online and an important channel for communications and advertising. It is Posten Norge's goal that its digital mailbox, Digipost, will be the selected channel for public digital mail, so Posten Norge can deliver mail in digital form

for the government, municipalities and other public bodies just as Posten Norge has delivered physical mail for 366 years.

Growth in e-commerce

Online sales are growing sharply, but they are still in an early growth phase in the Nordic countries. The Group has established a separate division for e-commerce and in doing so has equipped itself to take a significant portion of the growth in this market. The offering is being developed to consist of flexible solutions that are adapted to the needs of the sender and the receiver with a focus on high quality deliveries.

Focus on Sweden

Sweden is the largest logistics market in the Nordic region and southern Sweden is developing into an increasingly important hub for distribution to end customers in all Nordic countries. Acquisitions made in recent years and future acquisitions and organic growth will position Posten Norge as one of the leading logistics actors in Sweden.

Responsible development


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

The Board thanks all of the employees of the Group for their cooperation and joint responsibility for Posten Norge's development.

counting 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 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.

22 March 2013

 To see accounts and notes:
Please go to
[www.postennorge.com/
annual-report-2012/](http://www.postennorge.com/annual-report-2012/)

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 ac-



Idar Kreutzer (leder)

Randi Sætershagen (nestleder)

Geril Hahnås

Sigrid Hjørnegård

Jørgen Randers

Terje Wold

Odd Christian Øverland

Paul Magnus Gamlienshaug

Ann-Elisabeth Wirgeness

Geir Løland

Dag Mejdell (kassersjef)

Accounts

Accounts

Key figures

		2012	2011	2010
Results				
Operating revenues	MNOK	22 925	22 981	22 451
Earnings before interest and taxes (EBIT)	MNOK	632	956	1 638
Income before taxes from continued operations	MNOK	547	800	1 499
Profitability and return on equity				
Calculated key figures incl. non-recurring items*, write-downs and share of profit from associated companies:				
EBIT margin ¹⁾	%	2,8	4,2	7,3
Profit margin ²⁾	%	2,4	3,5	6,7
Return on invested capital ³⁾	%	10,3	16,6	27,4
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	1 116	1 051	952
EBIT margin	%	4,9	4,6	4,2
Profit margin	%	4,9	4,3	3,5
Return on invested capital	%	18,3	18,3	15,9
Capital and liquidity				
Cash flow from operations	MNOK	906	1 418	1 123
Investments excl. acquisitions	MNOK	593	458	651
Equity ratio ⁵⁾	%	37,5	35,9	34,3
Net debt ratio ⁶⁾		0,2	0,2	0,3

* 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

AMOUNTS IN MNOK				Group			
Posten Norge AS				Note	2012	2011	2010
2010	2011	2012					
12 177	12 203	12 498	Operating revenues	1	22 925	22 981	22 451
			Operating expenses				
1 688	1 659	1 642	Cost of goods and services		8 142	8 281	7 908
6 262	6 479	6 894	Payroll expenses	2	9 237	9 078	8 733
406	429	443	Depreciation and amortisation	8, 9	719	696	686
44	25	80	Write-downs	8, 9	199	173	149
2 911	2651	2 717	Other operating expenses	4	3 712	3 874	4 172
(794)	(1)	342	Other (income) / costs	5	366	20	(864)
			(Earnings)/expenses from associated companies	10	(81)	(98)	29
1 660	961	381	Earnings before interest and taxes		632	956	1 638
599	351	462	Financial income	6	412	284	580
1 008	625	590	Financial expenses	6	496	440	719
1 251	686	263	Income before taxes from continued operations		547	800	1 499
451	395	105	Taxes	7	150	427	531
801	291	157	Income after taxes from continued operations		398	373	969
			Income after taxes from discontinued operations	24			(686)
801	291	157	Net income for the year		398	373	282
			Net income attributable to majority interests		397	372	282
			Net income attributable to minority interests		1	1	
			Proposed transfers and allocations				
	(186)	(199)	Dividends				
(54)	(84)	(20)	Group contributions				

Comprehensive income

AMOUNTS IN MNOK						
Posten Norge AS				Group		
2010	2011	2012		2012	2011	2010
801	291	157	Net income for the year	398	373	282
			Translation differences:			
			Result of hedging of investments in foreign entities	19		(115)
			Tax	(5)		32
			Translation differences from the hedging of investments in foreign entities	(42)	(1)	104
			Cash-flow hedging:			
(12)	(26)	(17)	Changes in value	(17)	(26)	(12)
	4	12	Transferred to income	12	4	
3	6	1	Tax	1	6	3
			Pension			
493	(114)	151	Changes in estimates	174	(138)	460
(138)	32	(42)	Tax	(49)	39	(129)
			Other income/(cost) associated companies	(17)	(6)	
347	(98)	105	Other income/(costs)	76	(122)	343
1 148	193	262	Comprehensive income	474	251	625
			Comprehensive income is split as follows:			
			Majority interests	473	250	625
			Minority interests	1	1	
				474	251	625

Balance sheet

AMOUNTS IN MNOK						
Posten Norge AS						Group
31.12.10	31.12.11	31.12.12	Note	31.12.12	31.12.11	31.12.10
Assets						
1 002	920	731	8	3 136	3 270	3 368
347	339	385	7	446	435	447
1 016	954	942	9	4 178	4 025	4 137
3 739	3 624	3 744	10,21	1	4	5
1 462	1 462	1 462	10	1 551	1 538	1 465
2 135	2 018	2 239	11	2	13	29
25	18	18	12	24	25	38
9 728	9 335	9 523		9 338	9 311	9 490
Fixed assets						
25	25	23	13	34	32	27
1 273	1 342	1 369	14	3 459	3 435	3 288
1 152	897	816	11	292	353	635
2 047	2 093	1 923	15	2 089	2 238	2 232
4 496	4 357	4 151		5 874	6 059	6 182
Current assets						
33		8	16	15		128
Assets held for sale						
14 256	13 692	13 682		15 227	15 370	15 800
Equity and liabilities						
3 120	3 120	3 120		3 120	3 120	3 120
992	992	992		992	922	992
1 151	1 221	1 211		1 631	1 438	1 322
(14)	(30)	(37)		(37)	(30)	(14)
				(3)	(2)	(2)
5 248	5 303	5 286	17	5 703	5 517	5 418
Equity						
965	1 106	1 152	18	1 426	1 400	1 218
Provisions for liabilities						
1 678	2 208	1 805	19	1 870	2 261	1 736
5	35	1	20	1	35	5
1 683	2 243	1 806		1 871	2 295	1 741
Non-current liabilities						
2 945	1 609	2 320	19	1 339	829	2 119
3 285	2 978	2 814	20	4 524	4 852	5 172
130	454	304	7	358	467	131
6 360	5 041	5 438		6 221	6 158	7 422
Current liabilities						
Liabilities held for sale						
14 256	13 692	13 682	16	7		
Equity and liabilities						
				15 227	15 370	15 800
Guarantees/mortgages						
			25			

Cash-flow statement

AMOUNTS IN MNOK							Group
Posten Norge AS							
2010	2011	2012		Notes	2012	2011	2010
Cash flow from operating activities							
1 906	1 315	668	Provided by the year's operations *)		1 083	1 541	2 078
852	(167)	21	Changes in working capital		(390)	(196)	222
(1 013)	80	245	Changes in other receivables and provisions		214	72	(1 177)
1 745	1 228	934	Net cash flow from operating activities		906	1 418	1 123
Cash flow from investing activities							
(302)	(49)	(172)	Investments in subsidiaries, excl. cash holdings on acquisition date	27	(126)	(153)	(1)
(399)	(278)	(322)	Investments in tangible fixed assets/IT development, etc	8, 9	(593)	(459)	(651)
(177)			Investments in associated companies				(178)
61			Sales of subsidiaries, excl. cash holdings on sale date	27			(142)
197			Sales of tangible fixed assets		24	116	216
(282)	125	(220)	Changes in other fixed assets		51	30	132
(902)	(201)	(713)	Net cash flow from investing activities		(644)	(464)	(624)
Cash flow from financing activities							
	1 300		New non-current and current debt raised	19		1 324	
(190)	(2 099)	(1)	Repayment of non-current and current debt		(137)	(2 132)	(200)
240			Group contributions/dividends received		2		
(181)	(182)	(389)	Group contributions/dividends paid	17	(277)	(139)	(1)
(131)	(981)	(390)	Net cash flow from financing activities		(412)	(948)	(201)
712	46	(170)	Total change in cash and cash equivalents		(149)	6	298
1 334	2 047	2 093	Cash and cash equivalents at start of period		2 238	2 232	1 934
2 047	2 093	1 923	Cash and cash equivalents at end of period	15	2 089	2 238	2 232
*) This figure is made up of:							
1 251	686	263	Earnings before tax		547	800	1 499
450	454	523	+ Depreciation and write-downs intangible and tangible assets	8, 9	918	869	836
27	208	125	+ Write-down shares	10			
			+/- Share of profits(losses) of associated companies	10	(81)	(98)	29
241	(3)	7	+/- Unrealised financial items		42	4	(125)
12	11	40	+/- Net interest expenses/income	6	38	92	94
(36)	(24)	(316)	- Tax paid		(344)	(51)	(126)
167	151	161	+ Interest received		77	79	87
(174)	(173)	(133)	- Interest paid		(120)	(167)	(175)
14	7	(2)	-/+ Other unrealised operating expenses/(income)		15	25	39
(46)	(1)		- Loss/(gain) on sale of fixed assets		(9)	(10)	(80)
1 906	1 315	668	= Provided by the year's operations		1 083	1 541	2 078

Changes of equity

Posten Norge AS

Amounts in MNOK

	Attributable to parent company equity holders				Total equity
	Share capital	Share premium reserves	Other reserves	Other equity	
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
Equity as at 01.01.2012	3 120	992	(30)	1 221	5 303
Net income for the year for Posten Norge AS				157	157
Other comprehensive income			(4)	109	105
Total comprehensive income			(4)	266	262
Dividend paid				(276)	(276)
Other changes in equity			(3)		
Equity as at 31.12.2012	3 120	992	(37)	1 211	5 286

Statement of changes in equity

Group

	Attributable to parent company equity holders				Total	Non-controlling interests	Total equity
	Share capital	Share premium reserves	Other reserves	Other equity			
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
Equity as at 01.01.2012	3 120	992	(30)	1 438	5 520	(2)	5 517
Net income for the year for the Group				397	397	1	398
Other comprehensive income			(4)	80	76		76
Total comprehensive income			(4)	477	473	1	474
Dividend distributed				(276)	(276)	(1)	(277)
Other changes in equity			(3)	(7)	(10)		(10)
Equity as at 31.12.2012	3 120	992	(37)	1 631	5 706	(3)	5 703

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.

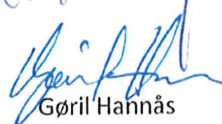
22. mars 2013



Idar Kreutzer (leder)



Randi Sætershagen (nestleder)



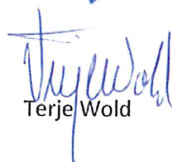
Gøril Hannås



Sigrid Hjørnegård



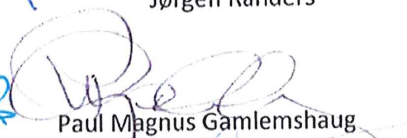
Jørgen Randers



Terje Wold



Odd Christian Øverland



Paul Magnus Gamlemshaug



Ann-Elisabeth Wirgeness



Geir Løland



Dag Mejdell (konsernsjef)

Auditor's report

LINK

To the Annual Shareholders' Meeting of Posten Norge AS

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Posten Norge AS, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2012, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

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

The Board of Directors and Group President and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and Group President and 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 in order 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.

Opinion

In our opinion, the financial statements of Posten Norge AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2012 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and the 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 and the statement on corporate governance concerning the financial statements, 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 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 President and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 22 March 2013
ERNST & YOUNG AS

Jan Wellum Svensen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Notes

Notes

Development of the group

Posten Norge AS was established as a company on 01.12.1996 and is now a limited company with the Norwegian Government (represented by the Ministry of Transport) as the only shareholder.

Since it was formed in 1996 the Group has strengthened its position by making acquisitions in all segments. From 2010-2012 the following companies were established, merged, acquired or sold:

Mail Segment:

2010:

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

2011:

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

Logistics Segment:

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 Jenkøping AB and Bring Express Ørebro AB were both merged into Bring Express Sweden AB.

2011:

In 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 operations 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 covered the facilities in Ørebro, Jordbro, Kalmar, Kristanstad, Eslöv og Malmö.

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.

2012:

BrandsHaug Spedisjon AS was merged in January with Bring Frigo AS. In April, the companies IntertranspedIA and Ytrans AB were merged with CombiTrans AB and the company changed its name to Bring Cargo East AB. Also in April, Bring Sverige AB established a business in Spain to improve the balance in the transport flow and contribute to improved profitability. Fredrikstad Transport and Spedisjon AS was acquired in April to strengthen the Group's position in cross-border transportation to and from Scandinavia. At the same time, Posten Eiendom Alnabru Utvikling AS was established to develop the Group's properties in Alnabru.

In July, Bring Cargo Halmstad AB, Bring Cargo Jönköping AB, Bring Cargo Linköping AB, Bring Cargo Göteborg AB and Bring Cargo Stockholm AB merged into one company Bring Cargo West AB. Toms Transport & Budservice Trondheim AS was merged in September with Bring Express Norge AS. Post consolidated its position in the Nordic logistics market through the acquisition of the Swedish logistics company Stig Ekdahl Åkeri in November. The acquisition was part of the Group's strategic efforts in Sweden and strengthened the Group's position in domestic transport. In December Fredrikstad Transport and Spedisjon AS was merged into Bring Cargo Østfold AS as part of a simplification of the Group's structure.

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 cost. 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 during 2012 the EU has neither adopted new standards nor implemented changes to existing standards from the IASB that materially affect the financial statements of Posten Norge AS.

In 2011, the Group 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. This option will be required under IFRS from 2013 and many companies have already begun to use it. For Norway Post AS this meant that the financial statements at 31.12.2011 reflected the estimated correct financial performance of the defined benefit pension plans. The comparative figures were restated accordingly. See to Note 30 - Voluntary change in accounting principle - reconciliation of comparative figures in the Annual Reporting 2011 for further information.

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 2012 financial year.

2.1. IAS 1 Presentation of Financial Statements

The amendments to IAS 1 require that the items in the statement of other comprehensive income shall be grouped into two categories. Items that can be transferred to the income statement at a future date shall be presented separately from items that never will be transferred (such as actuarial gains and losses related to defined benefit plans). The changes affect only the presentation and have no impact on the financial position or the financial income. The changes are effective for fiscal years beginning 1st July 2012 or later.

2.2. IAS 12 Income Taxes

The amendments to IAS 12 mean that deferred tax on investment property measured at fair value under IAS 40 Investment Property in principle must be determined based on the expectation that the asset will be recovered through sale (and not use). Within the EU/EEA area the amendments will be effective for fiscal years beginning 1st January 2013 or later. The amendments are not expected to have any impact on the Group.

2.3. IAS 19 Employee Benefits

IASB has adopted a number of amendments to IAS 19. The changes are both of fundamental such as the corridor method is no longer permitted (and the expected return on plan assets has changed conceptually), and simpler (such as clarifications and reformulations). Since the Group changed its accounting policies for the recognition of unrecognised actuarial gains and losses in 2011, the changes in IAS 19 have relatively little impact. The changes are effective for fiscal years beginning 1st January or later.

2.4. IAS 32 Financial Instruments - Presentation

IAS 32 is changed to clarify the content of counterpart measurement under IAS 32. The change is effective for fiscal years beginning 1st January 2014 or later. The change is not expected to have a material impact on the Group.

2.5. IFRS 7 Financial Instruments - Disclosure

These changes imply that companies are required to provide information about counterparts and related agreements. The information will be useful as the users of the financial statement can evaluate the counterparts' effect on the company's financial position. The new notes are required for all recognised financial instruments presented net in accordance with IAS 32 Financial Instruments - Presentation. The changes will not affect the Group's financial position or financial statements. The changes are effective for fiscal years beginning 1st January 2013 or later.

2.6. IFRS 9 Financial Instruments

IFRS 9 as it has been published to date reflects the first phase of the IASB's effort to replace the current IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The initial standard should have taken effect for fiscal years beginning 1st January 2013 or later, but changes in IFRS 9 adopted in December 2011 delayed the effective date until 1st January 2015. Later phases for this project are related to the accounting for hedging and write-downs of financial assets. The Group will evaluate the effects of IFRS 9 as soon as the final standard, including all phases is published.

2.7. IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the parts regarding consolidated financial statements in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Special Purpose Entities. IFRS 10 is based on a single control model to be applied to all units. The changes introduced in IFRS 10 require management to exercise a significant degree of discretion to determine which entities are controlled by the parent, where all entities controlled are to be consolidated. This has led to the Group evaluating which entities are to be consolidated under IFRS 10, and compared with the current IAS 27. The content of the control concept is somewhat changed from IAS 27. Within the EU / EEA IFRS 10 will be effective for fiscal years beginning 1st January 2014 or later. The amendments are not expected to affect which entities are consolidated in the Group's financial statements.

2.8. IFRS 11 Joint Arrangements

This standard replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. IFRS 11 removes the opportunity to recognise common business using the proportionate method. All entities that meet the definition of common business shall be recognised in accordance with the equity method. Within the EU / EEA IFRS 11 applies effective for fiscal years beginning 1st January or later. The standard is not expected to effect the Group.

2.9. IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have interests in subsidiaries, joint ventures, associates or unconsolidated structured entities. IFRS 12 replaces the disclosure requirements previously followed by IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. In addition, the standard introduces a number of new requirements for disclosures. The changes do not affect the financial position or results, but will require more extensive disclosures. Within the EU / EEA IFRS 12 applies for fiscal years beginning 1st January 2014 or later.

2.10. IFRS 13 Fair Value Measurement

The standard specifies principles and guidance for fair value measurements of assets and liabilities where other standards require or permit measurement at fair value. IFRS applies for fiscal years beginning 1st January 2013 or later. The standard is not expected to have a material impact on the Group.

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. The same applies to write-down of fixed assets and investments in associated companies.

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 Norwegian kroner, 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 control. Control 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.

Share of equity due to non-controlling interests is shown in a separate line in the Group's equity. Non-controlling 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 completed in 2012 the acquisition of a large 100% owned subsidiary, Stig Ekdahls Åkeri AB, and some smaller acquisitions of 100% owned subsidiaries. In 2011 there were only some minor acquisitions of 100 % owned subsidiaries. Use of alternative assessment methods for non-controlling interests under IFRS 3 have not been relevant. Non-controlling 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 in 2010. This share was previously classified as a financial entry, but is now classified as an operational entry. The corresponding figures were restated accordingly.

5.3. Consolidation 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 are restated in the same way, while the corresponding figures for the balance sheet and cash flow statement are not 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 payments 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 profits.

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 were previously 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 directly in equity. Comparative figures were 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, pure investment objects, 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, an assessment is made as to whether the 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. Obsolete 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 those where the likelihood of the liability arising is slight.

Contingent assets are not recognised in the annual financial statements, but information on them 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 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 Logistikk Norge and Logistics Norden divisions and the subsidiaries operating in these areas - Bring Cargo, Bring Linehaul, Bring Warehousing, Bring Frigo, Bring Express, Bring Parcels, Bring Cargo East, Bring Cargo West and Bring Supply Services.

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

Breakdown by activity 2012	Post	Logistics	Other/eliminations	Group
External revenues	9 546	13 378		22 925
Internal revenues	863	939	(1 802)	
Total operating revenues	10 409	14 317	(1 802)	22 925
External expenses including depreciation	7 816	12 476	1 517	21 809
Internal expenses	1 687	1 511	(3 198)	
Operating expenses	9 503	13 987	(1 682)	21 809
Write-downs	2	197		199
Reorganisation expenses	345	16		361
(Gains)/losses on the sale of fixed assets and subsidiaries		(9)		(9)
Other non-recurring items		15		14
Income from investments in associates	2	1	79	81
Earnings before interest and taxes	561	112	(42)	632
Net financial items	(66)	(26)	8	(84)
Taxes				150
Earnings after taxes from continued operations				398
Net income for the year				398
2011	Mail	Logistics	Other/eliminations	Group
External revenues	9 745	13 235		22 981
Internal revenues	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	1 715	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				282

¹⁾ Internal revenues and expenses at group level in 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 overheads that are defined as owner-related costs, as well as eliminations.

Breakdown by activity	Mail	Logistics	Other/eliminations	Group
2012				
Segment assets	5 028	7 588	77	12 693
Non-allocated assets				2 534
Total assets				15 227
Segment liabilities	3 185	2 871	268	6 324
Non-allocated liabilities				3 200
Total liabilities				9 524
2011				
Segment assets	5 166	6 846	684	12 696
Non-allocated assets				2 674
Total assets				15 320
Segment liabilities	3 556	3 280	(72)	6 763
Non-allocated liabilities				3 090
Total liabilities				9 853
2010				
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

Deferred tax assets are included in non-allocated assets, and deferred tax and interest-bearing liabilities are included in non-allocated liabilities.

Breakdown by activity
2012

	Mail	Logistics	Other	Group
Investments in fixed assets ¹⁾	120	351	123	593
Depreciation	435	295	(11)	719
Write-downs	2	197		199

2011

	Mail	Logistics	Other	Group
Investments in fixed assets ¹⁾	143	232	82	458
Depreciation	448	295	(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

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

Geographic information

	2012	2011	2010
External revenues			
Norway	16 015	16 791	16 168
Abroad ¹⁾	6 910	6 190	6 283
Total revenues	22 925	22 981	22 451
Assets			
Norway	13 213	13 611	13 785
Abroad ¹⁾	2 014	1 759	2 013
Total assets	15 227	15 370	15 800
Investments during the period			
Norway	493	382	556
Abroad ¹⁾	100	76	96
Total investments	593	458	651

¹⁾ Abroad mainly comprises other Nordic countries.

Note 2 Payroll Expenses and other remuneration

Posten Norge AS			Group		
2010	2011	2012	2012	2011	2010
(All amounts in MNOK)					
5 230	5 305	5 625	Salaries	7 424	7 126
684	697	742	National insurance contributions	1 097	1 034
219	335	350	Pension expenses	464	352
129	142	177	Other contributions	252	221
6 262	6 479	6 894	Payroll expenses	9 237	8 733
(All amounts in TNOK)					
2 010	2 085	2 185	Board remuneration	2 312	2 131
1 309	1 309	1 309	Fee for financial audit	6 559	6 400
95	406	110	Fee for extended financial audit	362	605
567	521	969	Fee for other attestation services	1 253	636
490	990	467	Fee for tax advisory services	1 247	1 683
123	2 932	1 671	Fee for other non-audit services	2 130	3 246
13 779	13 441	13 297	Number of full-time/full-time equivalent positions	19 388	19 621
15 878	15 142	14 905	Average number of employees	20 814	21 493
18 880	18 626	18 712	Number covered by the pension plan 31.12	24 644	24 433

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

Remuneration and fees

Fees to the auditors in 2012 were paid mainly to the auditors Ernst & Young.

