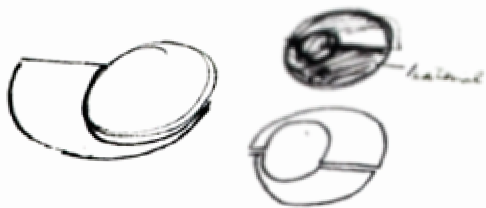
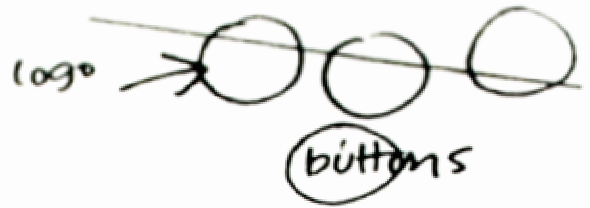
2008 ANNUAL REPORT NORWAY POST

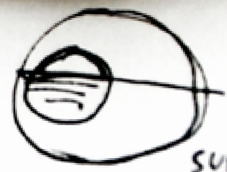


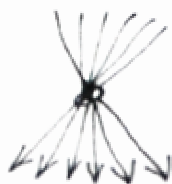


(Twin souls)

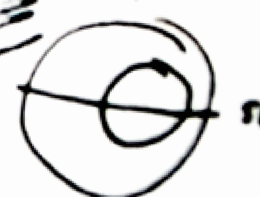
When you start with simplicity you can go far.

TWO SIDES OF THE STORY





SIMPLE
CLEAR
ICONIC



Key figures 2008

NORWAY POST GROUP	2008	2007	2006	2005	2004
Operating revenues (MNOK)	28 663	26 810	23 273	19 995	17 959
EBIT (MNOK)	**361**	**1 080**	**1 313**	**1 155**	**1 257**
Government procurements (MNOK)				326	316
Share of revenue from licensed area	**12,5 %**	**13,1 %**	**15,0 %**	**18,3 %**	**20,8 %**
Revenues from foreign subsidiaries (MNOK)	7 428	6 240	4 153	1 727	1 443
Total parcel volume Posten Norge AS (million)	**35,0**	**32,1**	**30,7**	**31,3**	**29,2**
Total letter volume Posten Norge AS (million)	2 598	2 687	2 752	2 654	2 586
Development A and B mail	**(0,7 %)**	**(0,3 %)**	**(0,8 %)**	**(5,8 %)**	**(7,0 %)**
Delivery quality A-priority mail (% delivered overnight)	87,1 %	85,1 %	82,4 %	86,7 %	87,5 %
Machine-sorted, small letters	**84 %**	**80 %**	**80 %**	**82 %**	**81 %**
Machine-sorted, all letters	70 %	66 %	64 %	61 %	59 %
Employees (full-time equivalents) as at 31 December	**25 851**	**24 870**	**22 272**	**20 541**	**21 373**
No. of sales outlets (post offices/Post in Shops)	1 479	1 487	1 501	1 523	1 529
Customer satisfaction with the sales network (points, max. 100)	**84**	**83**	**83**	**81**	**80**
Norway Post's reputation, % with a «Good Impression» (MMI)	55 %	54 %	59 %	56 %	50 %

In 2008 Norway Post had a facelift and the green Bring brand was launched in Scandinavia. But it is the people behind the brand that provide its content. Our employees live to deliver and find new ways. Together we are stronger as we move forward into the future.

Dag Mejdell, CEO

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Historic milestones

1647 The Danish governor in Norway, Hannibal Sehested, establishes the postal service.

1719 The state assumes responsibility for Postverket.

1854 Norway Post is involved in establishing the first railway line from Christiania to Eidsvoll. The Rail Transport Law of 1848 states that mail should be carried by train and that postal stations should be located in train stations.

1855 The first Norwegian stamp is issued.

1871 A new Postal Services Act introduces a simplified price system with a domestic postage rate, post boxes at post offices and mailboxes at the addressees' doors.

1903 The first franking machine was put into use. It was a Norwegian invention.

1952 New Mailbox Act stipulates that every household should have a mailbox.

1968 Postcodes introduced for handling large volumes of post.

1995 Statens Datasentral (SDS) is bought by Norway Post, merged with Norway Post's Datasentral and renamed Posten SDS (now ErgoGroup).

2000 Norway Post's plans for reorganisation of post offices to in-store post offices is approved by the Norwegian Parliament.

2002 The Norwegian parliament converts Norway Post into a limited company on 1 July: Posten Norge AS.

Important events in 2008

January
Early in January is made known that all Christmas mail had arrived on time. This meant that quality was far better than previous Christmas.

2008 will be a year of environmental focus in many areas, and one of the measures is to transport more goods via the railway network.

February
The Government gives its approval for Norway Post to reorganise its sales network. This means that 124 Post offices will be converted to Post in Shops. Approximately 650 employees in the Sales and service network will be affected by the changes.

All subsidiaries are to have the same green coloured profile, with the exception of the IT subsidiary ErgoGroup. Norway Post within Norway will continue to be red.

March
The Spinnaker project is launched. This is a profitability programme designed to reduce costs and increase revenues, so that the Group is better equipped to meet future challenges.

April
Competition for Scandinavia heats up. It becomes known that Posten Sweden and Post Denmark have signed a Letter of Intent to merge.

CityMail is expanding in Sweden, and Norway Post now covers more households in Sweden than in Norway.

A Scandinavian website for all employees in the Group is launched, known as Infolink.

May
The Owner's Statement is discussed by Parliament. Parliament is satisfied with developments in Norway Post and the Scandinavian strategy, but sections of the Conservative party want privatisation and full competition.

June
Norway Post is to sell terminals to be able to free up capital that can be used for further growth. The premises that are sold will be leased back, and operations will continue as before.

July
Norway Post makes changes to post town names and postal codes. 4200 households and 440 companies receive a new postal address in 2008. Such changes are carried out once a year.

August
Over 220 Norway Post employees have completed New Basic Training – and the programme is bearing fruit. It has been found that the employees who have had such training have become even better at their jobs.

September
The Group launches Bring and the new Norway Post logo. Together they will represent two distinct brands. Bring is for the Scandinavia corporate market and Norway Post is for the private market in Norway.

The new manager of the Distribution network, Tore K. Nilsen, states that the division is to be reorganised into eight regions.

October
In the proposed national budget for 2009 no funds are allocated for state purchases of unprofitable postal services.

November
Norway Post and Postkom agree to relocate eight distribution units to the South Eastern Norway terminal at Robsrud which is to open in 2010.

December
The Group prepares for a major reorganisation of various IT systems at the beginning of 2009. Over the next two years a comprehensive IT upgrade programme will result in better interaction between different parts of the Group.

The Norwegian Parliament decides that the «No thank-you» arrangement for unaddressed direct mail advertising is to continue.

Future events

2009
April: Bring Express, Bring Logistics and PNL will open a new shared terminal and warehouse in Copenhagen.

August: Bring is to arrange «Dialogkonferansen» 2008 in Strömstad.

September: ErgoGroup is to arrange its 2009 IT conference in Tønsberg.

Bring Logistics is to arrange its «Load» conference in Oslo.

November: Bring Express will take delivery of new environmentally-friendly vehicles.

December: Employees of Bring Logistics and Norway Post are to have completed their Environmentally Friendly Driving Licence.

2010:
January: New central third-party warehouse for Eastern Norway opens in Berger outside Oslo.

February: New South Eastern Norway terminal for letters opens at Robsrud outside Oslo.

November: Conversion of 124 Post offices to Post in Shops completed.

2011:
January: Liberalisation of the letter market in the EU.

Proud of the new look

Group CEO Dag Mejdell could finally reveal the new brand on 5 September. The relationship between the traditional Posten and Nordic Bring could be seen immediately.

TOGETHER. Posten and Bring are really two sides of the same coin. The red Posten is there for the Norwegian people, as it has been for more than 360 years. The new brand Bring shows the entire range of the Norway Post Group's products and services for companies in the Nordic region.

«It was a great pleasure to be able to show the two brands together. This shows the entire breadth in our postal and logistics services. Now it's much simpler for customers to see what we can do for them. That wasn't so easy to explain when we had around 20 brands. So the time was ripe to tidy things up and gather together under one common brand aimed at corporate customers,» says Mejdell.

COMPETITIVE ABILITY. The result of the company's acquisitions was a number of different brands which were not associated with Norway Post. This concealed Norway Post's overall breadth and range of services.

«We now have much more impact than before, and our customers can see the coherence in what we do. The same has happened within the Group. The launch of Bring has triggered energy and enthusiasm among the employees. They can see their own role in the big picture,» says Mejdell.

The new image has also been important for modernising Norway Post while building further on its position in the Norwegian market. The launch of Bring, renewal of Posten's logo, new uniforms and the rebranding of cars, signs and facades cost a total of NOK 221 million in 2008.

«I'm also very pleased to have our owner's support for the entire Nordic investment and brand renewal,» adds Mejdell.

The Group strategy determined in 2006 will now be updated and the course for the next five years will be staked out:

«We've done what we said we would do, but there will be some adjustments. Our geographical business area will, however, remain unchanged,» reveals Mejdell.

The revised strategy will be dealt with by the Board before the summer.

RISING. The Group's revenue rose by NOK 1.9 billion to NOK 28.7 billion in 2008. The operating revenue from foreign companies increased by more than NOK 1.2 billion in 2008 and made up 26 per cent of the Group's revenue.

«This share is rising steadily,» adds Mejdell.

There will be more acquisitions if there are good companies which fit in with the Nordic focus. Norway Post has ensured long-term financing by raising new loans for NOK 3 billion in 2008.

«It's cheaper to buy companies now than it was a year ago, but the focus in 2009 will be on steering the Group through a year that will be strongly affected by the financial crisis,» says Mejdell.

40%

Did you know that... Around 40 percent of the Group's revenues in 2008 come from new enterprises acquired during the period between 2004 and 2008. Two of the biggest acquisitions were Nor-Cargo in 2004 (now Bring Logistics) and Swedish Frigoscandia in 2005 (now Bring Frigoscandia).

The fall in volumes and pressure on prices will put pressure on margins. The demand for outsourcing services such as warehousing and IT operations may, however, increase.