Board of Directors

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 2012 were approved by the General Meeting on 27.06.2012 and the members of the Board received the following remuneration in 2012.

(all amounts in NOK excluding payroll tax)

Board of Directors	Remuneration		Remuneration
Idar Kreutzer (chairman of the board from 01.07.2012)	186 750	Odd Christian Øverland	182 502
Arvid Moss (chairman of the board to 01.07.2012)	179 502	Paul Gamlemshaug	182 502
Randi B. Sætershagen (vice chairman of the board from 01.07.2012)	258 006	Geir Løland (from 01.07.2012)	46 500
Eli Arnstad (vice chairman of the board to 01.07.2012)	108 750	Ann Elisabeth Wirgeness (from 01.10.2012)	46 500
Terje Wold	182 502	Annemarie Elstner (to 01.10.2012)	151 502
Gøril Hannås	215 751	Judit Olafsen (to 01.10.2012)	151 502
Jørgen Randers	182 502	Siv Ryan Andersen (deputy)	17 000
Sigrid Hjørnegård (from 01.07.2012)	93 000		
	Sum		2 184 771

An audit committee was established in December 2008 for Posten Norge AS. Vice chairman of the board Randi Sætershagen and board member Garil Hannås have taken part in the audit committee in 2012 and received NOK 55 500 and NOK 33 250 respectively in fees for their participation. Fees for 2012 are included in the remuneration specified above.

Statement on salaries and other remuneration to senior executives in Posten Norge AS (Adopted by the Board 14.02.2013)

1. The basis of the remuneration policy of the company

This statement is based on Guidelines for the employment conditions of managers in state enterprises and companies (established by the Stollenberg Government 31.03.2011) and is prepared by the Board in accordance with the Articles of Association § 8, last paragraph.

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

2. To whom the statement applies

The declaration applies to the CEO and executive vice presidents reporting to the CEO (Group management). This group is known as "senior management".

3. 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 compensation for each executive.

4. Elements of executive pay

4.1 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 recognized international company with satisfactory statistics from Norway.

4.2 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 must 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.

4.3 Other benefits

Senior managers may have benefits in kind which are usual for comparable positions.

4.4 Insurance

Senior managers shall have insurance coverage at the same level as other employees.

4.5 Severance

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.

Agreements to reduce severance pay against other income may be entered for senior management. Some agreements entered before 31.03.2011 are different from this statement of severance pay.

5. Options and share programmes

Senior managers 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.

6. Directorships

Senior managers should not receive special compensation for board positions in other companies within the Group.

7. Pension Benefits

Senior managers are members of the same pension scheme and have the same pension terms as other employees of the company.

Pension benefits for pension base exceeding 12 G are organised as a defined contribution scheme, with the contribution limited to a maximum of 30% of the base exceeding 12G. 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 made only in the period of employment, so that no costs are incurred after a senior employee has resigned his/her position in the company.

Agreements with senior managers employed in Posten Norge AS prior to 31.3.2012 differ from the statement of pension, see the paragraph below about pension and note 3.

Group management - compensation

Group management is defined as those persons authorized and responsible for planning, executing and monitoring the enterprise's operations (Group management). 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	3 644 007	654 436	7 918	2 635 380	6 months	9 months
Gro Bakstad	2 451 233	481 936	5 918	1 263 873	6 months	No
Elisabeth H. Gjølme	1 839 257	343 800	7 797	551 648	6 months	9 months
Randi Løvland	1 806 121	292 185	3 457	191 354	6 months	9 months
Tore K. Nilsen	2 983 670	559 221	7 917	474 987	6 months	9 months
Tone Wille (from 01.09.2012)	576 517		47 806	50 577	6 months	No
Tim Jørgensen (from 01.10.2012)	567 328			40 754	6 months	No
Gunnar Henriksen (from 01.11.2012)	291 667		20 102	25 819	6 months	No
Arne Bjørndahl (to 31.08.2012)	1 576 629	424 350	5 261	1 236 073	6 months	No
Pål Amundsen (to 31.10.2012)	1 718 970	357 591	6 590	205 953	6 months	9 months
Sum	17 455 400	3 113 519	112 766	6 676 418		

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

²⁾ Includes company cars and electronic communication.

Bonus programmes

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, and implies that a bonus of 25% of the salary can be achieved. 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.

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.

Pension schemes

Senior management has the same pension schemes as other employees of the company with the following exceptions. Senior managers who entered the group management before 31.12.2006 have a defined pension scheme of 66%, where retirement age is 65 for the CEO and 64 years for other executives. This scheme was closed at 31.12.2006.

New members of the Group management after 31.12.2006 but before 31.03.2011 have a defined contribution scheme with annual contributions limited to 25% of the salary that exceeds the pensionable income exceeding 12G and with a possible retirement age of 65 years. The scheme was closed 31.03.2011. Senior managers who came into the group management after 31.03.2011, but who were employed by the Group prior to that date, have the same scheme for pensionable income exceeding 12G as other employees, see Note 3.

Severance

For the CEO there is an agreement to reduce the severance against other income after 3 months. For members of the Group management who have a severance agreement there is an agreement of reduction against other income.

Note 3 Pensions

Posten Norge AS			Group		
2010	2011	2012	2012	2011	2010
Defined contribution pension plans:					
18 880	18 626	18 712	24 404	24 375	24 519
5-8%	5-8%	5-8%	1-30%	1-30%	2-30%
Financial assumptions:					
4%	2,6%	3,9%	3,9%	2,6%	4%
4%	3,5%	3,5%	3,5%	3,5%	4%
3,75%	3,25%	3,25%	3,25%	3,25%	3,75%
3,75	2,5-3,25%	2,5-3,25%	0,2-4,0%	0,1-3,5%	1,3-4%
5,4%	4,1%	4,0%	4,0-5,9%	4,1-6,25%	5-6,2%
8%	8%	8%	2-12,6%	2-12,6%	2-8%
2,5%	2,5%	2,5%	1,5-2,58%	0,45-2,58%	0-2,5%
60%	60%	50%	50%	50-60%	50-60%
K2005	K2005	K2005	K2005	K2005	K2005
Defined benefit pension plans					
Net pension costs:					
76	121	119	140	145	107
			1	1	1
22	29	24	38	44	41
(1)	(1)	(1)	(9)	(11)	(11)
					1
98	149	142	169	178	138
(3)	(2)	(2)	(6)	(10)	(11)
(19)	(25)	(21)	(26)	(29)	(27)
76	122	119	138	140	100
238	311	333	432	429	348
(96)	(97)	(103)	(105)	(98)	(97)
219	335	350	464	470	352
Total pension costs included in earnings for the year					
718			(2)		759
Expenses / (income) from transition to a new pension plan					
Net pension liabilities:					
(25)	(27)	(23)	(412)	(436)	(401)
21	21	21	221	222	222
(4)	(6)	(2)	(192)	(214)	(179)
(800)	(964)	(825)	(847)	(997)	(836)
(804)	(970)	(828)	(1 038)	(1 211)	(1 015)
Net estimated pension assets / (-liabilities)					
(804)	(970)	(828)	(1 038)	(1 211)	(1 015)
Net pension assets / (-liabilities) recognised in the balance sheet					
Changes in liabilities:					
(2 175)	(804)	(970)	(1 211)	(1 015)	(2 579)
(98)	(149)	(142)	(166)	(179)	(138)
255	95	131	153	117	284
3	2	2	2	2	4
718			2		759
			4	2	
493	(114)	151	174	(138)	460
					200
			3	(1)	(4)
(804)	(970)	(828)	(1 038)	(1 211)	(1 015)
Net pension assets / (-liabilities) 31.12.					
The main categories of pension assets at fair value:					
8	9	7	151	150	158
3	2	2	28	28	25
9	9	11	34	36	35

1	1	1	Other assets	8	7	5
21	21	21	Total pension assets	221	222	222

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. The actuarial gains and losses were previously allocated over the expected 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 were restated accordingly.

Norway Post's assessment is that covered bonds in 2012 qualify as corporate bonds with a sufficiently high credit rating and market depth for these papers to be the basis for the discount rate under IAS 19. As a result of the Group using the covered bonds as the discount rate in 2012 the pension liability of the parent company decreased by MNOK 151. Use of government bonds would have given an increase of MNOK 22. The Group had an actuarial gain recognised in comprehensive income totalling MNOK 174.

From 01.01.2011 the parent company and most of the subsidiaries transferred to a new AFP plan (Joint scheme for AFP in the private sector). 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 LØINHO 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. As with the settlement of the AFP plan, the discontinuation 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 were reclassified in the post-tax profit entry from discontinued operations.

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, 2011 and 2012 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 salaries 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 54 600 in 2012. Contributions were calculated with a low and high 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 assumptions 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			
2010	2011	2012			2012	2011	2010
988	910	938	Costs of premises		1 222	1 293	1 369
226	251	293	Other rental expenses		410	373	344
92	100	93	Tools, fixtures, operating materials		126	137	128
68	66	68	Repair and maintenance of equipment		96	106	113
94	49	41	Accounting and payroll services		46	54	99
704	670	659	IT services		760	776	838
231	201	230	Other external services		395	418	417
41	35	40	Telephone expenses		89	94	97
74	75	77	Travel expenses		158	164	159
123	137	135	Marketing		157	166	158
47	27	22	Insurance, guarantee and compensation costs		58	71	86
224	130	121	Other expenses		195	222	364
2 911	2 651	2 717	Total operating expenses		3 712	3 874	4 172

The increase in costs of premises and other rental expenses in the parent company are related to the business transfers from Bring Cargo AS per 01.01.2012. The Group has had a general reduction in property costs.

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. Refer also to [note 29](#).

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 non-recurring.

Posten Norge AS			Group		
2010	2011	2012	2012	2011	2010
(46)	(1)	(Gain) on sale of fixed assets etc	(10)	(11)	(84)
		Loss on sale of fixed assets	1	1	4
(30)		342 Restructuring expenses	361	5	(25)
		Costs related to loss contracts	17	25	
(718)		(Income)/expenses of transition to a new pension scheme	(3)		(759)
(794)	(1)	342 Total other income and expenses	366	20	(864)

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			Group		
2010	2011	2012	2012	2011	2010
		Gain on sale of operations etc			35
46	1	Gain on sale of fixed assets	10	11	49
46	1	Total gain on sale of fixed assets	10	11	84
		Loss on sale of fixed assets	1	1	4
		Total loss on sale of fixed assets	1	1	4

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.

In 2012, mainly vehicles and equipment were sold.

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 its Ålesund department owned by its subsidiary Breivika Industrivei 33 AS. The sale resulted in a gain for the Group of MNOK 10.

Restructuring expenses

Posten Norge AS			Group		
2010	2011	2012	2012	2011	2010
(35)	(2)	339 Restructuring	358	3	(30)
5	2	3 Severance pay	3	2	5
(30)		342 Total restructuring expenses	361	5	(25)

In 2012, restructuring charges of MNOK 339 were accrued for in Posten Norge AS. Of the provisions of MNOK 339 million, MNOK 226 were for personnel related measures, MNOK 85 property, and MNOK 20 other measures regarding restructuring in the Mail segment, and MNOK 8 personnel related measures in the Logistics segment. For severance pay the accruals increased by MNOK 3 on the basis of a new assessment of the estimate per 31.12.2012.

In addition to Posten Norge AS the group accrued a total of MNOK 20, of which MNOK 19 was personnel related measures and MNOK 1 other measures. The provisions were mainly made in Bring Citymail Sweden AB, Bring Parcels AB and Bring Express Group. 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 of transition to a new pension scheme

With the transition to the new AFP scheme in 2010, a settlement of MNOK 759 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		
2010	2011	2012	2012	2011	2010
129	98	88			
35	66	81			
34		2			
138	25	48			
21					
20	78	34			
208	71	207			
14	13	2			
599	351	462	Financial income	412	284
					580
11	14	22			
1	1				
185	185	130			
296					
112	29	65			
140	83	15			
208	71	207			
55	242	141			
1 008	625	580	Financial expenses	496	440
					719

Other interest income in 2012 included MNOK 45 (MNOK 41 in 2011 and MNOK 14 in 2010) 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 2012 included interest expenses on net pension liabilities, which for 2012 totalled MNOK 20 for Posten Norge AS (MNOK 25 in 2011 and MNOK 19 in 2010) and MNOK 26 for the Group (MNOK 30 in 2011 and MNOK 27 in 2010). The remaining other interest expenses are primarily interest expenses linked to long-term financing.

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 2012 other financial expenses in Posten Norge AS included MNOK 111 related to the write-down of shares in Bring Warehousing AS and MNOK 14 related to the write-down of shares in Bring Citymail AB (MNOK 88 in 2011 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). 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			Group			
2010	2011	2012		2012	2011	2010
INCOME TAXES						
109	456	173	Taxes payable	217	483	133
342	(61)	(68)	Changes in deferred taxes (deferred tax assets)	(67)	(56)	398
451	395	105	Taxes	150	427	531
107	318	304	Taxes payable for the year	358	346	129
2	(2)	9	Overpaid/underpaid in previous years	9	(3)	2
	140	(140)	Other *	(150)	140	1
109	456	173	Taxes payable	217	483	133
376	(61)	(68)	Deferred tax due to changes in temporary differences	(40)	(55)	430
(34)			Tax losses carried forward not previously recognised	(36)	(4)	1
			Write-down/ reversal of write-down due to tax losses carried forward	9	3	(33)
342	(61)	(68)	Deferred tax cost	(67)	(56)	398
36%	58%	40%	Effective tax rate			
Reconciliation of the effective tax rate with the Norwegian tax rate:						
1 251	686	263	Earnings before tax	547	800	1 499
351	192	74	28% tax	153	224	420
			Write-downs of goodwill	6	11	21
146	63	41	Other non-deductible costs 28%	12	28	89
(15)		(10)	Non-taxable income 28%	(23)	(2)	(16)
			Effect from tax rates in other contries	(7)	2	
(31)	140	1	Other	8	164	17
451	395	105	Taxes	150	427	531
DEFERRED TAXES/TAX ASSETS IN THE BALANCE SHEET						
(63)	(62)	(83)	Tangible fixed assets	(24)	(4)	(19)
	(2)	(1)	Receivables	(8)	(8)	(6)
			Foreign exchange			(1)
(1)	(1)	(1)	Inventories	(1)	(1)	(1)
(225)	(272)	(232)	Pensions	(268)	(318)	(267)
(158)	(81)	(110)	Provisions	(120)	(94)	(167)
(52)	(71)	(65)	Other	(99)	(95)	(37)
			Tax losses carried forward	(243)	(281)	(258)
(499)	(489)	(491)	Deferred tax assets - gross	(761)	(801)	(757)
7	7	5	Gains and losses account	7	6	9
135	97	76	Deposit fund	76	97	135
10	19		Group contributions			
	27	25	Other	70	58	
152	150	106	Deferred tax liability - gross	153	161	144
(347)	(339)	(385)	Net deferred tax asset	(609)	(640)	(613)
			Deferred tax asset not recognised in the balance sheet	163	204	166
(347)	(339)	(385)	Net recognised deferred tax	(446)	(435)	(447)

* Provision of tax payable at 140 mill. kroner at 31.12.2011 was not paid of 31.12.2012.

Gross temporary differences that are not recognised in the balance sheet relate to losses carried forward. The Group had a total of MNOK 913 losses carried forward at 31.12.2012. 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		
2010	2011	2012	2012	2011	2010

Changes in deferred taxes recorded directly in comprehensive income

138	(32)	42	Actuarial gains and losses	49	(39)	129
			Translation differences from hedging of investments in foreign entities	5		(33)
(3)	(6)	(1)	Cash flow hedging	(1)	(6)	(3)
135	(38)	41	Total	53	(45)	93

Changes in temporary differences

Posten Norge AS

	01.01.2012	Additions - subsidiaries	Recognised in equity	Recognised in income statement	Other ¹⁾	Translation differences	31.12.2012
Tangible fixed assets	(222)			(75)			(297)
Gains and losses account	24			(5)			19
Receivables	(8)			3			(5)
Inventories	(3)						(3)
Pensions	(970)		151	(8)			(827)
Deposit fund	347			(77)			271
Provisions	(289)			(105)			(394)
Group contributions	68		(68)				
Other	(157)		(5)	24			(139)
Total	(1 210)	78	(243)				(1 376)

Group

	01.01.2012	Additions - subsidiaries	Recognised in equity	Recognised in income statement	Other ¹⁾	Translation differences	31.12.2012
Tangible fixed assets	10	36		(87)			(41)
Gains and losses account	20			5			25
Receivables	(28)			7			(21)
Foreign exchange			19				19
Inventories	(2)			(1)			(3)
Pensions	(1 141)		174				(967)
Deposit fund	347			(77)			271
Provisions	(346)	1		(106)		1	(452)
Other	(117)		(5)	(3)		(1)	(126)
Tax losses carried forward	(1 068)	1			92	62	(913)
Total	(2 325)	38	188	(262)	92	62	(2 208)

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 2012 financial year.

Note 8 Intangible assets

Posten Norge AS	Purchased intangible assets			2012 Total	2011 Total	2010 Total
	IT - development trademarks etc.	Projects in progress	Goodwill			
Acquisition cost:						
Balance 01.01	1 608	154		1 762	1 676	1 504
Additions	41	86		127	147	202
Reclassification/Adjustment of cost price ¹⁾	(86)			(86)	(61)	(29)
Intercompany transfers	2			2		(1)
Transfers from assets under construction	49	(49)				
Balance 31.12.	1 614	191		1 805	1 762	1 676
Accumulated amortisation and write-downs:						
Amortisation method	Straight-line					
Useful life	3 - 10 years					
Balance 01.01	(830)	(12)		(842)	(674)	(496)
Amortisation for the year	(238)			(238)	(221)	(186)
Write-downs for the year	(6)	(72)		(78)	(12)	(21)
Reclassification/Adjustment of cost price ¹⁾	86			86	65	29
Intercompany transfers	(2)			(2)		
Balance 31.12.	(990)	(84)		(1 074)	(842)	(674)
Book value 31.12.12	624	107		731		
Book value 31.12.11	778	142			920	
Book value 31.12.10	759	243				1 002

Group	In-house developed intangible assets			Purchased intangible assets			Total	2012 Total	2011 Total	2010 Total
	IT - development	Projects under development	Total	IT - development trademarks etc.	Projects under development	Goodwill				
Acquisition cost:										
Balance 01.01.	5	6	11	2 021	180	3 028	5 229	5 240	5 027	8 128
Additions	2		2	62	95		157	159	171	235
Disposals				(40)			(40)	(40)	(13)	(33)
Additions through company acquisitions (Note 27)						97	97	97	120	
Disposals through sales of companies (Note 27)										(3 359)
Reclassification/Adjustment of cost price ¹⁾				(155)	(6)	(282)	(443)	(443)	(64)	(29)
Intercompany transfers										(1)
Translation differences				(2)		(28)	(30)	(30)	(2)	85
Transfers from assets under construction				55	(55)					
Balance 31.12.	7	6	13	1 941	214	2 815	4 970	4 983	5 240	5 027
Accumulated amortisation and write-downs:										
Amortisation method	Straight-line			Straight-line						
Useful life	3 - 10 years			3 - 10 years						
Balance 01.01	(4)	(3)	(7)	(1 177)	(17)	(769)	(1 963)	(1 970)	(1 659)	(1 904)
Amortisation for the year	(1)		(1)	(257)			(257)	(258)	(240)	(202)
Write-downs for the year		(3)	(3)	(9)	(73)	(21)	(103)	(106)	(155)	(126)
Disposals				39			39	39	13	31
Disposals through sales of companies (Note 27)										521
Reclassification/Adjustment of cost price ¹⁾				153	6	282	441	441	71	29
Translation differences				3		4	7	7		(8)
Balance 31.12.	(5)	(6)	(11)	(1 248)	(84)	(504)	(1 836)	(1 847)	(1 970)	(1 659)
Book value 31.12.12	2		2	693	130	2 311	3 134	3 136		

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

¹⁾ Reclassification/Adjustment of cost price includes mainly scrapping of IT systems that were already fully depreciated, and old goodwill items

IT - development, trademarks, etc

For intangible assets that have a finite economic life, the amortisation period for the Group was 3-10 years in 2012 (3-10 years in 2011 and 2010), depending on the economic life of each individual component based on an individual assessment.

Of the total intangible assets of MNOK 695 recognised in the balance sheet as at 31.12.2012, approximately MNOK 224 related to Oracle E-business Suite, which are solutions for a common address register, response sending system, accounting and payroll system, as well as an HR and order system. The program 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 addition, MNOK 80 regarded a data warehouse for management of master data, master structures and transactions. Furthermore MNOK 28 related to the IT system for Norway Post's sales network and solutions for unaddressed advertising. MNOK 24 regarded a data collection system for parcels and freig ht and MNOK 20 for the system at the South-East Norway terminal to handle letters without legible address fields and thus provide a greater degree of mechanical sorting. As part of Norway Post's adaptation of services to new user needs a digital postal system called Digip ost has been developed which has about 240,000 users. The system is capitalised at around MNOK 28 as of year end.

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

Research and development

The Group has not recognised research in the period 2010-2012. There were no charges to expenses related to development projects that are not expected to generate any future financial benefits in the period 2010-2012.

Projects in progress

Of a total of MNOK 130 for facilities under construction as at 31.12.2012, MNOK 98 was for a solution for planning and managing transport activities in the Group in the most logical manner possible. The solution enables planning of an order across the different types of transport, right from the sender to the recipient, and thereby results 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, but will be put into operation throughout 2013.

Write-down of projects in progress and intangible assets with a finite useful life

Write-down costs are presented in the income statement in the line for write-downs. There are ongoing assessments 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 values are tested annually, and if there are indications of impairment during the year, they are tested more frequently.

In 2012 a total of MNOK 85 was written down for intangible assets other than goodwill (MNOK 17 in 2011 and MNOK 21 in 2010) all of which related to the Logistics segment. MNOK 72 related to the planning and managing of transport activities and was a result of risk and delays in the project.

Goodwill

Group	Book value 01.01	Disposals	Write-downs	Translation differences	Book value 31.12
Mail Segment					
Bring Mail Nordic	23				23
Bring Dialog Norge	45				45
Logistics Segment					
Bring Cargo	711	18		(1)	728
Bring Frigo Sverige	529			(9)	520
Bring Cargo West	257			(5)	252
Bring Express	274			(4)	270
Bring Cargo East	266			(5)	261
Stig Ekdahls Åkeri		79			79
Bring Frigo Norge	61				61
Bring Warehousing	85		(21)		64
Bring Linehaul	8				8
Total goodwill for the Group	2 259	97	(21)	(24)	2 311

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 2012 a total of MNOK 21 of write-downs was made related to goodwill in the Logistics segment (a total of MNOK 138 in 2011 and MNOK 105 in 2010). The total write-down regarded goodwill related to the warehouse in Berger in Bring Warehousing. The value of this goodwill was written down due to uncertainty regarding profitability.

Goodwill related to Bring Frigo Norway (MNOK 61), Bring Cargo East (MNOK 261) and Bring Cargo West (MNOK 252) is sensitive to adjustments to the key assumptions margins, required rate of return and growth rate. 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. In assessing the value of goodwill in Bring Frigo Norge a significant improvement in future operating results due to a number of improvements in the business is assumed, and the pre-tax required rate of return can be increased by up to 16 percentage points before the recoverable amount is lower than its book value. A long-term growth rate of 0% can also be assumed without this leading to impairment of this unit. For Bring Cargo East and Bring Cargo West it is assumed that future results will be in line with the current level, which results in the recoverable amount being about the same as book value. Hence, there is no room for increases in the required rate of return or a growth rate of 0% before the recoverable amount is lower than its book value.

Goodwill relating to Bring Frigo Sverige (MNOK 520) and Bring Cargo (MNOK 728) is considered uncertain as the profitability is in line with the assumptions used in the tests. However, the recoverable amount is well above the capitalised value of the two cash-generating units and the discount rate can thus be increased by 3 percentage points for Bring Frigo Sverige and around 17 percentage points for Bring Cargo without this leading to a write-down.

Where the acquired units have not achieved forecast margins, an assessment has been carried out on the background for the deviation from the forecast, 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 2010-2012.

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

Segment	Goodwill	Discount rate before tax (WACC):			Long-term growth rate:		
		2012	2011	2010	2012	2011	2010
Mail	68	9,5%	10%	10%	2,0%	2,0%	2,0%
Logistics	2 243	10%	10%	10%	2,0%	2,0%	2,0 - 2,5%
Total Group	2 311						

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	2012 Total	2011 Total	2010 Total
Balance 01.01		1 169	1 232	338	21	1	2 761	3 356	3 745
Additions		30	50	10	66	14	170	131	183
Disposals			(3)				(3)	(4)	(295)
Reclassification/ Adjustment of cost price		(17)	(346)	192			(171)	(794)	(278)
1)									
Intercompany transfers		10	50	17			77		
Transfers to/from held for sale								72	(72)
Transfers to/from investment property									73
Transfers from assets under construction		47	11	13	(58)	(13)			
Balance 31.12.		1 239	994	570	29	2	2 834	2 761	3 356

Accumulated depreciation and write-downs:

Depreciation method	Straight-line	Straight-line	Straight-line						
Useful life	5 - 10 years	2 - 20 years	10 - 40 years						
Balance 01.01	(745)	(903)	(159)			(1 807)	(2 341)	(2 560)	
Depreciation for the year	(75)	(106)	(24)			(205)	(208)	(220)	
Write-downs for the year	(1)	(1)				(2)	(13)	(23)	
Disposals		3				3	4	144	
Reclassification/ Adjustment of cost price	17	293	(140)			170	790	278	
Intercompany transfers	(6)	(36)	(9)			(51)			
Transfers to/from held for sale							(39)	39	
Balance 31.12.	(810)	(750)	(332)			(1 892)	(1 807)	(2 341)	
Book value 31.12.2012	429	244	238	29	2	942			
Book value 31.12.2011	424	329	179	21	1		954		
Book value 31.12.2010	504	366	151	24					1 016

Group

	Acquisition cost	Machinery	Vehicles, fixtures and fittings	Buildings, property	Machinery under constr and facilities	Buildings under constr	2012 Total	2011 Total	2010 Total
Balance 01.01		1 369	2 207	3 705	23	2	7 306	7 803	9 444
Additions		36	197	80	70	52	435	287	416
Disposals		(6)	(58)	(3)			(67)	(206)	(382)
Additions through company acquisitions (Note 27)			163	129			292	59	
Disposals through sales of companies (note 27)									(1 300)
Reclassification/Adjustment of cost price		(17)	(346)	192			(171)	(807)	(288)
Translation differences		(1)	(22)	(2)			(25)	2	9
Transfers to/from held for sale								168	(168)
Transfers to/from investment property									73
Transfers from assets under construction		47	13	15	(60)	(15)			
Balance 31.12.		1 428	2 154	4 115	33	39	7 770	7 306	7 803

Accumulated amortisation and write-downs:

Amortisation method	Straight-line	Straight-line	Straight-line						
Useful life	4 - 15 years	1 - 20 years	5 - 40 years						
Balance 01.01	(821)	(1 509)	(951)			(3 281)	(3 666)	(4 603)	
Depreciation for the year	(96)	(228)	(137)			(461)	(456)	(484)	
Write-downs for the year	(44)	(26)	(23)			(93)	(18)	(23)	
Disposals	2	53				55	101	214	
Disposals through sales of companies (note 27)								899	
Reclassification/Adjustment of cost price	24	288	(140)			172	801	288	

Translation differences	1	15			16	(3)	3
Transfers to/from held for sale						(40)	40
Balance 31.12.	(934)	(1 407)	(1 251)		(3 592)	(3 281)	(3 666)
Book value 31.12.2012	494	747	2 865	33	39	4 178	
Book value 31.12.2011	548	698	2 754	23	2	4 025	
Book value 31.12.2010	616	724	2 742	25	99		4 137

Construction loan interest

Tangible fixed assets include construction loan interest. The capitalised construction loan interest totalled MNOK 66 as at 31.12.2012 (MNOK 69 as at 31.12.2011 and MNOK 77 as at 31.12.2010). The balance as at 31.12.2012 was mainly the sorting terminal at Robsrud.

Write-downs

In 2012 fixed assets were written down by a total amount of MNOK 93, of which MNOK 89 related to the warehouse located at Berger.

Other conditions

Intercompany transfers in the statement for Posten Norge AS consisted of assets acquired in connection with acquisitions from Bring Cargo, while Reclassification / Adjustment of cost price were related to a reclassification of the book value of MNOK 53 on rebuilding in leased premises from Fixtures etc to Buildings, and scrapping of machinery and fixtures and fittings that were already fully depreciated.

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

Information on financial leases and additions through company acquisitions is provided in note 26 and note 27 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 centre. Later on, it was decided that the new letter centre would be located at Robsrud. In 2010 it was decided that the site would be developed for logistical purposes and it was therefore reclassified as owner-used land.

Norway Post did not have any properties classified as investment property as at 31.12.2012.

Purchase obligations

The parent company has signed contracts for the purchase of intangible and tangible fixed assets in the period 2013 - 2015 representing a total commitment of MNOK 54 divided by MNOK 40 in 2013, MNOK 6 in 2014 and MNOK 6 in 2015. The agreement mainly applies to purchases in connection with an OCR project and the purchase of various terminal equipment.

In connection with the development of a terminal Bring Cargo entered into contracts for the purchase of fixed assets in 2013 totalling MNOK 58.

Note 10 Investment in shares

Posten Norge AS						
Subsidiaries	Acquired/ established	Address	Primary activity	Ownership share 31.12.2012	Voting share 31.12.2012	Book value 31.12.2012
Bring Cargo AS	10.06.2004	Oslo	Transport	100%	100%	1 007
Bring Frigo AB	20.01.2006	Sweden	Transport	100%	100%	602
Bring Cargo East AB	08.06.2008	Sweden	Transport	100%	100%	241
Bring Express AS	01.01.1999	Oslo	Express	100%	100%	228
Bring Cargo West AB	09.03.2007	Sweden	Transport	100%	100%	359
Bring Warehousing AS	12.04.2000	Oslo	3P logistics	100%	100%	96
Stig Ekdahls Åkeri AB	30.11.2012	Sweden	Transport	100%	100%	133
Bring Frigo Norge AS	10.06.2004	Lørenskog	Transport	100%	100%	91
Bring Parcels AB	1999/2008	Sweden	Transport	100%	100%	91
Bring Linehaul AS	2000/2009	Jaren	Transport	100%	100%	37
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
Posten Eiendom Storbys AS	01.01.2008	Oslo	Property	100%	100%	56
Posten Eiendom Kanalvegen AS	21.03.2006	Oslo	Property	100%	100%	121
Posten Eiendom Røbsrud 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						1
Total investments in shares						3 744
Investments in associated companies						
EVRY ASA	14.10.2010	Oslo	IT	40%	40%	1 462
Total Posten Norge AS						5 206
Group						
			Book value 31.12.2012			
Investments in Associated Companies						
Refer to overview below			1 551			
Group investments in shares						
Minor shareholdings			1			
Total Group			1 552			

As part of the Group's Nordic strategy of establishing a network for Swedish domestic packages and freight, Norway Post acquired the company Stig Ekdahls Åkeri AB. The company was incorporated in the Group with effect from 30.11.2012 and shall be integrated and coordinated with the Bring Cargo companies in southern Sweden. In March 2013 the company changed its name to Bring Cargo Inrikes AB.

To ensure a satisfactory equity in Bring Citymail Sweden AB, in August 2012 Posten Norge AS contributed MSEK 16 which resulted in an increase in the shares' book value of MNOK 14. For similar reasons equity in Bring Express AS was increased by MNOK 16 in August 2012.

The book values of the shares of Bring Warehousing AS and Bring Linehaul AS were adjusted by MNOK 37 each as a result of group contributions from Posten Norge AS booked in 2012. Group contributions with increases of the book value of the shares were also given to Bring Frigo Norge AS and Bring Frigo AB (MNOK 5). The latter applied to Bring Frigo AB's subsidiary Bring Frigo Warehouse AS.

In connection with the settlement of a business combination between Bring Cargo AS and Posten Norge AS in January 2012, the shares in Bring Cargo AS was adjusted by MNOK 9.

As a result of the book value of the shares exceeding the recoverable value of the shares in the companies, Bring Citymail Sweden AB and Bring Warehousing AS were written down by MNOK 14 and MNOK 111 respectively in 2012.

Shares in Bring Dialog Sweden AB are reclassified to held-for-sale shares. See also note 16.

Investments in associated companies

Group							
Entity	Country/City	Ownership share	Book value 01.01.2012	Dividend 2012	Share of earnings 2011	Other adjustments	Book value 31.12.2012
EVRY ASA	Oslo	40%	1 506	(37)	78	(27)	1 520
Svensk Adressändring AB	Sweden	15%	16		2	(2)	16
AdressPoint AB	Sweden	15%	3			(1)	2
Materiallageret AS	Spitsbergen	34%	8	(1)	1		8
Euroterminal - Blue Water/Frigoscandia ApS	Denmark	50%	4				4
Other			1				1
Total			1 538	(38)	81	(30)	1 551

Posten Norge AS' stake in EVRY ASA of 40% had a book value as at 31.12.2012 of MNOK 1 520 after the recognition of the share of profit after tax in 2012 of MNOK 78. In addition, the book value changed as a result of the Group's share of other income and expenses by MNOK -17 and by a direct entry to equity of MNOK -10. See note 24 for further details. The fair value according to market price at 31.12.2012 amounted to MNOK 932. However, it is considered that the book value may be justified on the basis of expectations about the future performance of the company and Norway Post's strategic interests.

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

Entity	Assets	Liabilities	Equity	Revenues	Annual result
EVRY ASA	12 114	6 792	5 322	12 841	196
Svensk Adressändring AB	79	67	12	223	11
AdressPoint AB	9	4	4	9	2
Materiallageret AS	19	4	15	6	3
Euroterminal - Blue Water/Frigoscandia ApS	14	5	9	2	
Other	4	4	1	16	1
Totalt	12 239	6 876	5 363	12 987	213

Note 11 Interest-bearing non-current and current receivables

Posten Norge AS				Group			
2010	2011	2012		2012	2011	2010	
27	12		Other non-current receivables	2	13	29	
2 108	2 006	2 239	Loans to group companies				
2 135	2 018	2 239	Interest-bearing non-current receivables	2	13	29	
		131	Repayments 2014	1			
		1 990	Repayments 2015				
		1	Repayments 2016				
		114	Repayments 2017				
		3	Thereafter	1			
		2 239	Interest-bearing non-current receivables	2			
627	347	270	Other current receivables	292	353	635	
525	550	546	Loans to group companies				
1 152	897	816	Interest-bearing current receivables	292	353	635	

In the parent company, bonds are classified as other long-term receivables, to a total of MNOK 11, repaid in 2012.

The first year's repayment of interest-bearing non-current receivables has been classified as interest-bearing current receivables. Advanced payments to deposit funds and premium funds in Vital accounted for MNOK 270 of other current receivables (MNOK 347 in 2011 and MNOK 229 in 2010).

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 of 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		
2010	2011	2012		2012	2011	2010
4	3	4	Receivables from employees	4	4	5
2			Non-current derivatives			2
19	15	14	Other non-current receivables	20	21	31
25	18	18	Other non-current receivables	24	25	38

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		
2010	2011	2012		2012	2011	2010
30	28	26	Inventories at cost	42	38	34
(5)	(3)	(3)	Provisions for obsolescence	(8)	(6)	(7)
25	25	23	Inventories	34	32	27

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 51 (MNOK 59 in 2011 and MNOK 85 million in 2010). Write-downs for the period totalled MNOK 3 (MNOK 3 in 2011 and MNOK 5 in 2010). The cost of goods for the Group's subsidiaries totalled MNOK 16 (MNOK 10 in 2011 and MNOK 4 million in 2010).

Note 14 Interest-free current receivables

Posten Norge AS				Group		
2010	2011	2012		2012	2011	2010
659	793	811	Accounts receivable	2 468	2 401	2 184
3	3	2	Receivables from employees	4	5	4
123	131	216	Receivables from group companies			
60	81	85	Prepaid expenses	209	200	181
7	6		Short-term derivatives		6	7
421	328	275	Accounts receivable	778	823	911
1 273	1 342	1 389	Interest-free current receivables	3 459	3 435	3 288
Receivables by age:						
626	644	685	Current	1 930	1 915	1 806
27	137	110	0 - 30 days	446	418	290
5	8	10	30 - 60 days	71	47	44
4	3	3	60 - 90 days	18	18	33
6	13	13	Over 90 days	59	61	58
(9)	(12)	(10)	Provisions for bad debts	(56)	(58)	(47)
659	793	811	Total receivables	2 468	2 401	2 184
Provisions for bad debts:						
12	9	12	As at 01 January	58	47	60
			Disposal of discontinued operations			(19)
9	12	7	Provisions allocated during the year	21	21	26
(6)	(13)	(16)	Actual losses taken against provisions	(27)	(15)	(11)
(6)	3	7	Over/underfunded accrued in previous years	4	5	(9)
9	12	10	As at 31 December	56	58	47
6	15	16	Total actual losses on bad debts	28	17	26
Provisions for bad debts by:						
			Individual receivables	30	27	19
9	12	10	General provisions	26	31	27
9	12	10	Total	56	58	47

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 to 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.

Note 15 Liquid assets

Posten Norge AS				Group		
2010	2011	2012		2012	2011	2010
833	938	723	Cash and cash equivalents	889	1 083	1 017
1 214	1 155	1 200	Short-term investments	1 200	1 155	1 215
2 047	2 093	1 923	Liquid assets in the balance sheet	2 089	2 238	2 232

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 236 as at 31.12.2012 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 550 for the employees and most subsidiaries also have their own tax payment guarantees with banks. The Group has restricted funds totalling MNOK 44.

Guarantees furnished for Norway Post's subsidiaries from Nordea amount to MNOK 131 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 at 31.12.2012, Posten Norge AS had unused credit facilities for the corporate account system in Nordea of MNOK 500. The unused credit facility in Handelsbanken was MSEK 45.

Note 16 Held for sale

Posten Norge AS			Group		
2010	2011	2012	2012	2011	2010
33		Buildings held for sale			128
		8 Shares held for sale			
		Long-term receivables held for sale	15		
33	8	Total assets held for sale	15		128
		Long-term debt held for sale	3		
		Short-term debt held for sale	4		
		Total Liabilities held for sale	7		

The following assets were classified as held for sale as at 31.12.2012:

In 2012 it was decided to sell Bring Dialog AB during 2013 and the shares in the parent company were reclassified as held for sale. On a Group level, the company's assets and liabilities are reclassified as held for sale.

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

In 2010, it was decided that Posten Norge AS's 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 had no assets classified as held for sale as at 31.12.2011.

Note 17 Equity

Attributable to parent company equity holders						
Posten Norge AS	Share capital	Share premium account	Hedging reserve	Fair value reserve	Other equity	Total equity
Equity as at 01.01.2010	3 120	992	(10)	3	(5)	4 100
Cash-flow hedging			(8)			(8)
Change in 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 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
Equity as at 01.01.2012	3 120	992	(33)	3	1 221	5 303
Cash-flow hedging			(4)			(4)
Change in actuarial gains/losses					109	109
Other comprehensive income/(expenses)			(4)		109	105
Net income for the year for Posten Norge AS					157	157
Total comprehensive income/(expenses)			(4)		266	262
Dividend paid					(276)	(276)
Other changes to equity				(3)		(3)
Equity as at 31.12.2012	3 120	992	(37)		1 211	5 286
Distributable reserves:						
Other equity ¹⁾				2012 1 211	2011 1 221	2010 1 151
Deferred tax asset				(385)	(339)	(347)
Distributable reserves before dividends				826	882	804

¹⁾Other equity excluding other reserves

Attributable to parent company equity holders

Group	Share capital	Share premium account	Hedging reserve	Fair value reserve	Translation difference	Other equity	Total	Non controlling interests	Total equity
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 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 comprehensive 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 actuarial gains/losses						(100)	(100)		(100)
Other comprehensive income associated companies						(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
Equity as at 01.01.2012	3 120	992	(33)	3	62	1 376	5 520	(2)	5 517
Translation differences for the year					(28)		(28)		(28)
Cash-flow hedging			(4)				(4)		(4)
Change in actuarial gains/losses						125	125		125
Other comprehensive income associated companies						(17)	(17)		(17)
Other comprehensive income/(expenses)			(4)		(28)	108	76		76
Net income for the year for the Group						397	397	1	398
Total comprehensive income			(4)		(28)	505	473	1	474
Dividend paid						(276)	(276)	(1)	(277)
Other changes to equity				(3)		(7)	(10)		(10)
Equity as at 31.12.2012	3 120	992	(37)		34	1 598	5 706	(3)	5 703

As at 31.12.2012 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. No dividend was paid in 2010, while in 2011 MNOK 138 was paid in extraordinary dividend to the Ministry of Transport and Communications. In accordance with the General Assembly's decision a dividend of MNOK 186 from the 2011 results was paid out in July 2012, as well as an extraordinary dividend of MNOK 90, totalling MNOK 276. The non-controlling interest's share of the equity as at 31.12.2012 amounted to MNOK -3 (MNOK -2 in 2011 and 2010).

It is proposed that a dividend of MNOK 199 is paid from this year's net income.

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 01.01.2010	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
Provisions recorded during the year	339	3			342
Effect of discounting		2			2
Provisions utilised during the year	(47)	(12)			(58)
Change in pension liabilities during the year			(142)		(142)
Balance 31.12.2012	352	32	828	88	1 301
Current part of the provisions	141	8			149
Non-current part of the provisions	211	24	828	88	1 152

Group

	Restructuring	Severance pay	Pensions	Other	Total
Balance 01.01.2010	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
Provisions recorded during the year	359	3		19	381
Reversal of previous year's provisions	(1)				(1)
Effect of discounting		2			2
Translation differences			(3)	(1)	(4)
Provisions utilised during the year	(68)	(12)		(10)	(90)
Change in pension liabilities during the year			(170)		(170)
Balance 31.12.2012	355	32	1 038	160	1 585
Current part of the provisions	144	8		7	159
Non-current part of the provisions	211	24	1 038	153	1 426

Restructuring

Of the parent company's provisions of MNOK 339 during the year, MNOK 234 were personnel related measures, MNOK 85 property, and MNOK 20 other measures.

Total provisions in the parent company per 31.12.2012 were MNOK 352. This liability was split as follows:

Personnel measures: MNOK 241

Rent for empty premises: MNOK 95

Other measures: MNOK 16

It is expected that payments will be split into MNOK 141 in 2013 and MNOK 211 in later years. Restructuring costs are primarily connected to adjustments to the post office network. The provision is discounted.

In addition to Posten Norge AS, Group provisions totalled MNOK 3 for personnel related measures as at 31.12.2012. It is expected that the whole provision will be paid in 2013.

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 2012, the amount disbursed was MNOK 12 and provisions totalled MNOK 32 as at 31.12.2012.

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 2003-2012. The provision is discounted.

Pensions

Pensions are described in further detail in note 3.

Other

New provisions in the Group in 2012 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		
2010	2011	2012		2012	2011	2010
			Fixed interest rate loans			
898	898	898	Liabilities to credit institutions	898	898	898
	500	500	Bond Loans	500	500	
898	1 398	1 398	Total fixed interest rate loans	1 398	1 398	898
			Floating interest rate loans			
599	730	330	Liabilities to credit institutions	330	731	599
7	2		Financial lease obligations	65	54	65
174	78	76	Other non-current liabilities	76	78	174
780	810	406	Total non-current floating interest rate liabilities	471	863	838
1 678	2 208	1 805	Interest-bearing non-current liabilities	1 870	2 261	1 736
			Repayments 2014	17	5	
			Repayments 2015	11	6	
	845	853	Repayments 2016	861	850	
			Repayments 2017	6		
	962	952	Thereafter	974	988	
	2 208	1 805	Non-current liabilities	1 870	2 261	
	898	898	Liabilities to credit institutions	898	898	
	64	54	Other non-current liabilities	76	90	
	962	952	Liabilities maturing after 5 years	974	988	
2 058		400	First year repayments on non-current liabilities	400		2 058
4	1	1	First year repayments on financial lease obligations	27	27	28
	800	800	Liabilities to credit institutions	800	800	
851	808	1 119	Debts to group companies			
32			Other current liabilities	112	2	33
2 945	1 609	2 320	Interest-bearing short-term liabilities	1 339	829	2 119

The effective interest rate on Posten Norge AS's floating interest rate loan are 2,63%. The effective interest rate is a calculated, weighted average. As at 31.12.2012, fixed interest rate agreements had been entered into for loans of MNOK 1 398 at an average interest rate of 4,9%, valid until 2016 - 2020.