«The greatest challenges will come from e-mail and electronic alternatives to traditional letter and banking products. The fact that the EU letter market will be liberalised in 2011 and competitors will gain access to Norway will intensify these challenges,» states Mejdell.

WELL EQUIPPED. It was not an April Fool's joke when Sweden Post and Post Denmark announced that they intended to merge on 1 April 2008. This will be a Scandinavian postal giant, covering all the households in Sweden and Denmark and with more than 50,000 employees.

«The Swedes are improving their positions in Norway and announcing tougher competition on mail and logistics. They have taken over the Strålfors printing company, own all of Tollpost Globe, and have established parcel deliveries in 700 Norwegian shops,» says Mejdell.

He believes we will see more cross-border acquisitions in the postal sector in the years to come, and more parties will no doubt be competing in the Norwegian postal market. Mejdell believes Norway Post is well equipped to face this competition because the Group has a finely meshed nationwide distribution network with a high level of quality, the best overall products and services and, not least, the best and most experienced employees.

«We'll be difficult to beat,» states Mejdell.

COUNTERMOVE. The Group's profitability programme, Spinnaker, has been functioning for almost one year now. This programme has particularly

CHIEF EXECUTIVE OFFICER

focused on the challenges facing the Mail Segment, since traditional mail operations have a rather inflexible cost structure. Spinnaker includes around 30 projects. Common Group purchasing agreements, new ICT agreements, more Post in Shops, the South East Norway terminal, more machine sorting, common Group productivity systems and fewer staff employees are some of its measures.

«There will be 370 fewer staff positions. Most of the downsizing will take place in 2009. We are combining the support functions and introducing user-managed, more efficient working models for the staff functions. We are also getting rid of overlapping functions and double work. With this move, we'll save NOK 350 million annually,» states Mejdell. Spinnaker's goal is to increase revenues and reduce costs by NOK 2.3 billion by 2012. In its start-up year alone, the programme produced efficiency gains of NOK 237 million. Its 2009 results will be affected by the negative economic developments.

«The effect will probably be greatest in the Mail segment and will require new measures,» warns Mejdell.

The profitability challenges in the Mail segment will be reinforced by the fact that the Norwegian state is not granting funds over the national budget to pay for the mandatory unprofitable postal and banking services carried out by Posten.

«The loss made on these services is estimated to be NOK 518 million in 2009 after adjusting for the profit on the monopoly,» comments Mejdell.

FLAGSHIP. The South East Norway terminal at Robsrud in Lørenskog outside Oslo will be ready at the beginning of 2010. It will be eight times bigger than a football stadium and one of Norway's most modern industrial facilities.

«The South East Norway terminal is nonetheless far more than just a building. It's a large production company and the actual symbol of the industrialisation of our postal operations. This terminal will be the heart of Norway Post's future mail production,» Mejdell points out.

The volume of A-mail delivered overnight was 87.1 per cent in 2008. This is one of the best results ever and meets the licence requirement of 85 per cent by a good margin.

VALUES. Openness and Courage are new basic values which replace Innovation. Openness is about working together, sharing information and providing feedback. Courage is about daring to go all out for something, among other things by finding new ways.

«It's all right to make a mistake and to learn from that mistake,» says Mejdell to illustrate the point.

However, he sees no reason to accept mistakes when it comes to safety. Working safely takes first priority in all cases.

«This is why we must increase the reporting of unwanted incidents. Not for the sake of reporting but in order to learn from our mistakes and use this knowledge to prevent us having a lost time injury the next time. We are not nearly good enough at this today. We must continue to work on our overall attitudes to safety. The reporting of unwanted incidents has high priority throughout the organisation from now on,» states Mejdell.

Our vision and value platform

Vision
The world's most future-oriented mail and logistics group.

Business concept
Norway Post develops and delivers integrated postal, communications and logistics solutions with the Nordic region as its home market.

Main goals
The main goals are based on the requirements and goals that are laid out by the company, and are as follows:

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

Values
Norway Post's values help build a common culture. The values serve as guidelines for all decision-making. Our five fundamental values are:
Integrity
Respect
Cooperation
Openness
Courage

3 000

Did you know that... The hunt for the Bring name was exhaustive. A huge number of books, dictionaries and postal literature were studied. From a rough list of some 3000 names we selected the 200 best to work on in more detail. The Bring name was the winner. Bring is a simple name, but a precise and positive one which functions in many languages.

Unique hunt for a logo

For a year intense work was carried out to find the correct logo symbols for Norway Post and Bring. The biggest challenge was to find two symbols which shared a resemblance and that could both evoke history and yet be future-oriented.

Swedish design agency Grow transferred the multitude of ideas and thoughts onto the drawing board. The logos were put through several tests with a representative selection of people drawn from our own employees in the private and corporate markets. On 5th September 2008, the symbols were launched. These will adorn thousands of surfaces for many years to come.

Norway Post maintains its red colour, while the new Bring logo is green. Surveys have shown that the green colour was particularly effective in creating recognition. In addition green was available as a profile colour in the mail and logistics market.

The Group management from left: Arne Bjørndahl, Randi Løvland, Lars Harald Tendal, Dag Mejdell (CEO), Gro Bakstad, Terje Mjøs, Elisabeth Hegg Gjølme and Tore K. Nilsen.

Group structure

Norway Post's group structure consists of four divisions and three corporate staff units. The Mail, Logistics, and ErgoGroup divisions have customer and market responsibility for their respective areas, while Distribution Network operates Norway Post's production unit.

GROUP MANAGEMENT. Norway Post's senior management team consists of a CEO and Vice Presidents who head the divisions and corporate staff. Senior management deals with issues and decisions relating to the Group's strategy, budgets, financial developments, significant investments, pricing strategies, and issues of significance to Norway Post's reputation, market and customers, as well as issues of a fundamental and strategic nature.

GROUP DIRECTORS. The Group Directors are appointed by and report to the CEO, and have the overall responsibility for their respective business areas. The divisions devise strategies for their respective business areas that support the corporate strategy. The divisions are responsible for developing and delivering products and services with the associated service and quality.

CORPORATE STAFFS. Corporate staffs have been established in those areas where there is a need to provide professional support to the CEO, the senior management team and the divisions. Corporate staff members are professional driving forces who help support business strategies and help develop a professional environment in the Group. The corporate staffs have the special task of contributing to interaction and co-operation across group boundaries in the development of policies and best practices. Certain professional functions are centralised at the Group level and provide services to the divisions and business areas.

MARKET SEGMENT REPORTING. For reporting purposes, Norway Post has chosen to divide its operations into three market segments in accordance with international financial reporting standards (IFRS) and best practices.

THE MAIL SEGMENT. The Mail segment comprises letter products, banking services, document processing and the sale of goods through its sales and services network. The Mail segment consists of the Mail division (including subsidiary companies Bring CityMail Sweden, Bring CityMail Denmark, Bring Dialogue Norway and Bring Dialogue Sweden), and the Distribution Network division, which carries out the production and distribution operations in Norway.

2 700 000

Did you know that... Bring and Norway Post's customer service together handeled 2.7 million customer solutions in 2008. The Group's customers call Bring Logistics (parcels) and Bring Mail on 04045. Norway Post's customers call Norway Post's customer service on 810 00 710.

THE LOGISTICS SEGMENT. The Logistics segment consists of parcels, groupage and part load cargo, thermo transport, express and warehousing services. The segment comprises the logistics division and includes the parent company's parcels and logistics operations as well as the companies within Bring Logistics, Bring Frigoscandia, Bring Express, along with PNL and CombiTrans. Logistics' parcel distribution in Norway is carried out by the Distribution Network division.

THE IT SEGMENT comprises the business units IT operations services, infrastructure, solutions and consulting services. The segment includes ErgoGroup AS with its subsidiaries in SYSteam AB and Bekk Consulting.Segment AS.

Group management CVs

DAG MEJDELL
CEO since January 2006
Born: 1957
Former positions: CEO of Dyno Nobel ASA, different positions (including CEO and VP of Finance) in DYNO ASA from 1981
Education: Master of Business Economics, Norwegian School of Economics and Business Administration (NHH)

GRO BAKSTAD
Group Director, Economy and Finance (CFO) since August 2006
Born: 1966
Former positions: Director of Finance in Norway Post, Financial Advisor in Procorp, Director of Finance in Ocean Rig
Education: Master of Business Economics and CPA

ARNE BJØRNDAHL
Group Director, Logistics Division since January 2002
Born: 1952
Former positions: Executive VP, Director of Logistics, and Director of Finance in Ringnes, CEO Emo AS
Education: Bachelor of Business Administration

ELISABETH HEGG GJØLME
Group Director of Corporate Communication since April 2000
Born: 1960
Former positions: Director of Communication at Telenor Mobile, Marketing and Communication Manager Oslobanken AS, Secretary General Young Conservatives.
Education: Bachelor of Business Administration