Debt to credit institutions in 2012 included a certificate loan of MNOK 800. 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 5,09% for the Group. Refer also to note 26 .

Posten Norge AS had three private placement loans totalling MNOK 878 as at 31.12.2012; the most recent loan was taken out in September 2008. A loan of MNOK 400 is due in 2013 and has been reclassified to short-term debt. 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 signed in 2011 new loan agreements totalling MNOK 1 324, of which MNOK 800 has in certificate papers of 3 months and MNOK 500 has in the Norwegian bond market due in 2016. No new loan agreements were signed in 2012 or in 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		
2010	2011	2012		2012	2011	2010
1 499	1 550	1 565	Provisions for payroll expenses and public charges	1 953	1 950	1 839
410	315	264	Provisions for accrued expenses	636	709	816
367	345	339	Prepaid revenues	358	388	399
296	272	347	Accounts payable	1 224	1 228	1 210
78	94	92	Debts to group companies			
110	52	149	Restructuring and severance pay, current	152	56	116
525	350	58	Other liabilities	200	531	791
3 285	2 978	2 814	Interest-free current liabilities	4 524	4 862	5 172
	34	1	Non-current derivatives	1	34	
5	1		Other interest-free non-current liabilities		1	5
5	35	1	Interest-free non-current liabilities	1	35	5

Other short-term liabilities in 2011 and 2010 in Posten Norge AS included a provision for the ESA fine of ca MNOK 100 that was imposed on Posten Norge AS in 2010. The ESA fine was paid in 2012. Refer to [note 29](#).

Note 21 Financial instruments

Classification of financial assets and liabilities

Group	Available for sale	Fair value through profit	Derivatives utilised for hedging	Liabilities and Receivables	Other financial liabilities	Non-financial assets and liabilities	Total
Assets							
Intangible assets						3 136	3 136
Deferred tax asset						446	446
Tangible fixed assets						4 178	4 178
Investments in shares	1						1
Investments in associated companies						1 551	1 551
Interest-bearing non-current receivables				2			2
Other non-current receivables				24			24
Inventories						34	34
Interest-free current receivables				3 459			3 459
Interest-bearing current receivables				292			292
Liquid assets				2 089			2 089
Assets held for sale				15			15
Total assets	1			5 881		9 345	15 227
Liabilities							
Provisions for liabilities					1 426		1 426
Interest-bearing non-current liabilities		505	45		1 320		1 870
Interest-free non-current liabilities			1				1
Interest-bearing short-term liabilities		400			939		1 339
Interest-free current liabilities			4		4 520		4 524
Taxes payable					358		358
Liabilities held for sale					7		7
Total liabilities		905	50		8 570		9 524

1. "Available for sale" financial assets:

Posten Norge AS			Group		
2010	2011	2012	2012	2011	2010
3	3	Investments in shares	1	4	5

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

Posten Norge AS sold its 25% share in Fagernes Skysstasjon AS, a property company, in 2012. The shares were sold for the recorded fair value of MNOK 3.

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 fair value hedge.

Posten Norge has three loans which are classified as fair value through profit or loss under the "fair value option" as at 31.12.2012. In 2003 and 2004, Posten Norge took out two long-term loans with two different Japanese annuity companies for JPY 6.4 billion and JPY 5.0 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. The loan for JPY 6.4 billion falls due in 2013.

The values of the three 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 31.12.2012, these loans were recognised at a total value of MNOK 772 (MNOK 564 as at 31.12.2011 and MNOK 655 million as at 31.12.2010) and the interest-rate and currency swap agreements were recognised at MNOK 106 (MNOK 314 as at 31.12.2011 and MNOK 223 as at 31.12.2010). The change in the swap agreements' fair value in 2012 totalled MNOK -207 (MNOK 91 in 2011 and MNOK 160 in 2010). The total change in the fair value of the swap agreements since the implementation of IFRS on 01.01.2005 is MNOK 56.

One loan entered into with a Japanese annuity company in 2004 for JPY 3.0 billion was repaid in 2011. The value of this loan in NOK when the agreement was entered into was MNOK 185. A combined interest-rate and currency swap agreement was also entered into at the same time as the loan.

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

2012 Posten Norge AS			2012 Group		
Assets	Liabilities		Assets	Liabilities	
		Cash-flow hedging			

45	Interest-rate swaps	45
	Forward exchange contracts SEK ²⁾	1
4	Forward exchange contracts USD ³⁾	4
Not hedged		
1	Forward exchange contracts SEK ²⁾	
106	Combined interest-rate/currency swaps ¹⁾	106
27	Interest-rate swaps ¹⁾	27
183	Total	183

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			
	Forward exchange contracts SEK ²⁾		
2	Combined interest-rate/currency swaps ¹⁾		257
	15 Interest-rate swaps ¹⁾		15
9	299 Total	9	299

Total contractual amount (MNOK) for interest-rate swaps and forward contracts capitalised as at 31.12.12:

Group	Remaining period			Total contractual amount	
	Less than 1 year	1 - 5 years	More than 5 years	2012	2011
Cash-flow hedges					
Interest-rate swaps		1 250		1 250	1 150
Forward exchange contracts SEK ²⁾	1 316			1 316	1 222
Forward exchange contracts EUR ³⁾	231			231	20
Forward exchange contracts USD ³⁾	59			59	146
Fair value hedges					
Interest-rate swaps					400
Not hedged					
Interest-rate /currency swaps ¹⁾	400	330	296	1 026	1 211
Total	2 006	1 580	296	3 882	4 148

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 as well as some euro revenues

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 that the 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 2018. In 2012 MNOK 13 was taken through the income statement (MNOK 14 in 2011 and MNOK 19 in 2010).

Currency hedges - EUR revenues

Norway Post had revenues of approximately MEUR 32 for distributing post from abroad in 2012 (MEUR 33 in 2011 and MEUR 29 in 2010) and expects revenues of approximately MEUR 34 in 2013. 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. As at 31.12.2012 forward exchange contracts totalling MEUR 30 were entered into for 2013 with a value of MNOK -0.3. There were no transfers from equity to operating revenues in 2012 (MNOK 7 as a reduction in income in 2011 and MNOK 17 as a reduction of income in 2010) due to realised euro revenues. In addition there were no transfers to the profit line Financial income in 2012 (MNOK 3 in 2011 and MNOK 1 in 2010) due to exchange rate translation of the balance item.

Currency hedging - air freight

In 2012 Norway Post had costs of 17.6 mill US dollars and MEUR 1.6 in connection with air freight of mail. Estimated costs for 2013 are expected to be at the same level as 2012. A part of the currency risk is 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 2012, just over MNOK 1.8 (MNOK 0.1 in 2011) was recognised in the profit statement line 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 from fixed to floating interest 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 31.12.2012 the recorded fair value of the interest rate swaps was a negative MNOK 23 (negative MNOK 15 as at 31.12.11).

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 was 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 31.12.2012 or 31.12.2011 (MNOK 5 as at 31.12.2010).

4. Hedges of investments in foreign entities:

	2012	2011	2010
Forward exchange contracts	1 316	1 188	1 222
Total	1 316	1 188	1 222

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 1 527 in revolving forward exchange contracts, of which MSEK 65 relates to Bring Express AB, MSEK 675 relates to Bring Frigo AB, MSEK 60 relates to Bring Mail Nordic AB, MSEK 374 relates to Bring Cargo West AB, MSEK 225 relates to Bring Cargo East AB and MSEK 128 relates to Stig Ekdahls Åkeri AB. 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 01.01.2010	(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)
Changes in value	(7)	(10)	(17)
Transfers to income statement	13	(2)	12
Associated deferred taxes	(2)	3	1
Balance 31.12.2012	(33)	(4)	(37)

Of the total movement of MNOK -4 in the hedging reserve in 2012 (MNOK -16 in 2011 and MNOK -8 in 2010), all was related to Posten Norge AS.

Positive 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 assessments are included in all business processes and monitoring of activities.

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 derivatives 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 dollars 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 currency swaps - 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, guarantees, 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 counterparties 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 Bank ASA	A+	Aa3
Nordea Bank ASA	AA-	Aa2
Danske Bank	A	A2
Svenska Handelsbanken	AA-	Aa2
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 investments:

Risk classification:

Risk category	S&P Likelihood of annual default (percent)		External rating S&P
	From	To	
1. Theoretical risk	0,03	0,22	AAA - A-
2. Low risk	0,42	1,11	BBB+ - BBB-
3. Moderat risk	1,41	3,74	BB+ - BB-
4. High risk	6,75	35,84	B+ - CCC+

Source: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro

Investments distributed by risk groups:

Total market based placement as at :	1-2	3-4
31 December 2012	1 200	
31 December 2011	1 155	
31 December 2010	1 215	

The market based placements consist of:

Interests Funds	2012	2011	2010
DNB Likviditet	117	112	405
Pareto Rentefond	648	510	405
Pareto Forvaltning		115	
Nordea Likviditet	435	417	404
Total Posten Norge AS	1 200	1 155	1 214
Nordea			1
Total for the Group	1 200	1 155	1 215
Loss level (mill. kroner)	1,01		
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 1.01 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. Foreign currency balances in bank accounts are minimized at the subsidiary level and are actively managed by the Group level in order to avoid large positive/negative balances. Internal foreign currency transactions are used extensively between subsidiaries and the Group in order to reduce large bank balances in foreign currencies.

	Exchange rate 01.01.2012	Average exchange rate 2012	Exchange rate 31.12.2012
Swedish kroner	0,8701	0,8589	0,8549
Danish kroner	1,0430	1,0043	0,9840
Euro	7,7540	7,4754	7,3410
British Pound Sterling	9,2829	9,2186	8,9958
US Dollar	5,9927	5,8172	5,5664

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	Currency amount	Sales currency	Currency amount	Maturity	Equity effect change +/- 20% (NOK)
------	-------------------	-----------------	----------------	-----------------	----------	------------------------------------

Hedging av euro income	EUR	30	NOK	223	01.08.2013	45
Hedging of euro costs	EUR	1	NOK	8	15.08.2013	2
Hedging of US dollar costs	USD	10	NOK	59	15.08.2013	12
Hedging of investments in foreign units	NOK	1 316	SEK	1 527	2013	263

Fluctuations in foreign exchange rates will result in an equity effect in the Group financial statements for euro and US dollar costs and euro 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 31.12.2012, 44% of the Group's interest bearing liabilities had an interest term of more than one year.

As at 31.12.2012 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 31.12.2012 was MNOK 3 where net interest bearing debt with a floating interest rate was MNOK -279. 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.

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

MNOK	Next interest rate regulation		
	31.12.2012	0-3 months	3-6 months
2012			
Certificate loan	800	800	
Private Placement	730	730	
Bank loans/ other loans	280	280	
Gross interest-bearing liabilities (floating interest rate)	1 810	1 810	
Liquid assets	2 089	2 089	
Net interest-bearing liabilities (floating interest rate)	(279)	(279)	

MNOK	Next interest rate regulation		
	31.12.2011	0-3 months	3-6 months
2011			
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		
	31.12.2010	0-3 months	3-6 months
2010			
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	

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 31.12.2012	Average interest rate	Year 1	Year 2 - 5	Over 5 years	Total
	3.56%				
Liabilities to credit institutions		1 184	317	821	2 322

Bond Loans		500		500
Financial derivatives	16	36	131	183
Financial leases	1			1
Total Posten Norge AS	1 201	853	952	3 006
Liabilities to credit institutions	112			112
Financial leases	27	44	21	92
Total Group	1 339	896	974	3 209

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 31.12.2011	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

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

As at 31.12.2012 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 2010, 2011 or 2012.

Posten Norge AS				Group			
2010	2011	2012		2012	2011	2010	
4 623	3 817	4 125	Interest-bearing debt	3 209	3 090	3 855	
2 047	2 093	1 923	Interest-bearing liquid assets	2 089	2 238	2 232	
2 576	1 724	2 202	Net debt	1 120	852	1 623	
5 248	5 303	5 286	Total equity	5 703	5 517	5 418	
0,5	0,3	0,4	Debt ratio	0,2	0,2	0,3	
36,8%	38,7%	38,6%	Share of equity	37,5%	35,9%	34,3%	
1 316	1 414	1 245	EBITDA	1 835	1 748	1 638	
2,0	1,2	1,8	Net debt / EBITDA	0,6	0,5	1,0	

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 31.12.2012 this was 0.6 of EBITDA (0.5 as at 31.12.2011 and 1.0 as at 31.12.2010).

Two loan agreements also include a covenant for a minimum of 25% equity. As at 31.12.2012 the equity ratio was 37.5 (35.9% as at 31.12.2011 and 34.3% as at 31.12.2010).

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 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 was replaced in 2011 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: Other 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 (non-observable input).

As at 31.12.2012 the Group had the following financial assets and liabilities measured at fair value:

Description	Fair value measurement per level		Total			
	Level 1	Level 2	Level 3	2012	2011	2010
Assets measured at fair value						
Available for sale assets:						
Other investments in shares			1	1	4	5
Derivatives designated as hedging instruments:						
Cash flow hedging					6	9
Total			1	1	10	14
Liabilities valued at fair value						
Financial obligations valued at fair value through profit or loss:						
Loans		772		772	564	806
Derivatives designated as hedging instruments:						
Cash flow hedging		50		50	85	31
Fair value hedging					(5)	(5)
Derivatives not designated as hedging instruments:						
Not hedged		133		133	337	272
Total		955		955	986	1 104

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 2012, 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 EVRY ASA as at 31.12.2012.

For accounting purposes, Posten Norge's ownership interest in the combined company is treated as an associated company and the Group's share of the income is classified under operations. The value in the balance sheet as at 31.12.2012 amounted to MNOK 1 520 after recognition of the share of net income in 2012 of MNOK 79 (MNOK 95 in 2011). In addition, the value changed as a result of the Group's share of other income and expense recognised directly in equity of MNOK -17 (MNOK -6 in 2011) and a direct recognition in equity of MNOK -10 (MNOK -15 in 2011). See note 10.

In connection with the merger a shareholder agreement was entered into between Posten Norge and Telenor, the other major owner of the combined company. In accordance with the agreement Posten Norge's ownership stake was reduced to 40% in November 2010. In addition, either 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 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 Income after tax from discontinued operations in the Group's comparative figures:

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

¹⁾ Income after taxes 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.

Net cash flows related to ErgoGroup in the Group's comparative figures:

	2010 ¹⁾
Provided by the year's operations	374
Net cash flow from operating activities	119
Net cash flow from investing activities	(212)
Net cash flow from financing activities	(206)
Total change in cash and cash equivalents	(299)
Cash and cash equivalents at start of period	644
Cash and cash equivalents at end of period	345

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		
2010	2011	2012		2012	2011	2010
261	400	348	Guarantees for Group companies' liabilities	348	400	261
180	15		Commercial guarantees		15	180
313	147	140	Other guarantees	438	216	369
754	562	488	Total guarantees	786	631	810

Guarantees for group companies' debt decreased from last year. The main reason for this was a reduction in rental guarantees, and in subsidiaries' leases of vehicles. The reduction in rental guarantees was due to several of the leases guaranteed by Posten Norge AS reaching their end.

Commercial guarantees in 2011 consisted of a guarantee to DNB in connection with banking services in the Post in Shops. This guarantee has now ceased as a result of the arrangement which lay behind the guarantee, ceasing from 01.11.2012.

Other guarantees in Posten Norge AS included a guarantee to Evry in connection with IT operating agreement. For the Group, the increase was due to new guarantees for rent in Kolding and Avedøre.

In addition to the guarantees above, Post Norge AS has issued a delivery guarantee to Statoil on behalf of Bring Cargo AS.

Some of Posten Norge AS'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 of material value as collateral.

Note 26 Leases

1. Lessee

1.1 Finance lease agreements

Posten Norge AS				Group		
2010	2011	2012		2012	2011	2010
			Book value of continued operations			
68	20	20	Buildings	49	49	97
			Machinery, equipment and vehicles	158	136	117
68	20	20	Gross book value	207	185	214
37	39	16	Accumulated depreciation 1 January	100	107	85
	(31)		Depreciation - disposals	(8)	(33)	(1)
2	8	2	Depreciation and write-downs during the year	19	26	22
29	4	2	Net book value	97	85	108
11	2	1	Commitments, buildings	26	29	38
			Commitments, machinery, equipment and vehicles	66	52	51

Overview of future minimum rents:

	2012		2012
1	Within 1 year		27
	1 to 5 years		44
	After 5 years		21
1	Future minimum rents		92
5,0%	Interest rate		5,1%
1	Present value of future minimum rents		82
	Of which:		
	Non-current liabilities		61
1	Current liabilities		21

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 agreement has not been terminated, and negotiations are ongoing to extend it as an operational lease. Posten Norge AS had in 2010 a financial lease for Skien Post Terminal, which was bought out in May 2011.

Posten Elendom Robsrud AS has a financial lease for a thermal energy facility that runs until 30.06.2024. The Group's other financial leases relate to Bring Cargo AS, and relate mainly to vehicles. The longest lease for vehicles expires in December 2018.

1.2 Operating leases

Posten Norge AS				Group		
2010	2011	2012		2012	2011	2010
218	240	263	Ordinary lease payment for vehicles	419	389	344
828	765	814	Ordinary lease payment for buildings	966	943	1 045
			Ordinary lease payment for computer equipment	1	3	3
6	8	26	Ordinary lease payment - other	99	92	170
(8)	(5)	(2)	Subletting income	(60)	(54)	(60)
1 044	1 009	1 101	Total rents paid	1 425	1 373	1 502

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

	2012		2012
918	Within 1 year		1 176
1 722	1 to 5 years		2 177
1 508	After 5 years		1 589
4 148	Total		4 942

Posten Norge AS has entered into around 1,500 leases for various types of property, including offices and sorting premises, terminals, Post Offices, parking facilities, etc. These leases expire between 2011-2036.

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 Røbsrud, the "Posthuset" head office at Biskop Gunnerusgate 14A and the terminal in Ålesund.

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 Røbsrud AS for the South-East Norway terminal at Røbsrud. The lease term is 17 years with effect from 01.12.2009.

The lease for the terminal in Ålesund is 15 years from 31.05.2012 with the right to extend the lease for two periods of 5 years. The rent is index-linked on an annual basis.

Posten Norge AS has also entered into operational leases for Stavanger post terminal and Trondheim post terminal with Posten Eiendom Storbjør 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. 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 expired 30.09.2012, but was extended by 1 year to 30.09.2013 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 4,661 vehicles and 122 trailers was leased at the end of 2012.

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.

There is a provision of MNOK 85 for restructuring costs in the Group regarding vacating of premises in 2012. Refer to [note 5](#).

Of the remaining lease agreements in the Group the most significant agreements relate to premises leased for Bring Frigo AB, Bring Frigo Norge AS and Bring CityMail Sweden AB. The longest lease expires on 31.12.2024.

2. Lessor

The Group had no significant operational leases linked to parts of buildings which it rents out. (MNOK 24 in 2011 and MNOK 30 in 2010).

Note 27 Changes to the Group structure

Acquisition of companies

The following companies and businesses were acquired in 2012 (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 2012
Fredrikstad Transport & Spedisjon AS	01.04.2012	100%	Transport	2
Stig Ekdahls Åkeri AB	30.11.2012	100%	Transport	12
Total income before taxes				14

Sale and liquidation of companies

No companies were sold or liquidated in 2012.

Overview of allocation of cost of acquisitions during the year

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

	2012	2011 ¹⁾
Goodwill		10
Other intangible assets		16
Deferred tax asset		3
Tangible fixed assets	292	58
Other non-current receivables		1
Total fixed assets	292	88
Inventories	2	1
Interest-free current receivables	125	45
Interest-bearing current receivables	3	
Liquid assets	28	20
Total current assets	158	66
Total assets	451	154
Deferred tax	8	6
Interest-bearing non-current liabilities	234	11
Interest-bearing current liabilities	20	
Interest-free current liabilities	130	47
Taxes payable	2	4
Total liabilities	394	69
Net identifiable assets	57	85
Goodwill	97	94
Total purchase price	154	179
Cash paid	154	172
Accrued as at 31.12.		7
Total purchase price	154	179
Cash paid	(154)	(172)
Cash received at time of purchase	28	20
Net cash effect at time of purchase	(126)	(153)

¹⁾ All acquisitions in 2011 related to the Logistics segment. There were no acquisitions in 2010.

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

There were no significant sales or liquidations in 2012 and 2011. Total book value per segment at the time of sale in 2010 was as follows:

	2010 ¹⁾
Goodwill	2 697
Other intangible assets	172
Deferred tax asset	57
Tangible fixed assets	406
Financial assets	33
Total fixed assets	3 365
Current receivables, interest-free	1 268
Current receivables, interest-bearing	117
Inventories	14
Liquid assets	231
Total current assets	1 630
Total assets	4 995
Total provisions for obligations	127
Interest-bearing non-current liabilities	1 355
Interest-free non-current liabilities	1
Total non-current liabilities	1 483
Interest-bearing current liabilities	103
Interest-free current liabilities	1 147
Total current liabilities	1 250
Total liabilities	2 734
Net identifiable assets	2 261
Other ²⁾	(75)
Profit / (loss) on sale	(782)
Total sales price	1 404
Cash received upon disposal	89
Other ²⁾	18
Shares received	1 297
Total sales price	1 404
Cash received upon disposal	89
Cash disbursed at time of sale	(231)
Net cash effect at time of sale	(142)

¹⁾ The majority of sales in 2010 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.

Acquisitions/mergers and new company formations in 2012

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 2012 resulted in total goodwill in the balance sheet of MNOK 97 (MNOK 104 in 2011 and MNOK 0 in 2010). 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

In April 2012 Bring Cargo Østfold acquired Fredrikstad Transport & Spedisjon AS which receives, stores and handle the customs for goods from abroad, and further distributes to receivers in Norway. The operation was established in 1989, had sales in 2011 of MNOK 72 and approximately 50 employees. The acquisition is part of the Group's strategic focus, strengthening its position in cross-border transportation. The acquisition resulted in a recognition of goodwill of MNOK 18. In order to simplify the group structure, a merger between Fredrikstad Transport & Spedisjon AS and the parent company Bring Cargo Østfold AS was carried through in December.

Posten Norge acquired Stig Ekdahls Åkeri AB with effect from 30.11.2012. The acquisition is part of strengthening the market position domestically in Sweden. Stig Ekdahls Åkeri consists of 4 entities and operates within logistics, primarily transport distribution as well as automotive and terminal operations. Stig Ekdahls Åkeri was established in 1965 and operates in Malmö, Landskrona, Borlänge, Eskilstuna, Göteborg, Vara and Ljungby. The company has a turnover of approximately MSEK 640 and had about 520 employees as at 31.12.2012. The operation has a strategic position in the Swedish domestic market, and together with Bring's resources and network in Sweden the logistic offering to the Swedish industrial customers is strengthened. The acquisition resulted in a recognition of goodwill of MNOK 79. The company changed its name to Bring Cargo Inrikes AB in March 2013.

In April 2012 Bring Frigo Sverige established an operation in Spain to secure volumes from Spain and northwards to improve the balance in the transportation flow and hence the profitability.

In April 2012 Posten Eiendom Alnabru established the subsidiary Posten Eiendom Alnabru Utvikling AS to develop the Group's properties in Alnabru.

Other changes to the Group's structure in 2012

In order to simplify and streamline the group structure several mergers were completed during 2012. The mergers allow for coordination and simplification of the companies' management and staff functions to provide synergies.

Brandshaug Spedisjon AS was merged in to its parent company Bring Frigo Norge AS with effect from 01.01.2012.

CombiTrans AB was merged with the subsidiary IntertranspedIA AB and its wholly owned subsidiary Ytrans AB in April 2012. The subsidiaries were acquired in October 2011 as part of the strategic focus on Sweden and strengthening of the cross-boarder transport to and from the Nordic region. In connection with the merger, the merged company changed its name to Bring Cargo East AB.

The five wholly owned subsidiaries Bring Cargo Halmstad AB, Bring Cargo Jönköping AB, Bring Cargo Linköping AB, Bring Cargo Göteborg AB og Bring Cargo Stockholm AB were merged in July 2012. The resulting company is called Bring Cargo West AB.

Toms Transport og Budservice Trondheim AS was merged with Bring Express Norge AS in September 2012.

Proforma figures in connection with the acquisitions - by segment (unaudited figures)

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

2012	Mail	Logistics	Other 1)	Group
Operating revenues	10 409	14 317	(1 802)	22 925
Proforma operating revenues	10 409	14 884	(1 802)	23 492
Net profit before tax	495	86	(34)	548
Proforma net profit before tax	495	103	(34)	565

1) "Other" consists of 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. Posten Norge AS acquired in a business transfer some personnel and equipment from Bring Cargo AS from 01.01.2012, which was the main reason for the significant increase in sales of goods and services from Posten Norge AS to subsidiaries. The most significant transactions were as follows:

Posten Norge AS			Group		
2010	2011	2012	2012	2011	2010
Purchases of goods and services from:					
56	171	184	Subsidiaries		
727	797	753	Associated companies	801	836
			Other		769
Sales of goods and services to:					
720	786	1 292	Subsidiaries		
40	129	110	Associated companies	125	160
			Other		69
Leases of property from:					
228	229	225	Subsidiaries		1
	1		Associated companies	2	3
1			Other		1
Leases of property to:					
3	3	14	Subsidiaries		

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

Posten Norge AS			Group		
2010	2011	2012	2012	2011	2010
109	104	117	Accounts receivable	4	11
3 054	2 591	2 884	Other receivables		7
					400
117	88	135	Accounts payable	111	62
967	872	1 182	Other payables		99
2 079	1 735	1 684	Net	(107)	(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

Other receivables and other liabilities:

A large part of other receivables and other liabilities in the parent company applied to the corporate account system. Refer also to note 15.

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-term 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 notes 12 and 14.

Note 29 Other matters

EVENTS AFTER BALANCE SHEET DAY

Posten announced a tender competition for IT operations and management services in March 2012. In February 2013 Evry and HP were selected as suppliers of IT services. Evry will deliver services and infrastructure, while HP will deliver services in support and service integrator. The agreements are for a five-year period from 2015 and have a total estimated contract value for the entire period of BNOK 1.2. The suppliers for management services have not yet been selected, but are expected to be appointed during the 1st quarter 2013.

SIGNIFICANT TRANSACTIONS

Acquisitions, transfer and sale of companies

Post consolidated its position in the Nordic logistics market in 2012 through the acquisition of the Swedish logistics company Stig Ekdahls Åkeri AB. The acquisition was part of the Group's strategic efforts in Sweden and strengthened the Group's position in domestic transport.

To achieve economies of scale and ensure competitiveness in an increasingly difficult market Posten coordinated goods production in its subsidiary Bring Cargo AS with the package production in Posten Norge AS from 01.01.2012.

About 500 employees in terminal operations in the subsidiary Bring Cargo AS were transferred to the parent company as a result of this change in goods production.

Fredrikstad Transport and Spedisjon AS was acquired in April 2012 as part of efforts to strengthen the Group's position in cross-border transportation to and from Scandinavia. In December 2012 Fredrikstad Transport and Spedisjon AS merged into Bring Cargo Østfold AS as part of efforts to simplify the corporate structure.

In 2011 Norway Post acquired 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 & Budservise AS.

In February 2010 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 31.12.2012 was 40% which is in line with the shareholder agreement entered into with Telenor, the other major owner.

The mail terminals in Drammen and Hamar were sold in 2010 with a combined net gain of MNOK 10.

Restructuring provisions

Per 31.12.2012, the Group had a total provision of MNOK 355 for restructuring. Provisions in 2012 were mainly related to the conversion of 149 post offices to Post in Shops.

Write down of Assets

In 2012 the Group wrote down total assets of MNOK199. This was mainly fixed assets and goodwill as well as an IT solution for the planning and management of transport activities in the Logistics segment.

Change in accounting principle for the treatment of actuarial gains and losses for defined benefit plans

In 2011 the Group changed its principles for the treatment of actuarial gains and losses from the use of the corridor approach to post the actuarial gains and losses directly to the equity. In 2011 there was a negative impact on the Group's equity after tax of MNOK 99. In 2012 there was a positive effect on equity after tax of MNOK 125. The change from 2011 to 2012 was caused mainly by using discount rates based on corporate bonds.

Significant payments to/from the owner

In 2012, the Norwegian government paid out MNOK 179 in government procurements of commercially unprofitable services (MNOK 345 in 2011 and MNOK 497 in 2010). 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 4 year licence running from 01.01.2013. The licence gives Posten Norge AS the exclusive right to manage domestic sealed and addressed letter mail less than 50 grams and international mail price up to 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. The Ministry of Transport and Communication can change the licence during the licence period.

The socially defined duties cover:

- Available product requirements (statutory postal services and basic banking services in the rural Postal service)
- Requirement for the availability of statutory postal services
- Delivery time requirements
- Requirement for cost-based prices and geographically uniform postage charges within the monopoly

In point 4.2 of the licence it is assumed 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 state budget. The annual grant of funds in advance for government procurements is adjusted the following year based on a recalculation of requirements in connection with Posten's product accounts for the licence to the Norwegian Post and Telecommunications Authority. This arrangement shall prevent over or undercompensation. After adjustments, government procurements were MNOK 187 for 2011 and MNOK 116 for 2010. MNOK 353 was allocated in the state budget for 2013.

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 2012 will be presented at the latest three months after the financial statements for 2012 have been approved.

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. There is a lack of clarity regarding the further reservation process and the consequences the reservation from the Norwegian side will eventually have. 85,4% 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.

The political parties "Høyre" and "Fremskrittspartiet" have made it clear that they want to implement the EU's Postal Directive, including the ending of the monopoly, ref the parties' comments in the Parliament's handling of the state budget for 2013 Innst. 13 S (2012-2013). It is also stated that these parties will discontinue the current licensing requirement item of Saturday distribution, so long as the distribution of newspapers is still maintained.

Changes in the obligation to provide basic banking services

Norway Post's statutory obligation to provide basic banking services was limited to the rural postal service through amendments passed in Parliament in the spring of 2012, of Prop. 100 L (2011-2012). Amendments to the Act to provide basic banking services through Posten Norge AS's sales network. Norway Post's costs relating to this service are compensated through government purchase scheme.

Government ownership

In the Owner's Statement about Posten Norge AS (Meld. ST. 18 (2011-2012) and the Parliamentary handling of this (Innst. 362 S(2011-2012) the conversion of 149 post offices to Post In Shops was approved. When the conversion is completed in 2014, the Post office network will consist of 30 Post offices and about 1 390 Post in Shops.

Approval was also given for the continuation of Norway Post's Nordic growth strategy while it was stressed that it is expected that subsidiaries within the Group achieve self-profitability and / or contribute to Group synergies over time. While the government will retain 100% state ownership, the political parties "Høyre" and "Fremskrittspartiet" stressed that they want a partial privatisation of Posten Norge AS and to transfer its ownership from the Ministry of Transport and Communication to the Ministry of Industry and Trade.

In relation to the Owners Statement the Ministry reduced the return on equity from 10% to 9%, whilst the dividend policy remains at an expected 50% of the consolidated net profit after tax, taking into account the parent company's distributable equity.

The Post office network

The Post office network (excluding the rural Postal service) consisted as of December 2012 of 1233 Post in shops and 179 post offices. It has been decided to convert 149 post offices to Post in Shops in the period 2013 to 2014. At the end of 2014 the sales network will consist of a total of 1420 sales points, 30 post offices and 1 390 Post in Shops.

Work started in 2010 to modernise and upgrade the remaining post offices, and this was completed in 2012. The upgrade has led to a more efficient use of premises, more efficient fixtures, customised staffing levels, and simplified of work processes.

Banking and payment services

From 1.7.2012 the statutory banking service was limited only to the rural postal service. However, Norway Post is considering continuing this banking service in other parts of its service network, which are not covered by the statutory banking service (post offices and Post in Shops). A tender for the distribution of banking services through Norway Post's sales network, exclusive the rural postal service, has been announced with a deadline of 31.01.2013. Banking and payment services in the rural postal service will be open for tender in the 2nd half of 2013.

DISPUTES

In 2010 ESA decided to impose a fine of MEUR 12.9 in connection with previous exclusivity clauses in contracts for Post in Shops from 2000 to 2006. Norway Post contested ESA's decision and brought the case to the EFTA-court. The Court did not agree with Norway Post, but reduced the fine to MEUR 11.1. The German logistics company Schenker has filed a claim for compensation up to MNOK 460 against Norway Post that was stopped by the Oslo District Court in anticipation of other litigation. Norway Post continues to maintain that there is no basis for the claim.

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 equity 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		3 120	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 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.

22. mars 2013



Idar Kreutzer (leder)



Randi Sætershagen (nestleder)



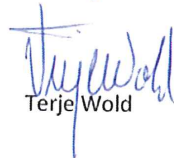
Gøril Hannås



Sigrid Hjørnegård



Jørgen Randers



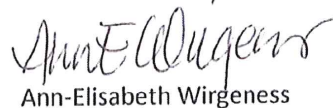
Terje Wold



Odd Christian Øverland



Paul Magnus Gamlemshaug



Ann-Elisabeth Wirgeness




Geir Løland



Dag Mejdell (konsernsjef)



Mail division

 For accounting purposes, the Posten Group reports on two segments: Mail and Logistics. The Mail segment consists of the Mail division and the Logistics segment consists of the Logistics Norway division, Logistics Nordic division and the E-commerce division.



Digital developments present new opportunities

In 2012 the Mail Division took extensive measures to meet new customer requirements.

The digitalisation of society has increasingly threatened the profitability of the traditional part of our mail business. At the same time, changes in customer requirements have led to new and exciting opportunities. The Mail Division has therefore gone through a significant reorganization in recent years which continued throughout 2012.

Increased accessibility

In the spring of 2012 the Norwegian government backed Posten Norge's request to limit its banking obligations and continue the conversion programme for Post in Shops. 149 post offices will be converted to Post in Shops in 2013 and 2014. After this there will be 30 post offices and around 1400 Post in Shops in Norway. Post in Shops is a popular concept both for customers and shops. Customers are pleased with the increased accessibility in the form of longer opening hours and stores see Post in Shops as an attractive service to offer their customers.

As a supplement to Post in Shops delivery and collection solutions for commercial customers will be offered at locations with a significant number of business transactions. Posten Norge also has a network consisting of over 1600 rural postal routes which - in addition to regular mail delivery - offer banking services, parcel delivery and the collection and sending of post to households located far from Post in Shops or post offices.

Increased efficiency

With the permanent fall in letter volumes Posten Norge has to work on a number of different measures to compensate for the drop in revenue. On the expenses side work continue to adapt operating volumes, introduce a new distribution structure for the entire country, further automation and various measures to increase mechanical sorting.

Posten Norge's value chain consists of several parts. The largest links in the value chain are Production, Distribution and Transport. The most important measures to improve efficiency in Production for 2012 were a general adaptation of volumes and investment in new technology for increased mechanical sorting. For example in 2012 Posten Norge has invested in technology which reads and sorts based on the recipient's name and not just their address. This increases the proportion of mail sorted mechanically and enables new processes to be introduced such as the automatic sending of re-addressed post. In 2012 the proportion of mechanically sorted mail of dispersion sorted post rose to 79.6 percent from 79.1 percent the previous year.

Distribution

Distribution includes all postal delivery staff in Norway. Currently these workers are organised into 233 distribution units across the country. Postal delivery workers visit more than 2.2 million post boxes six days a week.

MAIL DIVISION

- Responsible for traditional postal services in Norway (including statutory services as per licence requirements) and Sweden (through Bring Citymail).
- Responsible for running the Group's focus on digital services and dialogue services.
- Develops new physical and digital services and infrastructure.

Business areas

Sales and customer service: Responsible for all customer activities such as sales, marketing and customer service for the Mail Division in Norway and the Nordic area. Private customers are served through Posten Norge. 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. Business customers are served through Bring Mail. The main products and services for the business market are the distribution of addressed and unaddressed mail.

The regions: Six regions develop and operate Posten Norge's physical network in Norway. 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). In total the regions operate nine terminals for letter production and are responsible for the nationwide network of post offices and Post in Shops.

Digipost: Posten Norge's digital mail system through which all Norwegian companies, public sector enterprises and private persons can send and receive digital letters.

Bring Citymail Sverige: Provides distribution of letters and advertising to business customers in Sweden and distributes post to almost 2.4 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.

The most important measures to improve efficiency in Distribution are a general adaptation of volumes and adapting to automation and changed living patterns. In addition Posten Norge is working on more structural changes in Distribution such as the greater centralisation of manual sorting and increased delivery specialisation. Despite reduced volumes and different ways of working, Posten Norge strives to maintain a large proportion of full-time positions for our employees where this is possible.

New services and price changes

The development and further improvement of attractive services as well as the correct pricing of services are two other areas which were subject to specific work in 2012.

- In 2012 a new service was offered to the e-commerce market which was launched on 1 January 2013 – "Small packets – letterbox delivery". The service is well suited to e-commerce customers who send small products of varying weight and who require delivery to their customer's mailbox.
- In the spring of 2012 the Mail Division launched "Find a good deal". This is an internet site where customers can upload Direct Marketing (DM) material and customer magazines which will give them digital coverage in addition to via the mailbox.
- "Box of product samples" was introduced in 2012 as a new service for the distribution of samples. Market research shows that "everyone" who received a "Box of product samples" opened it.
- "Facts about the letterbox", which is a collection of websites with facts and documentation about the mailbox as a channel was further developed in 2012 and launched at bring.com. "Facts about the letterbox" is primarily a tool for media agencies.
- "Online postcard service" which enables images to be sent digitally which are then printed on paper and sent to the recipient's

mailbox, was also developed for smartphones in 2012.

- "Climate-neutral distribution" was launched at the beginning of 2012 and guarantees customers that the distribution of consignments is climate-neutral. This means that Posten Norge is obliged to reduce greenhouse gas emissions from transport and also compensate for remaining emissions through the purchase of certified climate quotas.
- In 2012 work began on multiple changes to pricing including a product and price model for newspapers. The changes came into effect on 1 January 2013.

Quality is important to Norway Post and customers

Posten Norge's services which are covered by licence requirements have specific quality requirements. The licence requirement for A mail entails that 85 percent of post must be delivered overnight. In 2012 Posten Norge met the licence requirement for three of four quarters and for the year as a whole, but not in the fourth quarter. Reasons for this include the huge volumes the operational apparatus has to deal with at Christmas as well as weather-related challenges, particularly in the South West Coast.

Regular, high quality services are important and the Mail Division is strongly focused on quality for all of its services – including those not covered by statutory licence requirements.

Positive development for the Bring specialists

Bring Citymail Sverige showed a positive trend throughout 2012, even if profits are not yet satisfactory. The company recruited a new CEO in the spring of 2012.

Bring Dialog continued the good trend from 2011 and delivered a satisfactory operating profit in 2012

Digipost in the bidding

Posten Norge's national digital mail system, Digipost, which was launched in spring 2011, had almost 250 000 registered users at the end of 2013. The services offered are subject to continuous development and new services and areas of use are added. For example in 2012 electronic receipts and the sending of letters from health services were launched. At the end of 2012 the government decided that digital mailbox providers shall compete to send mail from the public sector. Digipost will work systematically towards the tender process to become the natural first choice when the public sector is choosing its provider of digital mail.

The environment

The Group aims to reduce CO2 emissions by 30 per cent by the end of 2015. In the Mail Division the most important environmental initiatives are the replacement of traditional vehicles powered by fossil fuels with environmentally-friendly alternatives such as electric cars, electric carts, electric mopeds and electric jeeps.

Another measure to reduce CO2 emissions is environmentally-efficient and safe driving. In 2012, 2048 postal delivery workers received such training in the Mail Division. In total, between 4000 and 5000 postal delivery workers will have been trained in environmentally-efficient and safe driving when the training programme is completed in 2013.

The Mail Division management team is responsible for corporate social responsibility, while follow-up work is carried out and results achieved in the regions. Quarterly reports are completed detailing both the number of vehicles using fossil fuel and the number of drivers who have completed training. The number of litres of fuel per kilometre driven can be followed for an individual region

The way forward

Posten Norge will continue to provide good and affordable postal services for the whole of Norway. The Mail Division's most important task in the future will be to continue to provide a good supply of postal services to the entire country while improving the efficiency of operations to ensure profitability.

Future-oriented

The conversion of the post office network is an example of Posten Norge changing because peoples' requirements change. Most people carry out their banking online and send fewer letters. At the same time, increased e-commerce means that customers increasingly want to have more parcels delivered. Post in Shops are a good alternative with long opening hours and good accessibility.

Over the last ten years more than 700 post office have been converted to Post in Shops. In 2012 the process of converting a further 149 post offices began. Market research shows that Post in Shops is an unqualified success and customers find the solution to be a future-oriented and excellent service. All customer service staff that are going to work in Post in Shops complete a thorough training programme to ensure a good level of service to customers.

Digitalisation

Developments in society are moving in the direction of more services being digitalised. Even though such digitalisation has a negative effect on traditional, physical letter volumes it also offers opportunities for Posten Norge. Posten Norge is already at the vanguard of the postal industry with regard to automating operations through the establishment of the South Eastern Norway terminal in 2010 and the development of new digital services such as Digipost. This work will continue at full steam during the coming years.

New opportunities

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Logistics Norway

LOGISTICS NORWAY DIVISION

- Delivers integrated, industrialised and efficient logistics solutions to the Norwegian market.
- Develops and delivers the Group's total offering for the logistics segment in Norway.
- Logistics Norway operates all of the domestic parcel and freight terminals and transports mail, parcels and freight.
- Is responsible for air freight and the main postal network.
- Bring has operations in the United Kingdom, the Netherlands, Central Europe and Hong Kong.

Effective logistics solutions in an integrated network

The Logistics Norway division was founded last autumn. Several large customer contracts were signed.

In 2012 Bring won several large contracts with customers such as Statoil, Aker Solutions and Kværner.

The Statoil agreement, which is Norway's largest logistics contract, initially is valid for four years. By using road, rail, air and sea, Bring is customising freight solutions for Statoil on the Norwegian continental shelf. With its own staff based at Statoil's locations, Bring ensures a close follow-up and takes responsibility for customs clearance and quality assurance.

As a result of this agreement, the Oil Express, the Bring fleet of customised vehicles that deliver to the oil bases, will be expanded from 60 to 75 modern semi-trailers.

New organisation

Following the Group's reorganisation in 2012, four regions were given responsibility for their own regional sales team. Central sales resources are responsible for national and Nordic customers. In addition, the bidding function will be strengthened.

In October, Large Business Logistics Customer Service took over responsibility for around 900 of Bring's largest customers. Private and SMB customers are served by a joint Posten Norge and Bring Customer Service department. This presents a more uniform interface for Posten Norge and Bring and it is simpler for customers.

Complete logistics services

The Logistics Norway division offers com-

plete logistics services for its customers through its business areas: Parcels and Freight, Offshore and Energy, Warehousing Services and Thermo (goods that require temperature regulation).

Parcels and Freight is the division's decidedly largest business area. In the future, production, transport and the range of services in this area will be consolidated, integrated and simplified.

Offshore & Energy as a business area is becoming increasingly important.

Warehousing services that are part of Bring Warehousing Norway are focusing on sales to increase capacity utilisation. Online stores are one example of customers who need to outsource their warehousing function and manual provisioning functions.

Despite growing competition and price pressure on the thermo-transport market, Bring Frigo Norway improved its profits in 2012. Improved traffic control will ensure that load ratios are higher and that the Group has return freight so the vehicles are loaded in both directions.

New terminals and biogas facilities

Joint production and coordination of parcels and freight will be the new norm. Integrated production is also the idea behind a new terminal structure in Norway with fewer but larger terminals for joint parcel and freight production. A new joint Bring terminal for parcels and freight was opened in Ålesund in 2012. During 2013 new Bring

terminals will be opened in Fredrikstad, Alta and Haugesund. Plans for a joint Bring facility with parcels, freight and thermo-transport at Alnabru in Oslo will be finalised in 2013. When the new terminal structure is completed, there will be 19 Bring terminals for joint production of parcels and freight in Norway.

In 2013 a new biogas facility is planned at the South Eastern Norway terminal. The goal is to have 200 lorries fuelled by biogas in the next three years.

National and international logistics

Logistics Norway will ensure the efficient cooperation between the Mail division and Logistics Nordic. It is essential that Posten Norge capture the flow of goods into and out of Norway and the Nordic region. Bring purchased Fredrikstad Transport & Spedisjon in April 2012 and strengthened its position in cross-border transport to and from the Nordic region. Bring's new direct train between Alnabru and Jönköping's Bring terminal in Torsvik runs six days a week and transports goods corresponding to 144 trailers a week.