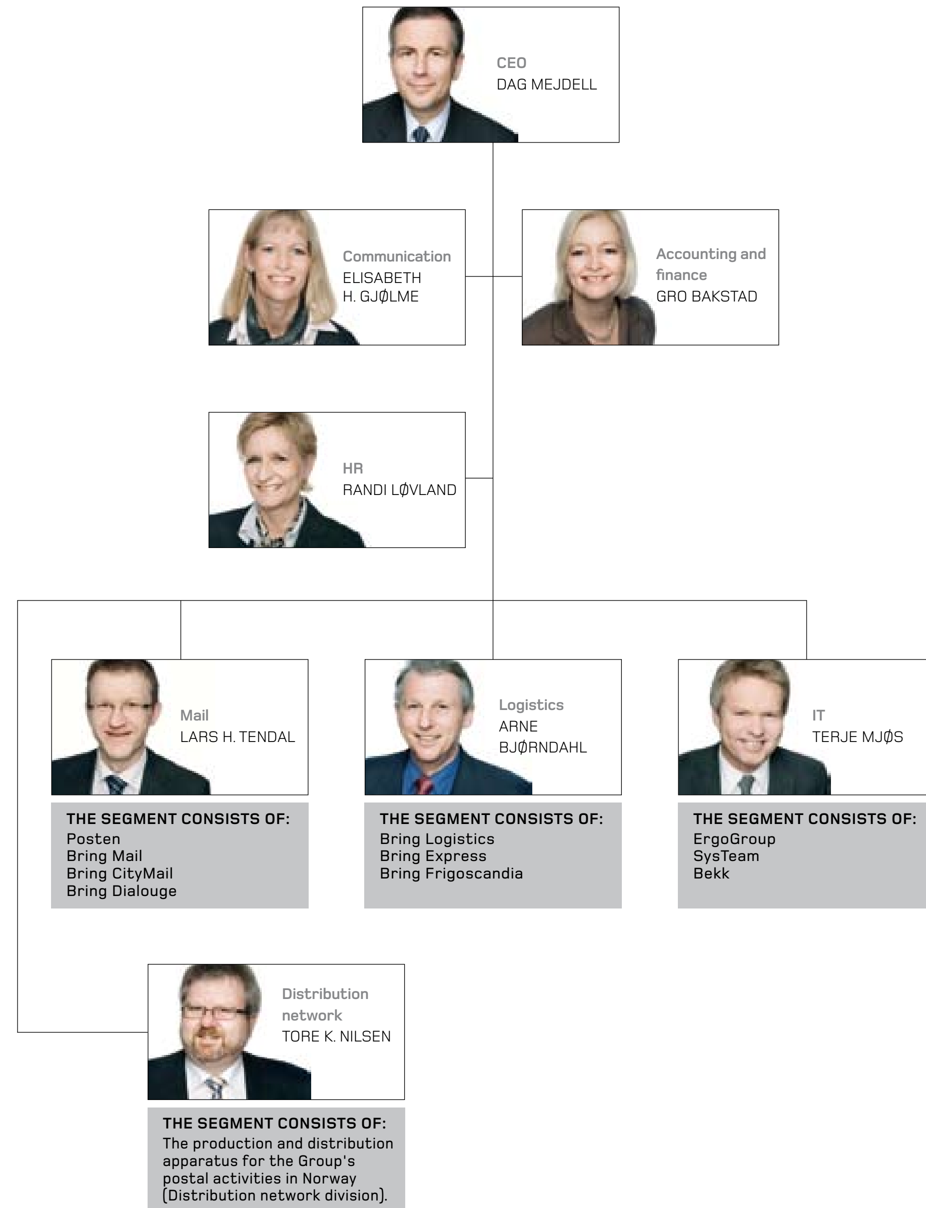
TORE K. NILSEN
Group Director, Distribution Network division since 1 May 2008:
Born: 1957
Former positions: Senior VP at Securitas and Divisional Manager at Security Service Europe
Education: Police

TERJE MJØS
Managing Director ErgoGroup AS since June 2004
Born: 1961
Former positions: Director at Hydro IS Partner AS, various positions with Norsk Hydro ASA, most recently as Sales and Marketing Director of Hydro Agri Europe in Brussels
Education: Msc in IT and a MBA

RANDI LØVLAND
Group Director for HR since September 2008
Born: 1957
Former positions: Transport Director and Communi-cations Manager at Norway Post, Division Director and strategy manager at Bravida Oslo and Akershus AS, union manager in Den norske Postorganisasjon.
Education: Internal training in Norway Post

LARS HARALD TENDAL
Group Director, Mail Division since January 2001
Born: 1967
Former positions: Sales and Marketing Director at ICA Norway, Director of Sales at Sætre AS
Education: Master of Business and Marketing

Group structure



Bring is made up of six specialists who each have key skills wich their areas. All operate under the same logo and colour.

Bring Logistics
is dedicated to safe-guarding the customer's goods flow through good logistics solutions for goods, parcels and warehouse services. For Bring Logistics effective logistics is all about pre-dictability and precision, whether in terms of transport or storage.

Previous brand names
Nor-Cargo AS
Nettlast – Hadeland AS
Transflex AB
Scanex B.V
Box Solutions
CombiTrans AB

Bring Express
is an expert in rapid and precise express and courier delive-ries. It delivers the customer's shipments at the right time, to the right place, in the right condition - exactly as agreed.

Previous brand names
Box

Bring Frigoscandia
is a specialist in safe foodstuff handling. It is among the leading operators in precise and safe transport and storage of fresh, chilled and frozen produce, from the producer to the dinner plate, in Scandinavia and throughout the world.

Previous brand names
Frigoscandia AB
Nor-Cargo Thermo

Bring Mail
is an expert in increas-ing the value of the letter box as a channel. It helps customers with mail, advertising and online business, and ensures that the pleasure and attention of those receiving the delivery is maximised.

Previous brand names
CityMail International
Divisjon Post, corpo-rate customers

Bring Citymail
specialises in indus-trial post for corporate customers. It takes care of addressed deli-veries from companies to other companies or private persons.

Previous brand names
CityMail Sweden AB
CityMail Denmark AS

Bring Dialogue
provides solutions for precision marketing and effective customer dialogue to companies in Norway and Scandinavia.

Previous brand names
Talk2me AS
Customer:view AB
Divisjon Post – corporate customers
Sandberg

10 000

Did you know that... As a result of the Group's rebranding approximately 10,000 vehicles will be re-profiled by 2010. Some 2,700 vehicles were re-profiled in 2008. Some 1,000 rolls of green foil will be used to create green Bring vehicles.

Report of the Board of Directors 2008

The Group made considerable investments in order to improve its competitiveness in a market characterised by steadily increasing competition. A new brand has been launched to achieve greater strength and visibility in the market and to show the link between the Norwegian and Nordic postal and logistics operations.

NORWAY POST continued to develop Nordic positions and solutions through acquisitions and the expansion of its geographical areas in 2008. Its operating revenues rose by 7 per cent to NOK 28 663 million, mainly as a result of acquisitions, an increase in the volume of logistics products and a high level of activity in ErgoGroup.

Norway Post's developments in 2008 were characterised by a decline in the volume of postal and banking products, while the logistics and IT areas contributed to growth and value creation. A comprehensive efficiency programme, Spinnaker, was implemented in 2008 in order to improve the efficiency of operations and profitability in the Mail segment. Towards the end of the year, Norway Post's business areas were affected by the financial crisis and the economic downturn.

Earnings before non-recurring items and impairments were NOK 683 million in 2008, compared with NOK 815 million in 2007. The earnings were affected by weaker profitability in the Mail segment, while they increased in the Logistics and IT segments. The costs of developing and launching the new brand was NOK 221 million.

Over the past few years, Norway Post has developed its operations in order to meet new customer needs in a market that is characterised by internationalisation and greater competition. Only a small part of Norway Post's operations is covered by the remaining monopoly concession. Large, international players are competing for customers in Norway and the Nordic region, and national boundaries are being erased in this industry. Competition in the postal market is increasing, the transition to electronic solutions is continuing at an ever greater speed, and the merger between Sweden Post and Post Denmark will intensify the competition in the postal and logistics sectors in the Nordic and Norwegian markets.

Norway Post has strengthened its positions in the industrial mail, logistics and IT markets through the acquisition of companies both in Norway and abroad. Through this, Norway Post has been a driving force for consolidation in the industry. The product and service range has been extended to compensate for the decline in traditional letter and banking services. Forty per cent of Norway Post's revenues come from companies that have been acquired during the past four years.

The Group's long-term goal is to develop market-leading positions in the Nordic market through continued targeted acquisitions and expansion, as well as through the further industrialisation of its operations.

GROWTH AND THE DEVELOPMENT OF THE PORTFOLIO. In 2008, Norway Post achieved revenues of NOK 28.7 billion, an increase of NOK 1.9 billion (7 per cent) on 2007. Acquisitions contributed NOK 1 billion, or 58 per cent of this growth, while the rest of the growth came from an increase in the volume of logistics products and a high level of activity in ErgoGroup. Operations that are exposed to competition accounted for 88 per cent of Norway Post's revenues in 2008.

The operating revenues from operations outside Norway rose by 16.8 per cent in 2008, to NOK 7.8 billion. This was 27 per cent of Norway Post's revenue, compared with 25 per cent in 2007.

Important events

GOOD QUALITY

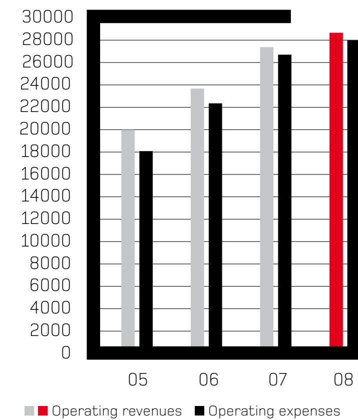
- Norway Post exceeded its licence concession requirement for delivery of A-mail in all four quarters of 2008. The concession requirement is 85 percent. On an annual basis the result was 87.1 percent compared with 85.1 percent in 2007. The multiple improvement programmes carried out during recent years account for this good results.

MORE ACQUISITIONS

- New acquisitions in 2008 strengthened Norway Post's position as one of the leading logistics operators in the Scandinavian market. Acquisitions within the logistics segment in 2008 included the groupage and part load companies Emdal Transport og Spedisjon AS, CombiTrans and NorCargo UK. In addition the Group purchased the Finnish express company Lähettiryhmä OY, and the remaining 50 percent of PNL.

OPERATING REVENUES AND OPERATING EXPENSES

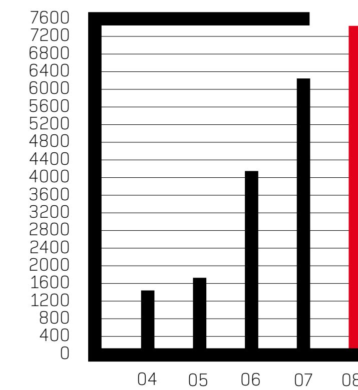
In MNOK



28 663

OPERATING REVENUES FROM FOREIGN SUBSIDIARIES

In MNOK



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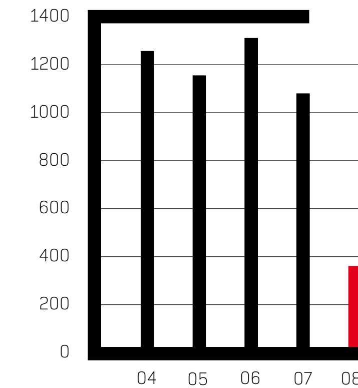
EARNINGS BEFORE INTEREST AND TAXES/EBIT

In MNOK



361

The Mail Segment increased its revenues by 2 per cent in 2008 compared with 2007, and accounted for 37 per cent of the Group's revenue. The parent company's revenues were on a level with those of 2007.