Delivery quality

Bring has clear quality targets for its entire range of services and monitors line haul traffic for mail, parcels and freight in Norway 24 hours a day. This means that customers can be quickly notified if there are delays that will affect delivery to the recipient.

The goal is to notify both the sender and the recipient as early as possible in the event of delays. In 2012 a proactive warning system for parcels in Norway was launched. This system provides the customer with precise information via the desired channel and on time about delivery delays, the measures Bring is taking and when delivery will take place.

By implementing new production procedures for service packs, Posten Norge

improved its delivery in southern Norway by 24 hours in 2012.

Better profitability

The Spinnaker profitability programme in the Logistics Norway division captures the most important measures for improving the division's profitability. In 2011 and 2012 profitability improved by more than NOK 500 million. The goal for the next two years is to realise another NOK 650 million in improvements. More than NOK 500 million of this will come from major change initiatives and the rest will come from everyday improvements.

Corporate Social Responsibility

Groupage, full vehicles and shortest routes are all optimal environmental measures. Increasing use of the rail when possible is another central element. Bring also places specific environmental demands on its subcontractors.

Posten Norge received approval from the Norwegian Public Roads Administration to train 1,600 of its professional drivers in accordance with new EU regulations. This training will be held in seven locations with in-house instructors. The drivers are taken out of service while they are undergoing training. In 2012 25 courses were held and 259 drivers participated. In 2013 training courses are planned for 400 drivers in Posten Norge and Bring.

During the autumn speed limiters were installed in 450 Posten Norge lorries to limit the speed to 83 km/hr. The plan is to also install them in Bring's vehicle fleet.

Posten Norge proposed that the requirement on the tread depth of winter tyres for lorries and trailers be increased from three to five millimetres and that the tread requirement apply to semi-trailers, single-axle trailers and multi-axle trailers.

Business areas

Parcels and Freight: Responsible for the range of services for parcels and freight.

Regions: Four regions operate parcel and freight terminals in Norway. Transport mail, parcels and freight: both nationally and locally.

Offshore & Energy: Industry concentration in offshore and project logistics. Also has the Air service area.

Supply Chain: Responsible for the main postal service and line haul traffic in Norway by road, rail and air, as well as international line haul traffic. Also responsible for Bring's international operations outside of the Nordic region and the Sea service area.

Bring Frigo: Offers logistics solutions for foodstuffs. Leader in temperature-controlled logistics.

Bring Warehousing: Offers third-party logistics and warehousing solutions for all types of products.

Mybring popular

Usage of the Mybring customer website exploded and there are currently around 30,000 registered users. In 2012 Logistics Norway reported sales of more than MNOK 100 via Mybring. Customers can use Mybring to place orders, book couriers, track packages in the Nordic region and, via Quickpack, in the world, or print out reports. Many smaller customers are using Mybring, which is a free alternative to EDI (direct data exchange). Many retail chains also use Mybring.

Logistics Nordic division

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LOGISTICS NORDIC DIVISION

- Responsible for all logistics operations related to local, national, Nordic and international logistics services in Sweden, Denmark and Finland.
- The division will establish, develop and operate networks for parcels and freight in the Nordic countries and build a stronger position in Sweden, which is a natural hub for logistics in and out of the Nordic region.
- The logistics divisions will serve customers in a uniform manner, optimise national networks and take advantage of economies of scale that exist between countries and business areas.

Gathered under a Nordic roof

The new Logistics Nordic division will ensure that the Group has a solid presence and logistics position in the Nordic region.

The Logistics Nordic division was established in the autumn of last year and is responsible for all of the logistics operations in Sweden, Denmark and Finland. Through the Bring brand, the division offers a wide spectrum of local, national, Nordic and international logistics services.

The goal is to increase competitiveness and long-term profitability in Sweden and Scandinavia.

Cross-border cooperation

The management team of the division is now gathered under one roof in Stockholm. The new structure will establish a foundation for a more extensive cross-border cooperation between specialists in the three Nordic countries. Operations will be coordinated and shared resources will be better utilised.

The Logistics Nordic division will create a clear service portfolio for the market so that it is easy to be a Bring customer.

In order to succeed in the Nordic region, it is necessary for there to be successful co-operation between the logistics divisions in Norway and the Nordic countries, for example to develop and manage the Group's network of agents across the world.

The logistics divisions will jointly serve customers in a uniform manner, optimise national networks and take advantage of economies of scale that exist between countries and business areas.

One Bring – a consolidated sales force

It is important to simplify for the customer. Customers meet one Bring with a comprehensive Nordic offering within express, par-

cels, Frigo, warehousing services and freight.

The sales team will no longer sell products from each individual business area, but talk about the opportunities that are available for all services and products. A consolidated sales force will sell all of Bring, not just parts of Bring as it did before.

Sweden a natural hub

Sweden is the largest logistics market in the Nordic region and a natural hub for distribution to the entire Nordic market.

Bring has a total of 35 terminals in Sweden and Denmark distributed across different business areas. In the future these terminals will be coordinated so that each individual terminal will produce more services.

The goal is a joint terminal structure and joint line haul traffic. This will increase operational efficiency and raise the load ratios of vehicles.

New transport project

One of the largest areas of focus for the Logistics Nordic division in the future is Carrier Management. This new specialist area coordinates the purchase of transport services in the entire Group in addition to the utilisation of Posten Norge's own transport capacity. This will create economies of scale and ensure that contracts, prices and quality are maximised.

Carrier Management will improve conditions in the market and secure a common network. This is an important step toward the goal of becoming a Nordic, integrated and industrialised Group.

A newly formed department in the Logistics Nordic division is responsible for this new specialist area. Carrier Management will begin with cross-border dry and temperate goods in the Nordic region and domestically in Norway. This will take place during the spring of 2013. The solution will then be used for domestic transports in Sweden, Denmark and Finland.

Acquisitions and position

Operating revenues from foreign companies represented 30.5% of the Group's turnover in 2012. Growth potential for Bring is also largest outside of Norway.

Through the acquisition of Ekdahls Åkeri in 2012, Bring strengthened its position and presence in the Swedish domestic market.

The goal is to achieve organic growth in both Sweden and Denmark, but attractive acquisition possibilities will also be considered.

The international market for air and sea transport in the Nordic region is NOK 35 billion annually. Sea and air transport are attractive markets and could generate increased volumes for Posten and Bring's distribution and transport networks.

Business areas

Parcels and express: The entire range of services within parcel shipping, courier services and home delivery.

Frigo: Logistics solutions for foodstuffs that require temperature-controlled logistics.

Groupage and part loads: Has the entire range of services within the shipping of groupage and part loads.

Warehousing: Offers third-party logistics and warehousing solutions.

Supply Services: Fourth party logistics.

E-commerce division

E-COMMERCE DIVISION

- Specialists in online shopping
- Shall be the Group's spearhead out in the e-commerce market
- Shall ensure that Posten Norge and Bring's clients attain success within e-commerce
- Shall ensure that Posten Norge achieves its goal to be the Nordic region's leading supplier of services and solutions to companies who sell products online

"Everyone" shops online

An increasing share of the population in the Nordic region purchase goods and services online. Posten Norge's E-commerce report for 2012 states that almost "everyone" shops online, regardless of age, gender and place of residence. Online shopping has become a natural part of everyday life, and almost 90 per cent of the population in Norway, Sweden and Denmark currently shop online. It is estimated that the market in the Nordic region grows by 15 per cent annually.

Nordic e-commerce experts

The new E-commerce division's most important task is to help customers attain success with online shopping.

Posten and Bring have provided solutions and services for the e-commerce market in the Nordic region for many years. In the Nordic region, online shopping has grown by 15 per cent annually and is one of the Group's most exciting growth areas going forward. Posten has therefore established a separate division for e-commerce – the first postal company to do so. We are now preparing ourselves to be the preferred supplier for both recipients and senders.

The E-commerce division is responsible for the services offered, as well as client relationships with the largest Nordic e-commerce customers. By considering the entire delivery chain from manufacturer to consumer, the division shall provide services and solutions that contribute to efficient and attractive e-commerce and customer satisfaction.

Recipients in the driving seat

The aim is to help customers attain success with e-commerce by offering flexible services, solutions and concepts that are developed from a recipient's perspective.

Posten shall offer seamless deliveries across the entire Nordic region, developing customer-specific and industrial solutions that ensure efficient operations, competitive terms and good profitability for the Group, and take a strong position towards recipients within the Nordic region.

Close collaboration

The most central services include Service Pack, Home delivery, small packets – letterbox delivery, Letterbox delivery and cross-border variants of these services.

The E-commerce division provides no production itself, but is responsible for ensuring an efficient interface between other divisions that are responsible for the implementation and provision of the services.

Client perspective

The division possesses expertise and is able to provide advice on various aspects of e-commerce.

Through the client relationship, the division is responsible for the client across the entire Group's service portfolio. Dedicated account managers discover clients' needs, act as advisors and develop customised solutions. This shall provide increased customer satisfaction, profitability and growth.

The division develops services based upon clients' needs by focusing on the client's customers. Highlighting the recipient's perspective and increasing the recipient's range of choices in delivery methods and payment alternatives is important for success.

Competition

E-commerce has become an increasingly important sales channel for companies and competition for customers from both local and global market participants is strong. Quality

and flexibility are crucial in obtaining good distribution agreements in the Nordic region.

E-commerce report

The division issues Posten and Bring's Nordic e-commerce report, which analyses the online shopping market in Norway, Sweden and Denmark. The report focuses on consumers and trends, maps general e-commerce patterns and looks in detail at how companies themselves act and respond in terms of online shopping.

The report for 2012 states that almost everyone shops online, regardless of age, gender and place of residence. E-commerce has become a natural part of everyday life – in fact, E-commerce has become commerce.

The report also shows that more Danes than Norwegians or Swedes purchase physical products online, while the proportion of people who purchase services online is fairly similar in each of the three Nordic countries. Consumers believe that in 2013 they will purchase more products online within all product categories, particularly within travel/tickets, books and clothing/shoes.

Delivery alternatives a deciding factor

Consumers are interested in the possibility to have products delivered to their home, and the delivery alternatives offered by online stores is a deciding factor in which online stores consumers purchase from. Concerning delivery alternatives, the report shows that consumers want large and heavy products delivered to their home, small, cheap products delivered in their mailbox, and small and expensive products either delivered to their home or for collection at a collection point.

Shopping at overseas online stores is most common in Norway, but uncertainty regarding customs charges and duties is a significant barrier which prevents people from purchasing products from abroad. In the coming years, mobile solutions will become increasingly important, and people will shop from their smart phones

and tablets. Likewise, the future champions of the e-commerce market will be those who can tailor the customer experience to individual customers through excellent service, good advice and choice in the purchasing process.

LOAD

Posten and Bring arrange an annual training day for e-commerce participants, known as LOAD. At LOAD, a jury identifies the best online stores. The jury consists of various experts within e-commerce. Around 350 clients, partners and representatives from the professional environment participated at LOAD in 2012.

In 2013, the division will develop more meeting opportunities for online stores as a part of the efforts to develop the Posten Norge Group as the leading supplier of services, expertise and advice to the industry.

Internasjonal virksomhet

The e-commerce market is international and the E-commerce division must therefore take a boundaryless approach to both suppliers and recipients. The e-commerce market develops rapidly and the end customer's needs and desires are important driving forces in the development.

The division shall closely monitor this development in the Nordic region and Europe, and shall be aware of what is happening within e-commerce. At the same time, it is important to maintain close contact with customers in order to be able to develop flexible and industrialised services, solutions and concepts adapted to changing needs.

Alliances

Strengthening internal competence about the market and online shopping trends is also a central focus within the division. It is therefore important to develop alliances with relevant market participants and partners within the industry.

E-commerce services

The E-commerce division is responsible for the e-commerce services offered by Posten Norge and Bring.

Service Pack: The recipient collects the packet from one of 1,400 collection points. The packet is delivered climate-neutral across the entire country within 1-3 working days.

Home delivery – evening: The recipient can book delivery of the packet to their door between 17.00 and 21.00 in most cities and larger towns. The recipient is notified twice via SMS when the packet is on its way and telephoned 30-60 minutes prior to delivery. Delivered within 1-3 working days.

Letterbox delivery: E-commerce offers two different packet alternatives that are delivered to the recipient's mailbox.

Small packets: Sent as A mail or climate-neutral B-Economy, and the customer pays based on the average weight. This product is targeted towards online stores who send small, moderately priced packets which fit in mailboxes. Small packets are sent without tracking.

Mini packets: Sent as small packets, but features extra security with tracking.

Market report

Continued turbulence with weak optimism

International financial turbulence characterised 2012, but a careful optimism has resulted in new, big changes in the mail and logistics industry. This positive development has resulted in restructuring and several acquisitions in the logistics market.

The past year as not produced radical changes in technology in the mail and logistics industry, but the technology has matured and the possibilities have been exploited to an even larger extent than previously.

This market report describes the changes in the mail and logistics market in 2012, and how Posten Norge expects them to influence the market in 2013.

Digital mail services

The letter volumes continue to fall at an increasingly fast pace. The trend is the same throughout the Nordic region. The development is expected to continue with unabated stamina over the coming years. Towards the end of 2012, the Nordic mail companies experienced a reduction of over 10 percent in addressed letters compared to 2011. The focus on costs from businesses and altered communication and interaction habits amongst the population are some of the reasons for the reduction in the amount of letters.

The population's need for fast communication and immediate response will be, to an increasing extent, covered through digital channels such as social media and e-mail. At the same time, there is still a need for secure delivery of information and documents. In order to meet this need the various postal companies around the world are increasing the focus on developing digital mail solutions. However, the solutions are different from country to country.

Experience from the Nordic area so far shows that it often takes some time before the digital mail services start being used to any great extent by customers and addressees. It is therefore too early to pass judgement on them.

At the same time, processes are under way for the digitalisation of communication and interaction between the Government and the population in several of the Nordic countries. The result from these will, to a large extent, influence the further development of the digital mail services in the Nordic area.

The increased use of smart phones and tablets means that people are becoming used to constant access to updated information - wherever and whenever. This also puts more demands on the postal and logistics industry. Easily-accessible and updated tracking information on parcels and goods, as well as the demand for service when convenient for the customers, are examples of customer demands that, to an increasingly larger extent, affect the day-to-day operations of the logistics companies. These customer demands play a role in deciding the companies' service development around the world.

Increase consumer power

Today, 'everyone' shops online. While two of 10 Nordic consumers shopped online in 2002, nine of 10 shopped online in 2012. Parcel volumes are therefore growing substantially. The growth in European e-commerce is expected to be over 20 per cent in 2013. In order to make up for the fall in revenues from reduced letter volumes and to develop new business areas, several postal companies, including Posten Norge, are therefore investing heavily in the growing e-commerce market.

The more safe consumers feel about e-commerce the larger the demands placed on the shopping experience. And consumers have both the knowledge and funds to stand behind their demands.

Posten and Bring's Nordic e-commerce report for 2012 shows that simplicity and convenience are the most important reasons why people shop online. Therefore, online stores with good delivery and return schemes are preferred. The majority

of Nordic consumers state that the online stores' delivery alternatives are important when choosing an online store. This results in a shift in the balance of power within e-commerce - from the stores dictating which delivery alternatives and conditions the recipients get to the recipients deciding what the online stores must offer in order to make sales.

Logistic companies wanting a role in the e-commerce market must, therefore, be the preferred alternative for recipients. That the recipients can more often choose delivery and payment alternatives in online stores shows that the online stores, to an increasing extent, understand the increased recipient power.

For the mail and logistic companies this is about creating services that the recipients want, and delivering them with high and stable quality. In 2012, this has led to a large degree of innovation and development both among the Nordic and international logistics companies. New delivery methods, better return schemes, improvements to home delivery offers - everything centres on becoming the recipients' preferred delivery supplier and thus the online stores' preferred logistics partner.

E-commerce is erasing national borders. Last year, more than four of 10 Nordic consumers shopped online outside their own homeland. The more safe Nordic consumers feel about e-commerce and the more used to it they become, the more it is to be expected that international shopping will increase. At the same time, there are still barriers to cross-border e-commerce in Europe. Therefore, the EU commission in 2012 put the spotlight on intra-European

e-commerce, with a goal of reducing the barriers to and further increasing European e-commerce.

In 2013, it is expected that several measures will be implemented that will minimise these barriers. The high Nordic cost level is an important reason for shopping abroad and, with the strong NOK exchange rate, it is expected that Norwegians' e-commerce from abroad is expected to increase significantly in 2013.

The increased volume in e-commerce from abroad also increases the need for a good range of services in the Nordic area for international online stores and their suppliers. As a result of this, several international logistics companies have increased their activities in the Nordic area over the course of 2012. In this way, the global logistics players are strengthening their ability to be leading e-commerce partners for international online stores with customers in the affluent Nordic area. The importance of being able to manage e-commerce deliveries across land borders is expected to further increase in the years ahead.

New distributions solutions

The cities in the Nordic countries are growing quickly both as a result of increased migration to the cities and increased immigration. This also results in increased transport and distributions in the cities. This transport produces noise, heavy traffic, the potential for dangerous traffic situations and high levels of environmental emissions.

Therefore, the authorities in several large Nordic cities have dealt with this situation

in recent years. Cities such as Gothenburg, Trondheim and Oslo have initiated projects for reducing both environmental and traffic emissions in the urban areas.

This will have major significance for logistics companies. For example, this can mean alternations in the way goods are distributed in cities, in addition to new types of vehicles. An extensive cooperation is required between authorities and players in order to succeed with improving efficiency of the city logistics.

The authorities must make demands, but also create the conditions that make achieving them possible. The logistics players must be innovative and exploit the possibilities. In the coming years it is expected that more Nordic cities will follow suit and increase the requirements. City distribution in the Nordic cities will probably change considerably in the next 10 years.

Nordic solutions

As in previous years, the consolidation of the companies' distribution activities continues in the Nordic area. New technological possibilities and more advanced management systems enable the centralisation of production and storage in and outside the Nordic area. Economies of scale benefits and lower cost levels that are not at the expense of service and delivery quality are now feasible.

An increasing number of companies are realising their moving plans. In particular, the production of goods in the Nordic countries is being reduced to the advantage of Asian or Eastern European low-cost countries. This changes the market's logistics structure

and needs to a great extent. So far, quality and reliability of the Nordic players have represented growth potential, but the positions are being challenged ever stronger by south and eastern European low-cost carriers.

The developments have several consequences for the players in the Nordic logistics market. First of all, the need to be able to deliver total services is increasing such that the customers' combined logistics needs are fulfilled in an efficient manner. As a minimum, this entails the ability to distribute throughout the Nordic region. For the Nordic logistics companies this also entails the ability to transport goods and parcels to or from the Nordic area.

The logistics companies in the Nordic area will, to an increasing extent, depend on international alliances or their own presence in markets will export to or import from. The logistics hubs in Europe will increase in significance as a result of the centralisation of production and storage. Being present and offering excellent customer service in these hubs will be crucial in the years ahead for companies that want to compete in the Nordic logistics market.

Purchasing trends

The purchasing rate in the logistics market has reached a new high. The Scandinavian postal and logistics companies have strengthened their logistics positions with several purchases in 2012. These purchases contribute to developing the companies' opportunity to deliver total logistics solutions and the ability to establish a more efficient Nordic distribution network, par-

ticularly within the goods segment, but also within storage services, reserve parts distribution and similar.

The competition in the Nordic market is larger than ever. Global players have strengthened their Nordic positions through the establishment of several new offices and distribution hubs in Scandinavia.

Continued uncertainty in Europe

The economic development in Europe is very uncertain in the coming years. In 2012, both Norway and Sweden experienced growth, while Denmark was characterised by the Euro countries' financial challenges to a larger extent. In the coming years, Sweden is expected to follow in Denmark's footsteps in terms of weaker financial growth.

This will have consequences for the development in the Nordic logistics market. The result can be increased emphasis on improving efficiency and cost-cutting in logistics for Nordic companies. This could, in turn, lead to very pressed margins for the logistics companies. For players with access to capital, this kind of market can create the conditions for several purchases and further consolidation of the Nordic logistics market, while others will cease operations.

In 2013, Norway will also probably continue as a different country in Europe and experience financial growth. This will further strengthen the Norwegian purchasing power, increase cross-border e-commerce and imports to Norway. A continued increase of the Norwegian cost level could also reduce the demand for Norwegian exports and weaken the trade balance with Europe.

In the future



- Posten Norge will open 170 new Post in Shops in 2013 and 2014.
- Posten Norge is entering into new IT agreements that shall ensure greater competitiveness.
- Develop a Bring organisation in the Nordic region and gather management for the Nordic logistics activities in Stockholm.
- The Group is coordinating the value chains in order to make logistics more efficient and less harmful to the environment. Establish common terminals for parcels and freight.
- Posten is participating in a tendering process regarding the digitalisation of public sector mail with the Digipost service.
- Posten Norge is integrating Ekdahls Åkeri with Bring and establishing a national freight and parcels distribution network in Sweden.
- Bring will deliver more than 1 million home deliveries of furniture and interior products, food, electronics and other products to consumers across the Nordic region.
- Bring is opening a new common logistics terminal for freight, parcels and home deliveries, as well as warehousing services in Västberga in Stockholm.
- Posten Norge will publish its annual e-commerce report with analyses of the Nordic development and assessments from the world's leading e-commerce experts.
- Bring will inaugurate a new freezer terminal at Flatholmen in Ålesund for the export of fish.
- Bring is opening a new common logistics terminal for freight, parcels and home deliveries, as well as warehousing services in Malmö. The terminal will also function as the main terminal for the export and import of goods in Sweden and the Nordic region.
- Bring is opening a new warehouse with expanded capacity in Jönköping as a hub for Nordic distribution solutions.

03

Sustainability

POSTEN NORGE
AND SUSTAINABILITY
STAKEHOLDERS
ENVIRONMENTAL REPORT
WORKING ENVIRONMENT
REPORT
INTEGRITY REPORT

This is an
**ELECTRIC
CAR**





Posten Norge and sustainability



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Working with sustainability

The Group is committed to long-term sustainable development that balances social and environmental responsibility against financial results.

Global Compact's ten principles

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Continued on the next page

Posten Norge views corporate social responsibility to be about how its operations affect people, the environment and society. The environment, integration and diversity are areas of priority for the Group.

This means that the Group will take responsibility for specifically reducing the impact of its operations on the external environment. In addition, the Group has a racism-free profile and takes an active role in integration work. Work on a healthy work environment is a strategic area of focus for the Group and all organisational and commercial development should take the work environment into consideration.

For Posten Norge work with sustainability is about how the Group's activities can contribute to sustainable development that is in line with the demands of customers and the Government's ownership policy.