The total volume of letters sent in Norway fell by 3.3 per cent in 2008, with the volume of unaddressed mail advertising declining by 6.2 per cent as a result of more people declining to receive mail advertising, the transition to inserts in newspapers, and generally lower levels of market activity. Unaddressed mail comprised 51 per cent of the total volume of letters sent in Norway. A-mail and B-mail increased by 0.7 per cent.

The number of customers using the post office network fell by 5 per cent in 2008, while the number of banking transactions fell by 12 per cent.

Bring Citymail experienced an increase in volume and a growth in revenue of 18 per cent. The Swedish operations expanded in 2008, with distribution to 20 new Swedish municipalities, and now cover 54 per cent of Sweden's households and companies. In total, the Swedish and Danish companies in Bring Citymail account for 12 per cent of the Mail Segment's overall volume of letters.

In 2008, Norway Post's information logistics operations were merged with those of Itella Information AS, a company which offers information logistics services throughout the Nordic region.

The Logistics Segment increased its revenues by 9 per cent to NOK 13.4 billion in 2008, and accounted for 46 per cent of the Group's revenue. The growth came as a result of both acquisitions and a strong increase in the volume of parcels and goods products.

The Norwegian and Nordic logistics markets are characterised by stiff competition. Customers are becoming Nordic and require more services from the same supplier. The increase in online shopping is resulting in growth in the parcels market, but competition has increased, especially in the market for parcel delivery to private customers.

Norway Post's volume of parcels increased by 8 per cent in 2008. The volume of international parcels also rose compared with 2007 as a result of both underlying growth and Norway Post's purchase of the remaining shares (50 per cent) in Pan Nordic Logistics AB (PNL).

The international economic downturn resulted in lower volumes in Bring Express, especially in Sweden and Denmark. The international transport operations relating to groupage and part load cargo were also affected by the drop in demand.

Other acquisitions in the Logistics segment in 2008 were the groupage and part load cargo companies Emdal Transport & Spedisjon AS, CombiTrans, Nor-Cargo UK, and the Finnish courier services company Lähettiryhmä OY. These acquisitions strengthen Norway Post's position as one of the leading logistics players in the Nordic market.

The IT Segment's revenues increased by 13 per cent to NOK 5.7 billion in 2008, accounting for 17 per cent of the Group's revenues. The growth was mainly due to a large number of new orders, the expansion of existing customer agreements, and a high invoicing level for consultancy services and acquisitions. Organic growth was 9.4 per cent in 2008. There were a large number of new orders in 2008 and ErgoGroup entered into contracts worth more than NOK 3 billion. ErgoGroup's sales to Norway Post comprised 16 per cent of its revenues.

ErgoGroup bought DTS Solutions AB in 2008. In January 2009, ErgoGroup increased its stake in Indian IT company ION Solutions to 51 per cent, thus strengthening its offshoring in offering the application operations and management and software development sectors.

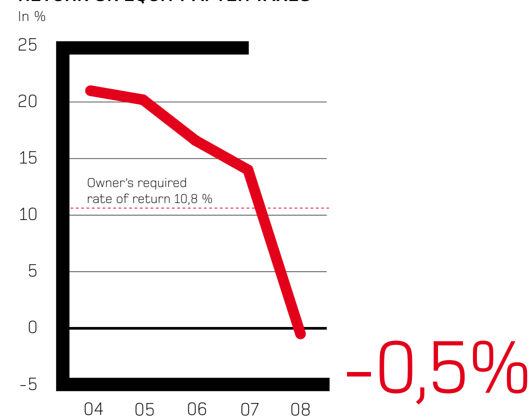
0-12

Did you know that... An express delivery is to be completed within 0-12 hours. Time and precision are therefore extremely important for Bring Express. Green Bring couriers ensure that the customer receives his goods as quickly as possible, using cycle, delivery van or plane.

Bring Frigoscandia uses white thermo vehicles because the white colour ensures less loss of heat from the vehicle.

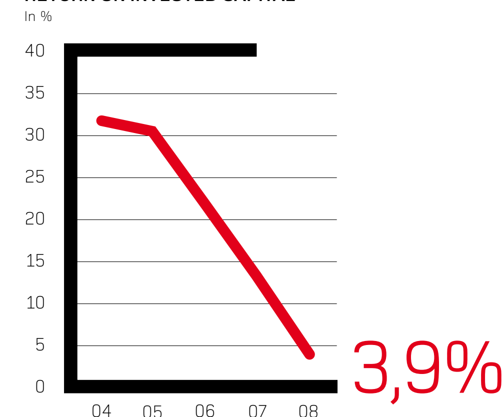
RETURN ON EQUITY AFTER TAXES

In %



RETURN ON INVESTED CAPITAL

In %



QUALITY AND SERVICE. The volume of A-mail delivered overnight by Norway Post was better than the licence requirement in all four quarters of 2008. On an annual basis, the result was 87.1 per cent, compared with 85.1 per cent in 2007. The licence requirement is 85 per cent. The good delivery quality showed that the improvement measures which have been implemented during the past few years have had the desired effect.

The regional figures for the delivery of A-mail showed once again in 2008 that the delivery time varies somewhat between the regions. The North Region was weakest when locations that ordinarily have two-day delivery are not taken into account. Norway Post is continuously making efforts to improve its delivery quality and will have a particular focus on improving the delivery quality in areas where the overnight delivery rate is poor.

Norway Post's other five licence requirements for the delivery of A-mail, B-mail and parcels were met by a good margin.

The Norwegian parliament (Storting) passed a new Marketing Act in 2008. This Act continued the principle that customers must expressly state that they do not wish to receive unaddressed mail advertising. The share of Norwegian households that have so registered increased from 27.5 per cent in 2007 to 30 per cent in 2008.

The 2008 Customer Satisfaction Index showed that the corporate market´s reputation improved in 2008. The corporate customers' overall impression of the Mail Segment was unchanged compared with the year before, while the overall impression of the Logistics and IT segments improved considerably. In the private market, the overall level of satisfaction with Norway Post increased slightly while Norway Post's reputation worsened a little. Customer satisfaction with the post office network was high throughout 2008. The factors which contributed the most to the customers' high level of satisfaction were the employees' expertise, the long opening hours and good accessibility.

In 2008, the Norwegian parliament approved the conversion of 124 post offices into Post in Shops over a three-year period. Thirty-five post offices were converted in 2008. For customers, this means greater accessibility and longer opening hours.

In order to meet the Group's ambitious development goals, Norway Post is in the process of implementing a new Group IT platform. The goal is to create added value for the business areas and reduce costs. A number of new IT systems came into operation at the beginning of 2009. In connection with the launch of the new brand, Norway Post established a new Group portal with a focus on sales and benefits to customers.

PROFITABILITY. The earnings in 2008 were affected by less profitability in the Mail Segment, while the Logistics and IT segments' earnings increased. The Group's earnings before depreciation (EBITDA) were NOK 1 589 million in 2008, compared with NOK 1 649 million in 2007. The earnings before non-recurring items and write downs were NOK 683 million, compared with NOK 815 million in 2007. The EBIT margin was 1.3 per cent in 2008, compared with 4.0 per cent in 2007.

The earnings before interest and taxes (EBIT) were NOK 361 million in 2008, compared with NOK 1 080 million the year before. The EBIT was positively affected in 2007 by a sales gain of NOK 626 million on the sale of Norway Post's Letter Centre in Oslo. The EBIT in 2008 was negatively affected by the fall in volume in the Mail segment, increased conversion to electronic solutions, higher personnel and transport costs and costs linked to the expansion of Bring Citymail. In addition, no reimbursements for government procurements were recived in either 2008 or 2007. The increase in the Logistics segment's volumes and high level of activity in the IT segment made a positive contribution. Provisions for restructuring of NOK 203 million and impairment write downs of NOK 169 million were made in 2008.

The launch of the new brand in 2008 cost NOK 221 million in 2008, but was an important investment for the future. The new brand has strengthened Norway Post's market positions in Norway and the Nordic region and helped customers to see the totality and breadth of the Group's mail and logistics products and services. The new brand, Bring, and the modernised Posten logo were well received and quickly became well known. Over time, building one brand, Bring, will be more cost effective and have a greater effect than continuing to have many company brands. For cost reasons, Norway Post will use three years on this rebranding process.

Since 2005, the Norwegian government has not reimbursed government procurements of unprofitable mandatory postal and banking services. The total unprofitability of mandatory services in 2008 was NOK 270 million.

Norway Post is meeting the profitability challenges in the Mail segment with an extensive programme of measures called Spinnaker. This programme aims to increase revenues and reduce costs by NOK 2.3 billion by 2012 in order to compensate for expected falls in volumes. The measures that have already started to produce effects include: the conversion of 124 post offices into Post in Shops, a common Group productivity programme, the sale of real estate to free-up capital, common Group purchase schemes and the downsizing of staff and support functions by around 370 full time equivalents (FTEs) in 2009-2010. The new South East Norway terminal is one of the measures that will have an effect in the longer term.

The common Group productivity system, based on the lean philosophy, is currently being introduced in the Distribution Network Division and will start to be used throughout the Group in 2009. The goal is to provide greater value to customers using fewer resources and simpler work processes.