This work is important for securing Posten Norge's strong position in society and strengthening its reputation. A good repu-

tation will help to attract and motivate employees, strengthen competitiveness and provide increased freedom to develop further the Group's business.

The company's corporate culture shall be characterised by an active attitude to taking social responsibility.

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 stakeholders for protecting people and the parts of society and the environment that are affected by its operations. The Group Policy Corporate Social Respon-

sibility is based on "Ethical guidelines for the Posten Norge Group".

Goal-oriented work

Posten Norge has had a solid tradition for many years of reporting the measures taken and the results the Group achieved through its work on and commitment to corporate social responsibility. This work was further strengthened through the publication of the Group's first integrated annual and sustainability report in 2010. In the 2011 report Posten Norge has further expanded sustainability reporting to include reporting on several indicators as well as an external audit of the report. In 2012 we started work on a materiality analysis that was completed in 2013 and determined which GRI performance indicators are the most relevant for Posten Norge to include in its report. We will use these results in the future to ensure that our reports are relevant and accurate.

Global Compact

Posten Norge became a member of the UN's Global Compact in March 2011. Global Com-

pact 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 Posten Norge's focus on more socially responsible operations.

As a participant in Global Compact Posten Norge promises to integrate ten basic principles into its strategy and daily operations and to report on activities and improvements related to these principles. The principles are divided into four areas: human rights, labour standards, the environment and anti-corruption.

The Group is a member of the Global Compact Nordic Network, which 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.

As a member of Global Compact, Posten Norge is committed to providing social responsibility reports once a year. These reports are presented through an integrated annual and sustainability report.

- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

"The company's corporate culture shall be characterised by an active attitude to taking social responsibility."

The Group's prioritised sustainability areas

In 2013 the Group completed a materiality analysis in order to identify and prioritise the sustainability challenges that are most important for Posten Norge.

By prioritising the challenges it will report on, the Group ensures that it is only following up on and monitoring relevant areas. The Group thereby avoids reporting on areas that are not of significance for our industry or our stakeholders.

The materiality analysis was conducted with participants from the steering group for sustainability reporting in the Group as well as representatives from our strategy department and the different business areas.

Methodology

The methodology was based on two main dimensions of our work with corporate social responsibility:

- Importance for prioritised stakeholders
- Importance for Posten Norge's long-term strategic goals

As a result of this analysis, the Group identified fourteen areas that are important for Posten Norge's sustainability work. Both the

opportunities and risks for these areas have been mapped.

Identification of appropriate key performance indicators

Posten Norge applies the recommended reporting tool, Global Reporting Initiative (GRI). Using the results of the materiality analysis as its basis, our external advisor on sustainability, Ernst & Young, was assigned the task of recommending which GRI performance indicators are most relevant and significant for the Group.

The review identified a total of 22 performance indicators that were relevant for Posten Norge's report. These 22 indicators fall within the economic, environmental and social indicator categories. Individual areas identified by the analysis are not covered by the GRI performance indicators. Posten Norge will therefore evaluate in the future if it should develop its own report to ensure that these areas are satisfactorily described.





To see our GRI performance indicators: Please visit

[www.postennorge.com/
annual-report-2012/](http://www.postennorge.com/annual-report-2012/)

Framework, level and scope of the report

Posten Norge uses the globally recognised framework, the Sustainability Reporting Guidelines, from the Global Reporting Initiative 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 impact 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: labour-related issues, human rights and 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.

Management approach

Management approach contains a brief summary of how the Group manages its work on sustainability within each of the indicator categories.

Level

In accordance with the requirements for application level B, the Group reports within the GRI requirements on profile disclosures, management approach and performance indicators. Posten Norge reports on the most relevant indicators for its business, which provide the best picture of the Group's continuous work towards more socially responsible operations.

In this year's report the Group has 31 performance indicators that are fully reported and 5 that are partially reported. This corresponds to Application Level B+ in 2012.

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 cov-

ers the Group's companies in all countries. The exceptions are due to the companies not yet having established reporting in certain areas or the companies' contribution in some areas not being deemed 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.

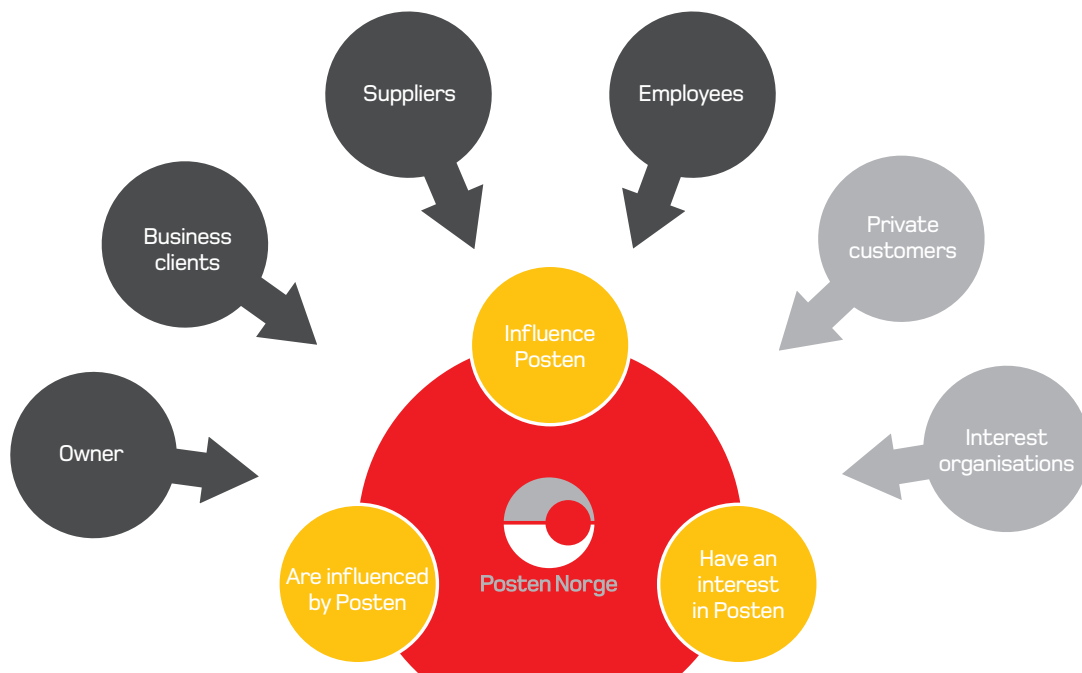
Methods to calculate and measure within the individual technical areas are based on recognised and established technical standards.

Audit

The audit applies to the entire base figures and texts for sustainability reporting. Posten Norge thereby qualifies for Application Level B+ for its 2012 report.

"In this year's report the Group has 31 performance indicators that are fully reported and 5 that are partially reported. This corresponds to Application Level B+ in 2012."

Stakeholders



Our stakeholders

Our owner, business clients, suppliers and employees are Posten Norge's most important stakeholders.

The Group's stakeholders are placing increasingly higher demands on systematic work with sustainability, and they expect Posten Norge, in its position as a prominent Norwegian public body, to work methodically on this subject.

In 2013 the Group conducted a Materiality Analysis in order to identify and prioritise the sustainability challenges that are most important for the Group. The analysis was conducted with participants from the steering group for sustainability reporting in the Group as well as representatives from

the strategy department and the different business areas.

Defining our key stakeholders was a central part of this analysis, since the stakeholders are involved in establishing the framework for our work with social corporate responsibility. The stakeholders each have their own requirements on and expectations for Posten Norge.

Our most important key stakeholders were identified as the owner and authorities, business clients, suppliers and employees. In addi-

tion, private customers and interest organisations play a central role in the Group's work with corporate social responsibility.

The Group also maintains a dialogue with other smaller stakeholders such as trade unions, business and employee organisations, political parties, supervisory authorities, competitors and the media.

The dialogues with our stakeholders are held in various formal and informal arenas. The frequency of these meetings varies depending on the requirements and demands of the stakeholders.

OWNER

The Ministry for Transport and Communications owns Posten Norge. The Group is therefore subject to the Ministry's corporate governance of the company.

Executive management has quarterly meetings with the Ministry for Transport and Communications and corporate social responsibility is a point on the agenda as needed.

In 2012 the Ministry for Transport and Communications was informed about how the Group works with corporate social responsibility.

Arenas for dialogue:

- Reporting meetings – quarterly
- Ad-hoc meetings – as required

SUPPLIER

Dialogue with suppliers, both existing and potential, is a central part of Posten Norge's procurement procedures. Posten Norge maintains both written and verbal dialogues in the form of workshops as part of its standard procurement process. The Group emphasises overall good business practice and compliance with the Group's ethical principles and values in dialogues 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 term of the contract.

Read more about the Group's supplier management in the Integrity report.

Arenas for dialogue:

- Meetings – for each procurement process and afterwards
- Workshops – for each procurement process
- Contract signing – for each procurement process

BUSINESS CLIENTS

Posten Norge does not carry out customer surveys that specifically include questions regarding social and environmental issues. For Posten and Bring sales team, corporate social responsibility is a topic that is brought up as needed when requested by customers.

Bring conducted an analysis of its competitors in 2012. In this analysis customers of Posten, Bring and other actors were asked the following questions: "If you were to rate the different suppliers in groupage and part loads, who would you consider to be the most environmentally friendly?" and "If you were to rate the different suppliers in parcels, who would you consider to be the most environmentally friendly?"

Compared to its three main competitors in Norway, Bring is considered to be the most environmentally friendly supplier in both groupage and part loads and parcels.

Sixty-one interviews were carried out in the parcels segment and 83 in the groupage and part loads segment in 2012. The sales department and product owner work in a goal-oriented manner with the answers in order to create improvements.

We endeavour to follow the Norwegian Marketing Act in all market communication with the Group's customers. The quality of the Group's annual market plan is checked against this legislation. The Group has a procedure to ensure that the quality of all ex-

STAKEHOLDERS

Definition

For Posten Norge, stakeholders are actors who influence or are influenced by its activities and/or have an interest in the Group working with corporate social responsibility and how this happens.

ternal communication must be checked by Corporate Staff Communication.

The focus on corporate social responsibility among Bring's customers is growing, particularly in the Offshore & Energy segment. Health, the environment, safety and quality are therefore on the agenda at all operational meetings, both internally and externally at customers and suppliers. Offshore & Energy is certified in accordance with ISO 9001:2008 and Achilles (NorSok S006N). The certifications clarify the requirements on Offshore & Energy within the areas of health, the work environment, safety, external environment and quality.

Arenas for dialogue:

- Customer surveys – annually
- Reputation surveys – annually
- Focus groups – as required
- Competitor analysis – annually
- Operational meetings – as required

EMPLOYEES

Posten Norge carries out an organisational survey of its employees each year. In 2012, 90 per cent of the Group's employees responded to the 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 is no discrimination'.

All managers in the Group are required to follow up on the results from the organisational survey. Managers must establish measures for their unit in a specific "Smart Plan". It is possible to follow up on the smart plans and the progress being made 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 answered).

Other central topics taken up with employ-

ees in 2012 include measures to promote a healthy workplace, job security, alternative vehicles, integrity and cabotage. All of these topics are included and detailed in the Group's company newspaper and on the Group's intranet. It is possible to send in opinions to the company newspaper and comment on and respond to articles on the intranet.

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 2012, the Group President and CEO held four online meetings via the Group's intranet. During these intranet meetings the Group's employees can freely submit questions directly to the President and CEO. The themes for the intranet meetings in 2012 were expectations for 2012 (January), vision and values (April), new organisation (September) and how to win over the customer (December).

Arenas for dialogue

- Organisation survey – annually
- Internal company newspaper – monthly
- Intranet – daily as required
- Intranet meetings with the President and CEO – four per year
- Annual and sustainability report – annually
- Group-wide environmental network – daily as required
- Training – as required
- Management meetings – as required
- Personal development discussions – two per year
- Lectures/presentations – as required
- Team meetings – as required

PRIVATE CUSTOMERS

Ipsos MMI carries out a profile survey of large Norwegian companies each year. In 2012, 116 companies in 13 different industries were evaluated with regard to environmental awareness, corporate social responsibility

and ethics. A nationally-representative sample of 2,000 persons over the age of 15 received the survey and of these 51 per cent responded (1,017 persons).

In this survey corporate social responsibility and ethics 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. In 2012, 43 per cent stated that they have a good impression and 31 per cent that they have a bad impression of Posten Norge in this area. After a long period during which Posten Norge strengthened its reputation in corporate social responsibility and ethics, it fell from 5th place in 2011 to 19th place in 2012.

Environmental awareness is defined as the impression of a company with regard to protection of the environment in the widest sense, both in terms of production and the use of products in general. In 2012 Posten Norge placed 12th place in this ranking, down 5 places from 2011, when we were ranked 7th. Our score in the good impression category increased by three per cent since 2011, but competition hardened and we therefore fell in the ranking. In 2010 the percentage with a good impression increased to 40 per cent (8th place), in 2011 to 48 per cent (7th place) and in 2012 to 51 per cent (12th place).

Arenas for dialogue

- Reputation surveys – annually

INTEREST ORGANISATIONS

Interest organisations are defined as organisations established to promote their members' interests. For Posten Norge this refers to organisations that have a special interest in how our services are performed and adapted.

A cooperation with organisations for disabled persons was established in "Cooperation forum for universal design of mail services". The forum has six members from organisations for disabled persons and three from Posten Norge. The forum is led by Posten Norge and meets at least two times a year. During the establishment of a new post office concept in 2012, changes were made after input from several interest organisations. The introduction of a telecoil at all cash points is one example of this.

Posten Norge is a member of the Swan Purchasers' Club, Eco-Lighthouse, RENAS (EE waste), Green Dot Norway and IPC (participant in the EMMS environmental programme). The Group also participates in the Biogas Alliance, Zero and SINTEF (Green City Distribution in Oslo) and exchanges experiences and competence with the Norwegian Association Against Noise.

Posten Norge is required through its articles of association to follow the principles of the act concerning the use of Bokmål and Nynorsk in public services for customer information about the services that are subject to a delivery obligation. Concrete inquiries also come from The Language Council of Norway and The Norwegian Language Society. Otherwise the principles of the act shall be followed as far as possible but only as far as they do not represent any disadvantage to the company compared with its competitors. Posten Norge reports to the Ministry for Transport and Communications upon request and when questions are raised from individuals or interest groups.

Arenas for dialogue:

- Cooperation forum for universal design of mail services – two per year
- Inspections – as required
- Informal meetings – as required
- E-mail – as required
- Process meetings – as required

Environmental report

ORGANISATION

Work

- A central environmental team in the corporate HR unit ensures an effective system, Group-wide re-use of good solutions and an overall approach.
- A Group-wide environmental network that consists of environmental re-source persons from all business areas ensures that the Group makes use of experiences and best practices from throughout the organisation.
- The Group ensures access to the necessary expertise in specific areas through external partners and suppliers.
- In order to register the Group's total climate impact, a climate reporting system was acquired and implemented in 2012 and will be used by the entire Group.

Toward more environmentally efficient operations, one step at a time

Goal-oriented work to ensure more environmentally efficient operations produces results. In 2012 the Group took more steps toward its goal of a greener business.

The environment is one of the Group's most important focus areas within corporate social responsibility. As one of the Nordic region's largest transport operators the impact of CO₂ emissions in particular is significant. Posten Norge is therefore actively working to reduce the extent to which it affects the environment throughout the Group's activities. Posten Norge's environmental vision is "to work in a goal oriented manner to achieve environmentally efficient operations and sustainable development - leading to it becoming the world's most future-oriented mail and logistics group".

Climate-neutral services

In addition to a climate-neutral service parcel, Posten Norge launched a service in January 2012 that targets the business market and offers climate-neutral distribution of addressed and unaddressed mailings. The most important internal measures for reducing the CO₂ emissions from this service are to make use of vehicles that do not run on fossil fuels and to conduct a course in environmentally efficient driving for our drivers.

It is not currently possible to make this completely eliminate the CO₂ emissions from this service. To compensate for the remaining emissions, Posten Norge buys climate quotas to make the product climate-neutral. The quotas are UN-approved, recommended by the Norwegian authorities and purchased by the Climate and Pollution Agency (KLIF).

Communication

In 2012 the Group worked on increasing the visibility of its environmental efforts both internally and externally through various measures and communication activities. These measures include the launch of climate-neutral letter products, an environment fund and environmental certification of six new units.

Through its own notices, Posten Norge hopes to increase the visibility of the Group's environmental measures internally and externally. These notices are placed on cars, buildings and other visible surfaces which represent the Group.

The Group was also represented at

industry seminars and conferences in 2012, including the Zero conference, NHO 'Green Management' and UNIQ/YS 'Green Workplaces'.

Interaction and cooperation

To solve the major environmental challenges facing the Group, cooperation between companies, organisations and research institutes is key.

Posten Norge has adopted the Ministry of the Environment's Climate Promise and maintains industry cooperation through participation in the International Post Corporation. This cooperation includes the reporting of climate impact for sector benchmarking and the sharing of best practice amongst members. In 2012 Posten Norge participated in a workshop on green product development.

Posten Norge is also a member of the Swan Purchasers' Club, which helps the Group make the most environmentally conscious choices when purchasing products and services.

Posten Norge and several other companies signed an agreement in 2010 with Oslo Municipality for 'Business for a Better Environment'. This cooperation continued in 2012 with participation in network meetings.

Will reduce greenhouse gas emissions

The Group is part of Green Goods Transport - a research project with the aim of making the transport of goods more environmentally and climate-friendly.

Posten Norge is also a member of the steering group for the project "Green City Distribution", which is owned by Oslo Municipality, in cooperation with Sintef, and supported by the Research Council of Norway. The aim of the project is to reduce greenhouse gas emissions for goods delivery in

downtown Oslo. In 2012, Bring Express was a key player in a test of different electric cars during the distribution of express assignments inside Ring 3 of Oslo.

In 2012 the Group continued its cooperation with ZERO (Zero Emission Resource Organisation) to strengthen both technical and industry-related cooperation on selected climate issues. For example, the Group participates in ZERO's biogas forum with other transport companies and fuel providers.

Posten Norge also takes part in Cities of the Future, which is a collaboration between the authorities and the 13 largest cities in Norway to reduce greenhouse gas emissions.

Posten Norge largest in alternative vehicles

The focus on the environment at Posten Norge has resulted in the Group having Norway's largest vehicle fleet that runs on alternative fuels. In 2012 Posten Norge's alternative vehicle fleet consisted of 643 electric vehicles, including 261 electric mopeds, 213 electric jeeps, 24 electric cars and 145 electric trailers.

In June, Posten Norge participated in the annual race for alternative vehicles arranged by Zero. Posten Norge crossed the finish line in an electric Ford Connect.

Bring Express in the Nordic region uses bicycles when delivering express packages in cities. In total, it has 37 bicycles.

Comprehensive biogas initiative

The Group implemented a large biogas initiative in 2012. In March, Posten Norge accepted delivery of its first biogas vehicles, which consisted of 31 cars. Today, the Group's vehicle fleet has a total of 65 biogas cars. The initiative will continue in 2013.

Bring also has 43 biogas cars in Sweden. Bring Frigo used 5,313,533 litres of Preem Evolution in Sweden in 2012, which is an in-

MANAGEMENT

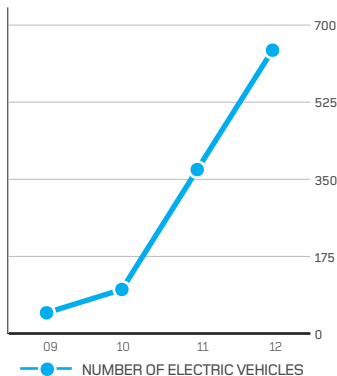
The environment

- Environmental work is high on the agenda for the Group.
- The Board and executive management are regularly updated on the status and risk profile of and ongoing initiatives within the Group's environmental work.
- Group management is updated on the environmental work several 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 environmental action plans in each business area. 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. The action plans were updated in 2012 to take into consideration changes in framework conditions, the market and technological development.

ELECTRIC VEHICLES

number

643



crease of 15 per cent compared to 2011, and reduced emissions by 3,010 tonnes of CO2 compared to fossil fuels. In addition Bring Frigo is taking part in the testing of a Volvo biogas/diesel hybrid in Skåne.

Updating the vehicle fleet

Posten Norge updates its vehicle fleet regularly, which helps reduce emissions. In the parent company, 16 per cent of its vehicles are Euro 4 and 82 per cent are Euro 5. With regard to the age of the remainder of the parent company's reported vehicle fleet, 85 per cent of its own vehicles are from 2009 or later, while 50 per cent of leased vehicles in the Group are from 2009 or later.

In the parent company an 83-85 km/hr speed limiter was introduced on 400 trucks in 2011. This has benefits both for the environment and for safety. In 2012 this development continued with the introduction of speed limiters on 30 cars in Bring Express, 72 cars in Bring Frigo and 78 cars in Bring Cargo.

Percentage of rail reduced

The percentage of rail fell from 78 to 66.9 per cent in 2012. This decrease is due to varying rail punctuality and extensive maintenance work on the railways in the summer. Closures at Oslo S meant that there were periods during which the Group had to utilise more vehicles than otherwise during the year, in contrast to previous years, since the Group has a reduced number of routes during the summer.

To help reduce its impact on the environment, the Group has long focused on moving freight from air to road and from road to rail. In December the first freight train

arrived from Oslo to Jönköping Intermodal Terminal in Torsvik. Bring's direct train will run six days a week with a freight volume that corresponds to 144 trailers a week.

Raising competence

In 2012 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 module that provides a fundamental introduction to different environmental issues. The Environmental Diploma was launched in 2009 and by the end of 2012 a total of 3,449 employees had completed the e-learning module. In addition, more than 700 people were in the process of completing the module.

In 2012 a separate environmental module was developed for the HSE course for new employees.

The Group is prioritising environmentally efficient driving education for its drivers. In 2012, 2,828 drivers completed the course.

Posten Norge and Bring's transport supplier programme

Suppliers are important partners in Posten Norge's efforts to reduce the Group's greenhouse gas emissions. In 2012 the transport supplier programme was developed and piloted. The programme contains specific requirements and follow-up measures that contribute to a reduction in the suppliers' climate impact.

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 Posten Norge. Posten Norge has a total of 19 units that have Eco-Lighthouse certification and 10 units that have ISO certificates.

Bergen Mail Terminal expanded its environmental work by, for example, receiving the Eco-Lighthouse certification in 2012, which contributed to it winning the Bergen City Environmental Award.

Posten Norge is a member of Global Compact and reports on the environment via GRI's reporting requirements.