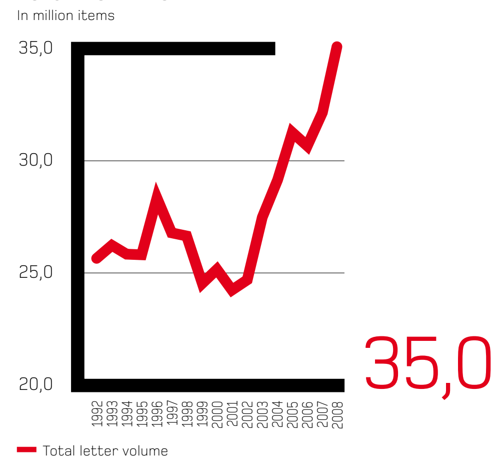
The Mail segment recorded a loss of NOK 11 million before non-recurring items and write downs in 2008, compared with earnings of NOK 350 million in 2007. The decline in earnings was due to a fall in volume in Norway and the change in the letter product mix in Norway and Sweden, as well as the expansion of Bring Citymail Sweden. Norway Post is working on a number of cost-reducing measures as well as changes to products and price measures to strengthen its competitive ability and improve its profitability in the future. In January 2009, Norway Post entered into an agreement with DnBNOR/Postbanken to transfer 170 financial consultants to DnBNOR/Postbanken.

The Logistics segment's earnings improved in 2008 as a result of an increase in the volume of parcel and goods products and the acquisition and integration of new companies. The earnings before non-recurring items and write downs increased by 17 per cent to NOK 668 million.

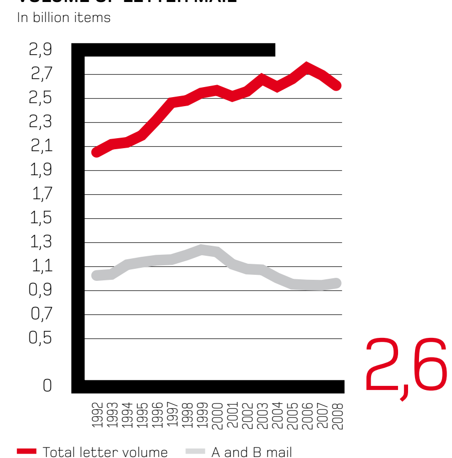
A strong IT market and acquisitions resulted in ErgoGroup's earnings before non-recurring items and write downs increasing by 48 per cent to NOK 408 million in 2008. These are ErgoGroup's best ever earnings and were due to the high level of consulting activity and improvements to operations as well as to acquisitions.

In 2008, the Group had net financial expenses of NOK 253 million compared with NOK 125 million in 2007. This resulted in income before tax of NOK 108 million in 2008, compared with NOK 955 million in 2007.

VOLUME OF PARCEL MAIL
In million items



VOLUME OF LETTER MAIL
In billion items



As at 31 December 2008, capital of NOK 9 270 million had been invested, an increase from NOK 8 343 million in 2007. The net increase in fixed assets of NOK 1 218 million compared with 2007 was mainly due to investments related to the new South East Norway terminal, IT investments, and acquisitions. The return on invested capital (ROIC) was 3.9 per cent in 2008, compared to 12.9 per cent in 2007.

Norway Post's equity was NOK 5 160 million as at 31 December 2008, compared with NOK 5 786 million at the year-end 2007. In 2008, Norway Post paid a NOK 597 million dividend to the Ministry of Transport and Communications. The return on equity was -0.5 per cent in 2008, compared with 14 per cent in 2007.

The cash flow from operations was NOK 1 342 million in 2008, a reduction from NOK 1 714 million in 2007. The net interest-bearing liabilities were NOK 4 763 million at the end of 2008. The Group has good liquidity, with a long-term liquidity reserve of NOK 4.4 billion, including available drawing rights. The total investments in 2008 linked to acquisitions, the new South East Norway terminal, IT development and operations came to NOK 2 155 million. This was NOK 919 million less than in 2007.

The Board confirms that the annual financial statements have been prepared on the going concern basis and that the prerequisites for this are present.

RISK. Risk analysis and risk management play a key role in Norway Post's corporate governance. When developing strategies, business plans and goals, arrangements are made for value creation by weighing up growth against profitability goals and other risks in Norway Post's operations.

As part of the corporate governance process, the board conducts an annual risk analysis. The risk analysis is an extensive process involving all the divisions and major companies in the Group. The results of this process are consolidated to form an evaluation of Norway Post's paramount strategic, financial and operational risks. This evaluation is followed up with measures and recommendations for managing and controlling individual risk factors and avoiding incidents that could be negative to the Group's operations and its reputation in the market. Norway Post actively monitors its risk exposure, with a focus on areas such as strategic acquisitions or sales of companies, regulatory and competitive factors, the execution of large projects, available expertise and resources, sick leave and disability pension trends.

Norway Post implemented a number of measures in 2008 to reduce its financial risk and improve its financial freedom of action. During the first three quarters, loans of NOK 2.9 billion were raised in the form of two bond loans in the Norwegian market and three bilateral loan agreements, all on favourable terms. The excess liquidity was used to repay debt and was otherwise deposited in banks with ratings of (AA-or better). The credit and other contracting party risk is regarded as being limited, since the credit rating of the parties with which Norway Post contracts is generally high.

Some of Norway Post's loan agreements contain loan clauses (covenants) stipulating a maximum for the net interest-bearing liabilities/EBITDA ratio of 3.5 and a minimum equity ratio of 25 per cent. As at 31 December 2008, the net interest-bearing liabilities/EBITDA ratio was 1.8 and the equity ratio was 26.4 per cent. Norway Post is particularly following up these clauses in relation to the effect of the economic downturn and will implement the measures necessary to ensure compliance with these requirements.

Norway Post uses financial instruments to manage the risks relating to changes in interest rates, foreign exchange rates and diesel and airline fuel prices.

Norway Post has been notified by ESA that it has breached the provisions

2 500 000

Did you know that... Bring Citymail covers more than 2.5 million households in Sweden (50 percent of all households and companies) and 1 million households in Denmark. Bring Citymail is therefore the main challenger to the national mail companies in both countries.

÷25

Did you now that... In summer as well as in winter the working temperature for the «pickers» at Frigoscandia is minus 25 degrees. The ice-cold temperature keeps the food fresh. The requirement is for minus 18 degrees, but the thermostat stays at minus 25 to make up for heat lost through the doors.

of the Competition Act and has received a subsequent claim for damages from Schencker. Norway Post does not agree that it has breached the Competition Act and thus believes there are no grounds for damages.

ALLOCATIONS. In 2008, Posten Norge AS made a net loss after tax of NOK 281 million. It is proposed that this is allocated to other equity.

Posten Norge AS had no distributable reserves as at 31 December 2008.

PERSONNEL AND ORGANISATION. One of Norway Post's four main goals is to have attractive workplaces and a good working environment. In order to achieve this goal, Norway Post has placed particular emphasis on health, safety and the environment (HSE) in all its organisational and business development, as well as on good tripartite cooperation between the management, employee representatives and safety representatives.

In 2008, these efforts were aimed at reducing the sick leave rate, the number of employees incapacitated for work and the number of injuries at work, as well as at increasing the reporting of near accidents. The aim is to have a working environment in which no one becomes injured or ill as a result of work.

The number of employees in the Group increased by 981 full time equivalents (FTEs) compared with 2007. This was due to acquisitions and the formation of new companies. The work of improving the efficiency of the staff and support functions by reducing the number of FTEs by around 370 in 2009-2010 started at the beginning of 2009.

The operating revenues per FTE were NOK 1 118 000 in 2008, compared with NOK 1 073 000 in 2007.

Norway Post's annual organisational survey which maps the working environment covers both physical and psychosocial factors. In 2008, the survey showed a two-point improvement in the overall satisfaction rate to a total of 75 points (on a scale from 1-100). All the job-satisfaction factors improved compared with 2007, with the greatest improvement being achieved for the attractive workplace, pride and loyalty factors. Ninety per cent of the employees completed this survey.

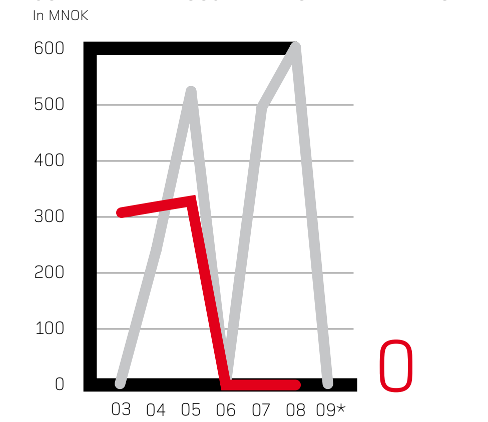
The sick leave rate increased slightly from 7.3 per cent in 2007 to 7.4 per cent in 2008. The parent company's sick leave rate increased from 8.7 per cent in 2007 to 9.1 per cent in 2008, and was 10.5 per cent for women and 8.1 per cent for men.

The number of FTEs in the parent company who became incapacitated for work in 2008 was 316, a reduction of 21 compared with 2007. The number of FTEs who were incapacitated for work as a percentage of the total staff was 1.5 per cent in 2008, compared with 1.6 per cent in 2007. The reduction in those retiring on a disability pension helps to meet the subgoal in the Inclusive Working Life Agreement in that the actual retirement age is increasing.

The number of lost-time injuries (injuries involving absences per one million hours worked) increased to 13.4 in 2008, from 11.6 in 2007. Almost 80 per cent of the injuries took place in the Distribution Network. Falls and crushing injuries were the accident categories that caused most of the lost-time injuries. In 2008, the reporting of near accidents and unwanted incidents increased by 20 per cent. Increased reporting of such incidents is important for improving knowledge and preventing injuries and accidents.

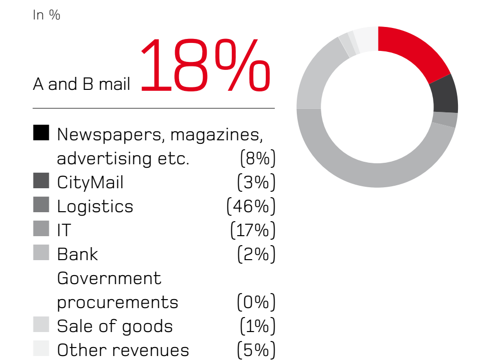
Women make up 37 per cent of the Group management. The female share of Norway Post's managers was 31 per cent in 2008, an increase from 30 per cent in 2007. In 2008, women constituted 39 per cent of the Group's full-time employees and 57 per cent of the part-time employees. For both full-time and part-time employees, this is two percentage points less than in 2007.

GOVERNMENT PROCUREMENTS AND DIVIDENDS
In MNOK



■ Government procurements ■ Dividends (disbursed for the prior fiscal year)
* The board of director's recommendation to the general meeting in 2008 for the 2007 fiscal year

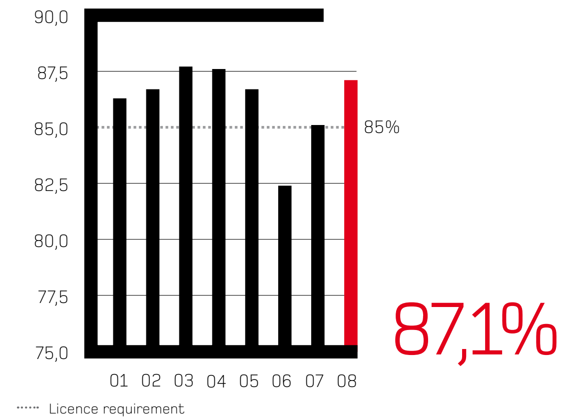
REVENUE DISTRIBUTION



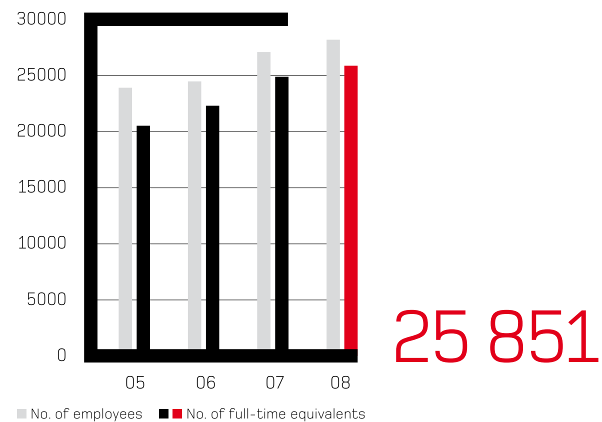
REPORT OF THE BOARD OF DIRECTORS

DELIVERY QUALITY A–PRIORITY MAIL IN NORWAY

Percentage delivered overnight



DEVELOPMENT IN NUMBER OF EMPLOYEES



The salaries, other remuneration and pensions earned by the Group's senior management came to NOK 23.5 million in 2008.

Norway Post's recruitment policy and collective bargaining agreement stipulate a moderate gender-based quota system in order to increase the number of female managers and employees in male-dominated job categories. Norway Post wishes to ensure gender equality at all levels. For this reason, the company has examined differences between the salaries of its female and male employees in the Norwegian part of the organisation. There are no significant differences in salaries that can be attributed to gender.

Norway Post is a diverse company with a large number of employees with different ethnic backgrounds. Several entities have achieved good results by focusing on integration measures – Norwegian-language education has been particularly important here. Norway Post has defined diversity/integration as a future focus area.

EXPERTISE. Norway Post continues to run management programmes for senior and middle managers, and a total of 16 senior managers and 21 middle managers completed these in 2008. A new programme has been developed for first-line managers. This places emphasis on the Group's rules of conduct and on relationship skills, in addition to optional issues such as a productivity programme and fundamental understanding of economics. An introduction programme has also been developed for new first-line managers as a way of reducing turnover. In order to develop talented personnel and have a pool for recruitment to critical positions in the Group, Norway Post established a Talent and Succession Management Programme (TSM) in 2008, based on experience gained from a pilot programme run in 2007.

SECURITY. In 2008, Norway Post experienced robberies at one post office and at Norway Post's Workshops. No one suffered serious physical injury during these robberies. There were ten robberies of shops with Post in Shops. The scope of other crimes against Norway Post was moderate. Norway Post did not experience any episodes that created a serious fear of terrorist activity.

Norway Post has good security systems and routines and is at the forefront when it comes to implementing modern security equipment. The security systems are maintained and regularly updated in line with developments and threat scenarios. The level of activity in the crime prevention area was once again high in 2008. The security solutions for the re-addressed mail service were further strengthened due to the growing level of identity theft in society.

Although both robberies and other crime have been at a moderate level, Norway Post continues to see a considerable threat in professional and organised criminal environments. Norway Post keeps continuously up to date on the threat of terrorism through, among other things, information from the police, security forces and other countries' mail companies. Measures are considered and implemented according to the information that is received.

Great efforts were also made to improve the emergency preparedness system in 2008 too. Work on risk analyses and contingency plans was further developed and improved, and emergency drills were carried out.

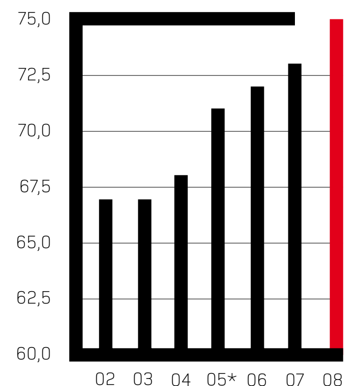
THE EXTERNAL ENVIRONMENT. In 2008, Norway Post intensified its focus on environmental work and prepared a new environmental policy. Examples of specific measures in 2008 are ErgoGroup's investment in Green IT and Bring's commitment to environmentally aware product development, and the fact that trains were increasingly used as an alternative in the logistics flow to European destinations.

35%

Did you know that... Over half a million Norwegians move house each year. 35 percent of these wish for information and offers that are relevant for their purchasing and investment plans during the relocation process. This information from «Norway Post's Relocation Helper» is passed to advertisers via Bring Dialogue.

EMPLOYEE SATISFACTION INDEX LAST 7 YEARS

The Group (scale from 1 to 100, where 100 is best)

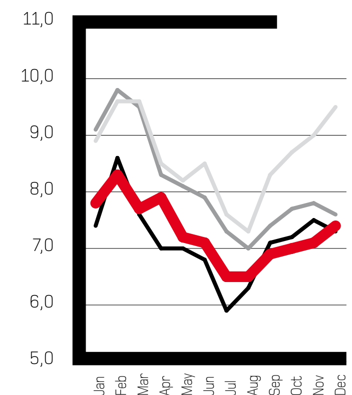


75,0

* New calculation method from 2005

RATE OF SICK LEAVE LAST 4 YEARS

Percentage for the Group



7,4%*

* Average sick leave 2008

Norway Post is making targeted, long-term efforts to improve its environmental performance in those areas where the Group has the greatest influence: transport, waste, energy and procurement. In order to increase the level of knowledge and environmental awareness throughout the Group, Norway Post will start to use its own e-learning programme for managers in 2009.

Transport is the biggest cause of climate emissions, and Norway Post is searching for more environmentally friendly alternatives. Efforts are continuously being made to find new, more environmentally adapted ways of distributing mail. Among other things, more mail is being transferred from aircraft to road and railway transport, and electric vehicles can in some cases replace delivery vans. Norway Post started to use 20 electric mopeds to deliver mail in 2008.

Norway Post has entered into the biggest contract for the transport of goods by rail in Norwegian history and spends more than NOK 1 billion a year on rail transport. In Norway, this means that Norway Post transports more than 80 per cent of its mail (apart from A-mail) by rail – on those stretches where this is possible. The goal is to increase this share to 87 per cent in 2009.

Through the Bring companies, the Group has developed new solutions for international train operations in order to transfer goods transport from roads to railways. Since its start in 2008, this focus has replaced 2,000 semi-trailer loads a month. This has resulted in savings of 1.5 million road kilometres and reduced CO2 emissions by 1.3 million kg a month. The further development of international train operations will, in addition to the environmental gains, contribute to growth and cost benefits for the Group.

The environmental accounts showed a reduction in CO2 emissions in 2008 compared with 2007. This is due to such things as the increased use of B5 diesel, the fact that more drivers have taken an economical-driving course, less use of aircraft and more use of trains. The share of residual waste was reduced in 2008 and some entities now sort 90 per cent of their waste.

Norway Post's environmental report and environmental accounts are presented on pages 56-59.

CORPORATE GOVERNANCE. No changes were made to the board in 2008. Women make up 50 per cent of the board's members.

The board conducts an annual evaluation of its work, expertise and way of working and also evaluates the contents of the board instructions and the company's corporate governance principles. In addition to being a decision-making and control body, the board wishes to be a valuable discussion partner for the company's management and owner, based on its good knowledge of Norway Post's strategies, value chains and processes, combined with the relevant external expertise of its members.

In 2008, the board updated the board instructions and corporate governance declaration in accordance with best practices and revised Norwegian recommendations for corporate governance. The objective of the declaration is to ensure that those that deal with Norway Post can rely on its governance system. Norway Post's corporate governance declaration is published on the company's website, www.posten.no, and is described in this annual report on pages 48-51.

Norway Post has established governing principles for the Group and key professional areas. The Group's fundamental values were changed in 2008 when new management principles and ethical guidelines were prepared. The Group established a corporate body to which misconduct can be reported in 2008. This body dealt with 18 cases in 2008, most of which were linked to personnel conflicts and/or professional disagreements. None of the cases related to financial irregularities.

6 500

Did you know that... Some 6,500 postal workers ensure that the Norwegian people have their mail delivered. Every day, six days a week postal workers serve more than 4,800 delivery routes in Norway. Only in a small minority of locations in Norway are there only 3 delivery days.

30

Did you know that... Bring Express is present in over 30 locations in Norway, Sweden, Denmark, Finland and Estonia. It is vital to be close to customers as Bring Express guarantees same day delivery all over Scandinavia. Bring Express is a challenger in the global express market.

The board has appointed an audit committee consisting of two of the board's members. The audit committee will strengthen the internal controls relating to the Group's financial reporting and the impartiality of the board treatment of financial reports, internal controls and risk assessments.

FUTURE PROSPECTS. Norway Post has an aggressive growth strategy which is about building strong Nordic positions in the mail, logistics and IT sectors. Customers are becoming more and more international and large global players are making competition stiffer. The liberalisation of the postal market and increased internationalisation and privatisation are leading to the restructuring and consolidation of the postal and logistics sectors in the Nordic region and rest of Europe.