Energy efficiency

Posten Norge purchases electricity with certificates of origin. This is electricity produced from renewable energy sources (sources without emissions).

Posten Norge is working 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. Most of the Group's units use this solution.

During 2012 electricity-saving measures were implemented at Bring Frigo and Bring Warehousing, including competitions, sensor-controlled lighting and timed usage of lights and units. In total Posten Norge has reduced its electricity emissions from buildings by 2 per cent.

“The focus on the environment at Posten Norge has resulted in the Group having Norway’s largest vehicle fleet that runs on alternative fuels.”

Working environment report

ORGANISATION

Work

- Development work in the long-term strategic work with HS&E is centralised to the Corporate Staff HR in the Group.
- The divisions reserve services from Corporate Staff HR, which also functions as a coordinating body for the management line in the divisions.
- There is also a local support apparatus in the discipline area in the regions and business areas.

The best HS&E year in the history of the Group

Health promoting work is worthwhile. Since 2006, absence due to sickness in the Group has been reduced from 9.2 % to 6.9 %.

A working environment that promotes good health where no one gets injured or ill as a result of the work is a strategic goal for Posten Norge. Over time, long-term and systematic HS&E work has produced results. Tailor-made initiatives and innovative solutions have greatly contributed to the development in positive results.

More people at work

Today, 430 more employees are at work compared to 2006. This provides the Group with annual savings of NOK 60 million. At the same time, there has been a significant reduction in the number of serious lost-time injuries. The positive trend for lost-time injuries in 2011 continued in 2012. In 2012, total lost-time injuries for the Group was 0.2 percent lower than in 2011. The goal of 6.9 % absences due to sickness was achieved.

Health promoting programme

Various pilot programmes that were launched in 2012 formed the basis for the development of a comprehensive health promoting programme. This program has a unique approach to work in that it creates the conditions for a good lifestyle in a good working environment. The purpose is to influence the factors promoting health both in relation to the individual's lifestyle and the good psychosocial conditions at the workplace. This reduces ab-

sence due to sickness, in addition to increasing enthusiasm and well-being. The HS&E effort also provides a business-related advantage through increased productivity and profitability.

Lifestyle planning is offered to workers within the framework of the health promoting programme in order to give them the knowledge and motivation needed they need to take responsibility for their own health. In 2012, about 550 workers planned their own lifestyle and made individual action plans, in addition to plans and initiatives at the group level. As a support to managers in the work to create a health promoting environment, a scheme involving health motivators, who will function as driving forces in the local health work, has been established. The Group's communication channels will be used to increase health competence among managers and workers.

This also concerns taking social responsibility in order to spread knowledge to other workplaces in the public and private sectors about how to work while promoting good health.

In 2012, health promoting work was a topic in the mandatory management training on HS&E and at the annual HS&E conference.

In addition, tools, methods and systematics are implemented in the organisation as the pilot projects and evaluations are completed.

More safety representatives

Changes were made over the course of the year to the scope of the third-party cooperation for HS&E (participants are managers, employee representatives and safety representatives) in the Posten Norge Group. The change primarily involves that the number of protected areas has been expanded from about 200 to about 370. This has been carried out in order to ensure that the HS&E work is fulfilled as close to the workplaces as possible. Benefits include more regular meetings and discussions about HS&E in connection with daily operations. Third-party cooperation has been established at the division and regional level in addition to local interaction groups in the geographical protected areas. All safety representatives have completed or registered for mandatory basic training. In addition the rules, responsibility and division of roles have been established and implemented in the organisation.

Of the permanent employees in the Group, 96.1 % are employed in the parts of the operations that have formal health and safety committees. The committees provide advice and monitor initiatives that promote health and safety.

It helps

In 2006, the group began using the "It helps methodology". The methodology is the Group's systematic approach to getting workers with repeated absences over time back to work. The methodology is continuously further developed, and it has also had a good effect in 2012. Workers who are absent 24 days or more in the past three years have been a prioritised group in this work. The group was reduced by 28 % in 2012.

The Group continued work on regional IA action plans in 2012 for the period 2010 to

2013 based on the IA agreement between Posten and the Norwegian Labour and Welfare Administration (NAV). In addition, a more coordinated cooperation structure has been established between Posten and NAV. Work is under way to achieve "equal and predicable services from NAV throughout Norway", which has served as a part of the intention with Posten's consortium agreement with NAV.

Doctor-certified sick leave is now at a historic low of 6.9 %. There are probably several reasons for the decrease. Systematic and long-term follow-up through the Post model has produced results, including the increased use of a graded medical certificates and altered procedures involving earlier contact for follow-up between the employer, doctor, company health service and worker in order to make adjustments according to ability to work.

Long-term work with safety at work

The Group's long-term and systematic work with safety at work has contributed to a robust platform with tools, systems and competence. The Group works with, among other things, safety reviews of operational units, investigation of accidents, reporting of near-accidents/undesirable incidents and safety discussions between managers and employees.

In addition, focused action campaigns are being implemented in the most vulnerable areas such as, for example, falls on ice, truck accidents and crush injuries.

In 2012, a safety standard, which is based on legislation and regulations in the Scandinavian countries, was prepared within HS&E for all Bring terminals and cold storage facilities. The standard comprises 81 control points covering everything from securing buildings and goods to the most important

MANAGEMENT

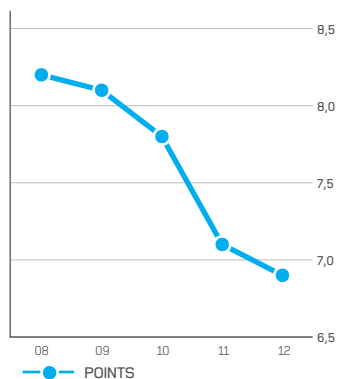
HS&E

- HS&E is the first topic on the agenda at all management and staff meetings.
- HS&E results are reported systematically in the Group.
- Every month KPIs (key performance indicators) are reported to the Group management. This includes key figures for the number of employees absent due to sickness/the number of employees at work, H1 and H2 values, the number of employees incapacitated for work, almost accidents and undesirable incidents.
- The Group's Board of Directors receives reports and analyses about HS&E results at all board meetings.
- All guidelines, policies and action plans for HR are reviewed once a year. They are available via a shared HS&E system.

ABSENCE DUE TO SICKNESS

percentage of the Group

6,9 %



areas in order to create a safe working environment. Over the course of autumn 2012, eight audits were completed in relation to the new standard. Running parallel with the completed audits, 66 Bring terminal managers completed a self-evaluation of the control points contained in the safety standard. It has been decided that the standard and the associated auditing tool shall be used in the whole Group and include transport and mail distribution. The original auditing methods will be phased out when this is ready over the course of 2013. Over the past three years, 51 audits were completed in Posten Norge pursuant to previous audition methodology. The results from the audits have gradually improved.

In 2012, 77 investigations of incidents where workers injured themselves were completed. This means that almost four of 10 lost-time injuries are investigated. The reports are anonymous and made available on the Intranet.

Lost-time injuries

The definition of injuries was changed as of 1 January 2012 in order to comply with the standard in Norwegian industry. One effect of this is improved focus on the most serious injury cases, for example that only lost-time injuries requiring medical treatment are now included in the H1 value, while all other personal injuries are registered as H2 injuries.

The change in the definition means that H1 values in 2012 can not be compared with the H values in previous years. The number of lost-time injuries has reduced (independent from the change in the definition) by half from 357 in 2011 to 166 in 2012.

The H1 value for the Group was 5.3. The goal for 2012 was 8.5.

A safety campaign was carried out in the

summer of 2012. Despite that not all units were completely injury-free, several large units and more than 600 smaller units distinguished themselves as injury-free for the second year in a row. The total number of lost-time injuries was significantly reduced.

Manager and team development

For many years the Group has worked systematically to develop its managers. One of the measures that has lasted several years is mandatory raising of competence for all managers through an annual three-hour-long HS&E course. In 2012, the main topic was a workplace that promotes good health. Almost 100 managers also received training in the work promoting good health through the CEO's annual HS&E conference. At the conference the CEO hands out the HS&E award to a unit that has distinguished itself with systematic and good HS&E work over the course of the year.

In 2012, the group development method Group Development Questionnaire (GDQ) was put into use. This is a tool for measuring and developing work and management groups. Using the questionnaire, the workers and managers' perception of how the group functions at a given point is measured. The results demonstrate, among other things, how productive and efficient the group is, what it succeeds at, what prevents the group from improving, what should be improved and which questions the group should focus on in order to increase its productivity, well-being and to increase the focus on good health at work.

Attractive workplace

One of the Group's main aims is to be an attractive workplace. As of 31 December 2012, there were 20,646 permanent employees in the Group in 15 countries. The Group has

temporary employees, including on-call substitutes who work in periods as required. Of the permanent employees 80.2 % work in Norway. Employees in the other 14 countries are primarily local employees. This is because the Group has expanded by purchasing locally-established companies. The Group has decided (but not fully implemented) action rules that will govern central aspects of local recruitment in relation to recruitment processes, equality, non-discrimination and intra-Group mobility.

In 2007, 37.9 % of all of the Group's permanent employees were women. Of the Group's manager's 30.5% were women.

The Group has a good overview of the salary level in the different job categories and the different countries where we operate, as well as the relationship between men and women's salaries in the Group. The Nordic countries do not have a minimum wage. The salary level and starting wage are regulated in the negotiations between employee representatives and the employer. There are no gender-related differences in salary level between men and women in the Group.

In 2012, 1,551 employees were hired in permanent jobs in the Group, of which 1,176 were hired in Norway. In total, the Group had a turnover of 10.2 % in 2012. There was a 9.5 % turnover in Norway. For the Group as a whole the turnover among women is 0.4 % higher than among men. There is higher turnover among workers under 30 years old than among workers 31 years old and older. Of the employees who went on parental leave in the parent company, 96 % returned to work at the end of their leave. There were more men than women who returned at the end of their leave.

The annual organisation survey was updated into a new format in 2011. The result from the survey in 2012 shows that the

Group had a stable and good working environment with an increase in employee satisfaction. The Group achieved a total score of 78, a one point improvement over 2011.

In total, 90 % of employees answered the organisation survey. Of those who answered, 85 % report completing appraisal conversations with their immediate manager and 85 % report that they were satisfied with the quality of the appraisal conversation.

Regulated working life

A constructive and professional cooperation with the employee representatives is a premise for a good development in the salary and personnel policy. In the Group, 96.6 % of the employees work in a company where one or more wage agreements have been established.

In the Norwegian companies, as a link in the work to establish a well-functioning cooperation, necessary role clarifications have been made and training of employer and employee groups based on the rules of cooperation in the relevant Main Agreements has been completed. Management training on this topic is now also being offered through Internet-based training and information modules.

The planning shows that no company has denied a submitted request for a tariff agreement. In 2012, negotiations with employee representatives in the Group were competed and an agreement was signed with a European Works Council (EWC). A new election of employee representatives to the Board of Directors of Posten Norge was also conducted.

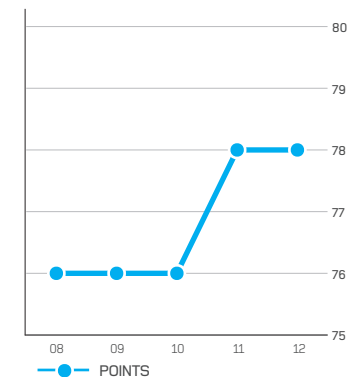
Pension advice offered under the auspices of the company

Employees of Posten Norge have pension and employee insurance schemes through

EMPLOYEE SATISFACTION

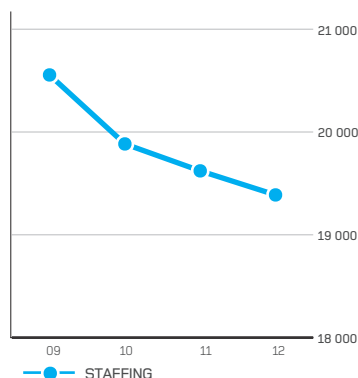
on a scale from 1 to 100, where 100 is best

78



EMPLOYEES (FULL-TIME EQUIVALENTS)

number
19 388



DNB life insurance. The company is also connected to the joint scheme for contractual pension (AFP). The Norwegian subsidiaries have similar pension and employee insurance schemes.

Posten Norge AS has an internal advisory body for pensions. The company's employees are thus offered to receive individual pension advice before they turn 62 years old. Over the course of 2012, 513 such individual advisory sessions were carried out. Expanding the advisory function to the Norwegian subsidiaries is under consideration.

The measure shall ensure that the individual's decision regarding when to retire and when pension withdrawals are made is based on correct information. As of 1 January 2011 a pension reform was implemented in Norway that, among other things, opens the possibility for flexible pension withdrawals. Today, a trend has been identified that more employees in the age group 62 years old are continuing to work.

Manager and team development

For many years, the Group has worked systematically to develop its managers.

In 2012, 174 managers completed a management program conducted by the Group. Eleven managers participated in the top management programme, 61 managers have participated in the middle management programme, and 92 managers have participated in the first line manager programme "More secure as a manager".

In 2010, the Group launched the programme "Aspiring Managers". The purpose was to recruit more first line managers from our own employees. The programme is carried out as required in the relevant regions. In the spring of 2012, region south western Norway completed Aspiring Managers for the second time with 10 participants.

In 2011, the Group developed a new management programme for top managers. The programme will contribute to further developing a leadership style among participants that supports the strategy on becoming an integrated, Nordic and industrial Group. The first group of 11 participants completed the course over the course of 2012.

For many years, the Group has focused on mandatory competence raising for all managers through an annual three-hour HS&E course. In 2012, the main topic was a workplace that promotes good health.

The Group has also contributed in the development of management groups and teams in all divisions in 2012.

Development of talent

In 2012, the Group has continued the work with the development of "Management Review" and the Talent Programme.

In "Management Review" all top and middle managers in the Group are assessed using a systematic evaluation. In addition, the ambition and desire for organisational and geographical mobility is documented.

In 2012, the Group completed the Talent Programme for 14 middle managers. The goal was to stimulate mobility across divisions, highlight management talents and generate motivation for careers in the Group.

The Group's two-year-long trainee programme was conducted for the 13th year in a row. Following a thorough evaluation process, where also management potential is assessed, seven Group trainees were recruited in 2012. Continued strengthened profiling towards Swedish colleges and universities has resulted in a great deal of good Swedish applicants. New this year was a strengthened profiling of the programme towards Swedish universities and colleges. Summer Internships with four summer

trainees as well as a Norwegian Business School internship with three trainees were completed.

Important competence measures

The Group has its own education portal – Posten Norge and Bring Academy – that is offered to all employees in the Group. The Academy offers everything from specially-designed e-learning to standard courses in cooperation with external suppliers.

The Group offers a scholarship scheme as a supplement to the other competence measures. The scheme shall contribute to motivating employees to expand their knowledge in a chosen discipline through strengthened formal competence. In 2012 two application processes were carried out. The Group received 104 applications and 44 were awarded scholarships. There was a total of 280 applications in the period 2009–2012, and of these applications 162 scholarships were granted. Through cooperation with the Ministry of Education and Research and the agency VOX, 75 employees in the Group in Norway completed a 100-hour course with a focus on basic competences such as reading, writing and computing. The focus on basic competence is an important instrument for advancing integration of employees with immigrant backgrounds. In 2012, 51% of course participants had a minority language background.

The Group continues its focus on certificates of apprenticeship by making arrangements for placement candidates and bringing in apprentices.

Ambitious diversity goals

In 2012, 11.2 % of the Group's employees had an immigrant background. In Norway, 12.2 % of the Group's employees had a minority background, divided between more than 70

nationalities. Of all of the Group's managers, 3.3 % have an immigrant background. Today in the parent company, the share of immigrants within the staff and management is 4.49 %.

The Group has a goal that 15 % of the company's employees in Norway shall have an immigrant background by the end of 2015. In order to increase the amount of diversity in positions in corporate staff units and management in Norway, a special goal has been established that 7.5 % of employees in these position categories have a immigrant background at the end of 2015.

Racism free zone

In collaboration with Norwegian People's Aid, Posten has been a racism free zone since 2001. In 2011, the agreement was expanded to apply to the whole Group. The agreement entails that all units will highlight and demonstrate that the company is racism free and that there is zero-tolerance for discrimination. The Group's corporate unit for misconduct did not treat cases concerning discrimination in 2012. Since 2005, the Group's annual organisational survey has contained the statement, "There is no racism in my unit". On a scale of 1-7 where 7 is the best result, this statement rose from 6.1 in 2011 to 6.2 in 2012.

In 2012, funds were announced (for the second time) for measures that promote diversity and integration under the campaign, "With us, differences are the norm". Funds were allocated to five different measures.

Cross-cultural sick leave follow-up

In cooperation with NAV, a course on sick leave follow-up in a cross-cultural perspective was completed for the second year in a row. The goal is to increase competence

among managers in carrying out good sick leave follow-up of employees with immigrant backgrounds.

"You make a difference"

The internal development programme "You make a difference" for employees with family backgrounds from outside the Nordic area was continued in 2012. The programme is particularly aimed at operational employees who have competence they are not able to use in their present positions. In total, 49 applications (73 the previous year) were received, of which four employees were chosen as trainees in corporate staff units and management for a year.

Our own mentor programme

In 2012, Posten's own mentor programme for promoting integration among unemployed immigrant women started up for the second time. The programme is intended to help these women find employment and provide knowledge about the Norwegian working life. NAV Alna and NAV Grünerløkka contribute in the recruitment of relevant and interested candidates for the programme. The Group has a total of 10 women who are mentors.

Internship for immigrant women

In 2012, eight internships were created (up from four last year) for immigrant women who have never before worked in Norway. The project is in cooperation with NAV Grünerløkka, NAV Østensjø and NAV Alna, which provide the candidates.

In 2013, the diversity work will continue with all the measures that were initiated in 2011 and completed in 2012, with the exception of the sick leave follow-up in a cross-cultural perspective.

Integrity Report

Integrity report

During 2012 the Group worked intensively to implement the Integrity Programme to all areas of the Group.

In October 2011 the Group launched its first integrity programme. The integrity programme will help strengthen the Group's standard for ethics and integrity. It consists of several tools which aim to give employees and selected business partners advice and guidance related to:

- anti-corruption
- legal competitive practices
- social dumping
- information security

The tools have been created to make it easier for employees in the Group to live up to the requirements and expectations Posten Norge has of them. They include ethical guidelines, an integrity handbook, an e-learning module, a tailored training programme and a corporate unit for misconduct for employees.

Ethical guidelines

The integrity programme rests in its entirety on the Group's ethical guidelines, which were adopted in 2006. In 2012 the Group's ethical guidelines, in Norwegian, Swedish and English, were once again distributed to all employees in the Group via Post & Bringavisen and Bringnews.

Integrity Handbook

The handbook is based on the ethical guidelines but goes into more detail for topics the Group has chosen to focus on in the integrity programme: anti-corruption, social dumping, information security and legal competitive practices. All employees in the Group received a copy of the handbook in Norwegian, Swedish or English via Post & Bringavisen and Bringnews.

E-learning module on integrity

An e-learning module has been created using the information in the ethical guidelines and the integrity handbook. It is based on various dilemmas about integrity that the Group's employees can meet. The target group for the e-learning module consists of the employees in the Group deemed to be most vulnerable to typical risk situations discussed in the integrity programme (primary target group). In 2012 around 2,280 employees completed the module. This corresponds to around 11% of the total number of employees in the Group and around 44% of the primary target group. [GRI S03 – partially reported].

Tailored training programme

E-learning is not sufficient as the only training tool. Managers, support staff, sales and

marketing resources and other persons who will function as resource persons with regard to integrity-related issues must undergo further training. Therefore, a course was developed for this specific target group using "classroom teaching". These courses are based on the e-learning module, but go into more detail and focus on discussing relevant problems that arise. In 2012, approximately 700 people participated in the training course.

The corporate unit for misconduct

The Group's standard for ethics and integrity is outlined in its ethical guidelines and its integrity handbook. If employees experience, discover or suspect unacceptable conditions, they are encouraged to notify their immediate superior.

In the event it is not possible or is considered to be difficult to notify an immediate superior, the Group has an in-house corporate unit for misconduct (established in 2006). Through the implementation of the integrity programme, it was announced and clarified in 2012 that this channel is available to all Group employees regardless of their country or company.

The corporate unit for misconduct places emphasis on the fact that it should be easy to raise a concern, and it can be reached by e-mail, telephone and post. The contact details were distributed in 2011 and 2012 via the integrity handbook and can also be found on the Group's intranet.

In addition, the Group works continuously to ensure that reports are handled appropriately, both in regard to the person reporting the concern and the person or entity whose actions have initiated the report. Procedures

for the follow-up of all reports have been prepared to ensure that the person reporting the concern is not subject to negative repercussions.

In 2012 the corporate unit for misconduct received nine reports, which were investigated and assessed. None of these cases referred to an alleged breach of corruption rules.

The Group's corporate unit for misconduct reports to the audit committee of Posten Norge AS 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 corporate unit for misconduct during the six-month period are reported.

Plans and main goals for 2013

The main focus for 2013 will be to conclude the implementation of the integrity programme with regard to Group employees. In particular, the tailored training course still needs to be held for the target groups that did not take the course in 2012.

Control and compliance

Another important focus area in 2013 is the introduction of measures and control mechanisms to ensure that the Group complies with and fulfils the integrity standard. This will be achieved through reporting from Group managers as well as other central control measures.

Focus on business partners

An important part of the integrity programme is to ensure that we have sufficient

knowledge about the integrity standards of our business partners. The Group has developed clear criteria for performing integrity due diligence of businesses before an agreement is signed. In 2013 integrity due diligence of the business partners considered to represent the largest risk for the Group will be prioritised.

Supplier management

The Group places minimum requirements on its suppliers as described in the document "Ethical standard for suppliers".

In 2012 more than 46 per cent of the suppliers with existing framework agreements were reviewed for their compliance with the ethical standards.

The Group installed an IT system in 2012 for supplier management of corporate social responsibility. Pilots for testing and adapting the IT system were conducted in Bring Cargo East, Bring Cargo Offshore8Energy and Corporate Staff - Procurement in Posten Norge AS. Group management decided in December to implement the programme for supplier management throughout the entire Group. Important suppliers will be the main priority, as well as high-risk suppliers within the Group's core business.

In 2013 the Group will continue to educate the managers at its subsidiaries in supplier management and establish networks of coordinators to follow up on the suppliers in their business.

The Group will also further strengthen its position as one of the best mail and logistics providers in the Nordic region with regard to supplier control of corporate social responsibility.