Norway Post's brands are to be further developed by increasing the public's knowledge of Bring and the Group's specialist areas as well as by making clear the link between Posten and Bring. The development of a performance culture throughout the Group, amongst other things through a common Group productivity system, will contribute to continuous improvements and in that way strengthen Bring's promise to its customers: «Finding new ways» and Posten's promise to its customers «We live to deliver».

The economic downturn will have a negative effect on the Group's operations in 2009. The Mail segment's profitability challenges will increase due to further falls in mail volumes and greater Nordic competition. The Spinnaker programme is intended to contribute to improved profitability but new measures will have to be implemented successively in order to adapt cost levels to the declining level of activity in the market. It is essential that Norway Post be paid for mandatory unprofitable postal and banking services through government procurements in the revised national budget in 2009. The total for these is estimated at NOK 518 million in 2009.

In 2009, the Group's productivity system, based on the lean philosophy, will be extended to more entities in order to industrialise the production and logistics processes in the Group's value chains and thus achieve further efficiency gains. The new South East Norway terminal at Robsrud in Lørenskog, outside Oslo, will be a high-tech facility with integrated production systems. This terminal will be finished in 2009 and come into operation in early 2010. The South East Norway terminal will be established as an environmental beacon and, among other things, its heating system will make use of geothermal power.

Through the formation of Bring Citymail in Denmark and the geographic expansion of Bring Citymail in Sweden, Norway Post is well positioned as a challenger in the Nordic market. The postponement of liberalisation in Denmark and the merger between Sweden Post and Post Denmark have made this a demanding market.

The Logistics segment is affected by the economic downturn at the same time as competition is growing stiffer and there is a stronger focus on the environment. Online shopping is expected to continue to increase and stimulate the parcel area. The termination of PNL's parcel collaboration with Post Denmark will have a negative financial effect in 2009-2010 but is an important strategic and commercial move in the Nordic parcel operations.

The Group expects the IT segment to be affected by the financial crisis and economic downturn and to put pressure on profitability in 2009-2010. Prices in the IT operations and consultancy areas will fall and the trend towards moving jobs to low-cost countries will continue. During the period of economic contraction, several companies are expected to outsource their IT operations, which is positive for ErgoGroup.

As a labour-intensive company, Norway Post has a strong focus on health, safety and the environment (HSE) and works continuously to reduce its sick leave rate, number of employees who are incapacitated for work and lost-time injuries. In 2009, there will be targeted efforts to increase the reporting of near accidents/unwanted incidents as an important measure for preventing injuries at work. The environment and climate are also important focus areas for the Group and the work of implementing specific measures in these areas will continue.

The Board wishes to thank the employees for their hard work, commitment and willingness to cooperate in the continued development of Norway Post.

Oslo, 26 March 2009

Arvid Moss (Chairman) | Liv Stette (Vice-Chairman) | Eli Arnstad

Terje Christoffersen | Sigbjørn Molvik | Gry Mølleskog | Odd Christian Øverland

Ingeborg Anne Sætre | Paul Magnus Gamlemshaug | Judith Olafsen | Dag Mejdell (CEO)

REPORT OF THE BOARD OF DIRECTORS

The Board of Norway Post

Eli Arnstad | Judith Olafsen | Sigbjørn Molvik | Arvid Moss (lChairman) | Ingeborg Anne Sætre | Odd Christian Øverland | Elisabeth Angell (alternate) | Terje Christoffersen | Liv Stette (Vice-Chairman) | Gry Mølleskog | Thore Strøm (alternate)

FINANCIAL STATEMENTS

KEY FIGURES

NORWAY POST GROUP

		2008	2007	2006
RESULTS				
Operating revenues*	MNOK	28 663	26 810	23 273
Earnings before interest and taxes (EBIT)	MNOK	361	1 080	1 313
Income before taxes	MNOK	108	955	1 200
PROFITABILITY AND RETURN ON EQUITY				
Calculated key figures, incl. non-recurring items and write-downs:				
EBIT margin 1)	%	1,3	4,0	5,6
Profit margin 2)	%	0,4	3,6	5,2
Return on invested capital 3)	%	3,9	12,9	21,9
Return on equity after tax 4)	%	(0,5)	14,0	16,7
Calculated key figures excl. non-recurring items and write-downs:				
EBIT before non-recurring items and write-downs 5)	MNOK	683	815	1 283
EBIT margin	%	1,9	3,0	5,4
Profit margin	%	1,5	2,6	5,0
Return on invested capital	%	7,4	9,8	21,4
CAPITAL AND LIQUIDITY				
Cash flow from operations	MNOK	1 342	1 714	2 065
Investments excl. acquisitions	MNOK	2 051	1 523	1 262
Equity ratio 6)	%	26,4	33,2	35,2
Net debt ratio 7)		0,6	0,3	0,1

* With effect from September 2008 telephony services from ErgoGroup are presented net in accordance with IAS1 nos. 7 and 13 as ErgoGroup is no longer deemed to be the main principal in the delivery. In accordance with IAS 8 the corresponding figures for previous periods are restated.

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) Return on equity after tax: Net income/average equity.
5) EBIT before non-recurring items and write-downs: EBIT excl. gain/loss on sale of fixed assets etc., restructuring costs, costs of transferring to the new pension scheme, write-downs and negative goodwill taken to income.
6) Equity ratio: equity/total assets.
7) Net debt ratio: (interest-bearing liabilities - liquid assets)/total equity.

INCOME STATEMENT

Amounts in MNOK

POSTEN NORGE AS					NORWAY POST GROUP		
2006	2007	2008		Note	2008	2007	2006
12 275	12 700	12 922	**Operating revenues**	1	28 663	26 810	23 273
			Operating expenses				
1 774	1 957	1 971	Cost of goods and services		10 126	9 669	8 316
6 262	6 763	6 982	Payroll expenses	2	12 134	11 094	9 192
398	383	353	Depreciation	9,10	906	834	754
25	11	137	Write-downs	9,10	169	130	59
			Negative goodwill taken to income	9	(29)		(64)
2 935	3 117	3 351	Other operating expenses	4	4 814	4 398	3 728
(5)	(12)	(35)	(Gain) on sale of fixed assets etc.	6	(42)	(649)	(17)
1	2	21	Loss on sale of fixed assets etc.	6	21	2	1
13	256	159	Reorganisation expenses	5	203	268	13
8	(2)		Costs (income) of transfer to new pension scheme	3		(16)	(22)
864	225	(17)	**Earnings before interest and taxes**		361	1 080	1 313
			Share of net income (losses) of associated companies	12	(5)	1	(12)
493	1 223	744	Financial income	7	640	282	262
456	504	1 044	Financial expenses	7	888	408	363
901	944	(317)	**Income before taxes**		108	955	1 200
228	122	(36)	Taxes	8	136	159	344
673	822	(281)	**Net income (loss)**		(28)	796	856
			Net income (loss) attributable to majority interests		(35)	796	862
			Net income (loss) attributable to minority interests		7		(6)
			Proposed transfers and allocations				
(471)	(506)		Dividends				
	(155)		Group contributions				

BALANCE SHEET

Amounts in MNOK

POSTEN NORGE AS					NORWAY POST GROUP		
2006	2007	2008		Note	2008	2007	2006
			Assets				
474	679	980	Intangible assets	9	6 795	6 088	4 445
497	519	693	Deferred tax asset	8	818	667	659
2 322	2 162	982	Tangible fixed assets	10	4 406	4 037	3 624
60	73	73	Investment property	11	108	108	60
3 851	4 377	5 235	Investments in shares	12,23	6	29	27
		11	Investments in associated companies	12	56	19	22
2 112	2 940	2 502	Interest-bearing long-term receivables	13	43	31	81
13	81	30	Other long-term receivables	14	85	120	24
9 329	**10 831**	**10 506**	**Fixed assets**		**12 317**	**11 099**	**8 942**
43	51	55	Inventories	15	65	65	55
1 613	1 481	1 559	Interest-free short-term receivables	16	4 775	4 508	4 036
956	597	2 394	Interest-bearing short-term receivables	13	84	59	343
1 838	1 084	993	Cash and cash equivalents	17	1 837	1 647	2 306
4 450	**3 213**	**5 001**	**Current assets**		**6 761**	**6 279**	**6 740**
143	**29**	**388**	**Assets held for sale**	18	**438**	**37**	**136**
13 922	**14 073**	**15 895**	**Total assets**		**19 516**	**17 415**	**15 818**
			Equity and liabilities				
3 120	3 120	3 120	Share capital		3 120	3 120	3 120
992	992	992	Share premium account		992	992	992
1 220	1 475	595	Other equity		1 116	1 634	1 438
3	31	(75)	Other reserves		(75)	32	1
			Minority interests		7	8	15
5 335	**5 618**	**4 632**	**Equity**	19	**5 160**	**5 786**	**5 566**
1 706	**1 949**	**1 895**	**Provisions for liabilities**	20	**2 268**	**2 233**	**1 982**
2 523	2 935	4 527	Interest-bearing long-term liabilities	21	4 701	3 118	2 633
18	85	258	Interest-free long-term liabilities	22	393	166	28
2 541	**3 020**	**4 785**	**Long-term liabilities**		**5 094**	**3 284**	**2 661**
722	331	928	Interest-bearing short-term liabilities	21	62	76	61
3 462	3 000	3 597	Interest-free short-term liabilities	22	6 794	5 795	5 305
156	155	58	Tax payable	8	138	241	220
4 340	**3 486**	**4 583**	**Short-term liabilities**		**6 994**	**6 112**	**5 586**
			Liabilities held for sale	18			**23**
13 922	**14 073**	**15 895**	**Total equity and liabilities**		**19 516**	**17 415**	**15 818**
			Guarantees/mortgages	27			

OSLO 26. MARCH 2009

Arvid Moss (Chairman)

Liv Stette (Vice Chairman)

Eli Arnstad

Terje Christoffersen

Sigbjørn Molvik

Gry Mølleskog

Odd Christian Øverland

Ingeborg Anne Sætre

Paul Magnus Gamlemshaug

Judith Olafsen

Dag Mejdell (CEO)

CASH FLOW STATEMENT

Amounts in MNOK

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
			Cash flow from operational activities			
732	639	210	Provided by the year's operations *)	692	1 176	1 220
1 057	(55)	(672)	Change in working capital	530	236	987
(106)	306	109	Change in other receivables and provisions	120	302	(142)
1 683	**890**	**(353)**	**Net cash flow from operational activities**	**1 342**	**1 714**	**2 065**
			Cash flow from investing activities			
(965)	(906)	(468)	Investments in subsidiaries, excl. cash holdings on acquisition date	(176)	(1 553)	(1 685)
(658)	(494)	(613)	Investments in tangible fixed assets/IT development, etc	(1 966)	(1 521)	(1 247)
		(5)	Investments in associated companies	(13)		
	759	2	Sales of subsidiaries, excl. cash holdings on sale date	(7)	763	
22	14	40	Sales of tangible fixed assets	61	34	57
(1 330)	(904)	308	Changes in other fixed assets	6	(17)	26
(2 931)	**(1 531)**	**(736)**	**Net cash flow from investing activities**	**(2 095)**	**(2 294)**	**(2 849)**
			Cash flow from financing activities			
1 187	400	2 648	New long-term and short-term debt raised	2 698	482	1 192
	(4)	(1 054)	Repayment of long-term and short-term debt	(1 150)	(67)	(18)
	(509)	(597)	Group contributions/dividends paid	(605)	(494)	(124)
1 187	**(113)**	**997**	**Net cash flow from financing activities**	**943**	**(79)**	**1 050**
(61)	**(754)**	**(92)**	**Total change in cash and cash equivalents**	**190**	**(659)**	**266**
1 899	1 838	1 084	Cash and cash equivalents at start of period	1 647	2 306	2 040
1 838	**1 084**	**992**	**Cash and cash equivalents at end of period**	**1 837**	**1 647**	**2 306**
			*) Generated as follows:			
901	944	(317)	Income before tax	108	955	1 200
423	528	702	+ Depreciation and write-downs 1)	1 052	974	750
			+/- Share of profits(losses) of associated companies	5	(1)	12
3	(607)		+- Unrealised financial items	(147)	176	(78)
	(109)	8	+/- Net interest expenses/income	222	36	56
(590)	(148)	(156)	- Tax paid	(327)	(234)	(658)
90	179	269	+ Interest received	116	53	42
(90)	(136)	(282)	- Interest paid	(325)	(121)	(88)
	(2)		-/+ Other unrealised operating expenses/(income)	8	(15)	
(5)	(10)	(14)	- Loss/(gain) on sale of fixed assets	(20)	(647)	(16)
732	**639**	**210**	= **Provided by the year's operations**	**692**	**1 176**	**1 220**

1) In the cash flow statement, depreciation and write-downs of operating equipment also include shares etc.

STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

POSTEN NORGE AS	Share capital	Share premium account	Other reserves	Other equity	Total equity
	Transactions with owner				
Equity as at 1 January 2006	3 120	1 560	13	(35)	4 658
Cash-flow hedges:					
- Changes in value/transferred to income			(12)		(12)
- Tax on changes in value			3		3
Available for sale investments:					
- Changes in fair value			(1)		(1)
Tax effect of demerger receivables				14	14
Net income/ (expense) recognised directly in equity			(10)	14	4
Net income for the period				673	673
Net income/(expense) for the year			(10)	687	677
Transferred from share premium account to distributable equity		(568)		568	
Equity as at 31 December 2006	3 120	992	3	1 220	5 335
Equity as at 01 January 2007	3 120	992	3	1 220	5 335
Cash-flow hedges:					
- Changes in value/transferred to income			39		39
- Tax on changes in value			(11)		(11)
Net income/ (expense) recognised directly in equity			28		28
Net income for the period				822	822
Net income/(expense) for the year			28	822	850
Dividend paid				(488)	(488)
Repayment equivalent to state contribution AFP (§6)				(80)	(80)
Equity as at 31 December 2007	3 120	992	31	1 475	5 618
Equity as at 01 January 2008	3 120	992	31	1 475	5 618
Cash-flow hedges:					
- Changes in value/transferred to income			(147)		(147)
- Tax on changes in value			41		41
Tax effect of demerger receivables				(2)	(2)
Net income/ (expense) recognised directly in equity			(106)	(2)	(108)
Net income for the period				(281)	(281)
Net income/(expense) for the year			(106)	(283)	(389)
Dividend paid				(597)	(597)
Equity as at 31 December 2008	3 120	992	(75)	595	4 632

STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

NORWAY POST GROUP	Share capital	Share premium account	Other reserves	Other equity	Total	Minority interests	Total equity
	Transactions with owner						
Equity as at 1 January 2006	3 120	1 560	28	(6)	4 701	13	4 714
Translation differences for the year				33	33		33
Cash-flow hedges:							
- Changes in value/transferred to income			(15)		(15)		(15)
- Tax on changes in value			4		4		4
Available for sale investments:							
- Change in fair value			(16)		(16)		(16)
Net income/ (expense) recognised directly in equity			(27)	33	6		6
Net income for the period				862	862	(6)	856
Net income/(expense) for the year			(27)	895	868	(6)	862
Dividend paid						(2)	(2)
Transferred from share premium account to distributable equity		(568)		568			
Other equity transactions				(18)	(18)	10	(8)
Equity as at 31 December 2006	3 120	992	1	1 438	5 551	15	5 566
Equity as at 01 January 2007	3 120	992	1	1 438	5 551	15	5 566
Translation differences for the year				(30)	(30)		(30)
Cash-flow hedges:							
- Changes in value/transferred to income			43		43		43
- Tax on changes in value			(12)		(12)		(12)
Net income/ (expense) recognised directly in equity			31	(30)	1		1
Net income for the period				796	796		796
Net income/(expense) for the year			31	766	797		797
Dividend paid				(488)	(488)	(6)	(494)
Repayment equal to state contribution AFP (§6)				(80)	(80)		(80)
Other equity transactions				(2)	(2)	(1)	(3)
Equity as at 31 December 2007	3 120	992	32	1 634	5 778	8	5 786
Equity as at 01 January 2008	3 120	992	32	1 634	5 778	8	5 786
Translation differences for the year				102	102		102
Cash-flow hedges:							
- Changes in value/transferred to income			(147)		(147)		(147)
- Tax on changes in value			41		41		41
Net income/ (expense) recognised directly in equity			(106)	102	(4)		(4)
Net income for the year (Group)				(35)	(35)	7	(28)
Net income/(expense) for the year			(106)	67	(39)	7	(32)
Dividend paid				(597)	(597)	(5)	(602)
Other equity transactions				11	11	(3)	8
Equity as at 31 December 2008	3 120	992	(75)	1 116	5 153	7	5 160

1 000 000

Did you know that... Norwegians can create their own personal postage stamps. Since their launch in August 2006 more than 1 million personal postage stamps have been ordered. Children, pets, newly-weds, Christmas themes, cabins and various anniversaries are the most popular designs.

Big ambitions in a challenging market

The Mail segment wants to maintain its leading position in Norway and Scandinavia despite the fact that letter volumes are falling and competition is becoming ever fiercer. The Mail segment is determined to focus efforts in harder times.

TOUGH MARKET. More electronic communication and reduced marketing budgets hit the Mail segment hard. In addition the battle for Scandinavia has become harder after Posten Sverige and Post Danmark launched their merger plan. But Group Director Lars Tendal in Mail is aiming high, and stresses that Norway Post will continue to be the leader for letters and advertising in Norway, and keep its number two position in industrial mail in Sweden and Denmark.

«We have core products that are in demand and a national distribution network that no competitors can measure up to,» begins Tendal.

The Mail segment is naturally affected by the fall in letter volumes and bank transactions resulting from the transition to electronic solutions. Last year the total letter volume in Norway was 3.3 percent less than in 2007.

«We expect the number of letters to continue to fall in 2009. This is mostly as a result of lower activity in the economy, but also because more and more customers are expected to replace letters with electronic alternatives,» says Tendal.

MORE POST IN SHOPS. There were five percent fewer customers in the Post office network compared with 2007.

«The decline in the number of visitors to Post offices shows that Norway Post made the right move in converting Post offices to Post in Shops,» emphasises Tendal.

The conversion of the Post office network that began in 2008 is on track. A total of 124 Post offices will be converted to Post in Shops over a three-year period. 35 had already been converted in the second half of 2008. In 2009 56 will be converted, with 33 the year after. Customers applaud the longer opening hours and good accessibility of Post in Shops.

«It is good to see that customer satisfaction with the sales network continues to rise. In the fourth quarter this was measured at 84 points - one point more than in the autumn of 2007,» says Tendal.

Post in Shops have also become popular for the store chains. Calculations from analysis agency ACNielsen show that shops that include Post in Shops win the fight for customers. The figures also document the fact that shops with postal services increase revenues by an average of 8 percent.

VITAL ADVERTISING. Advertising products account for over NOK 1.2 billion of the Group's earnings each year. A reduction in advertising therefore has major consequences for the profitability of the Group.

«Competition over the distribution of advertising is harder than ever,» he notes.

Unaddressed mail advertising fell by six percent, but still accounted for 51 percent of the total letter volume in 2008. Addressed advertising fell by 9.5 percent compared with 2007.

However the precision requirements for reaching the correct customer are higher than ever.

«We can precisely target the customer with unaddressed advertising down to each mail courier route. This results in higher profits and lower production volumes for customers' campaigns,» says Tendal.

This form of precision marketing is one of the areas of focus for the future. >

Important events

CONVERSION TO POST IN SHOPS.

> In 2008 a new round of conversions from Post offices to Post in Shops (PIB) started. Over a three-year period 124 Post offices will be converted. 35 of these were converted in 2008. A fall in the number of customers visiting Post offices shows that Norway Post is adapting to developments and new customer demands by focusing on PIB. The local shop helps Norway Post by offering a good mail service, while Norway Post helps local business with increased revenues for the shops.

DIALOGUE CONFERENCE.

> The Dialogue conference that Bring Dialogue arranges each year has become Scandinavia's biggest and most important meeting place within customer dialogue, CRM and precision marketing. In 2008 it was held in Strømstad and a record number of visitors found their way to the conference. 27 international speakers helped to make the conference a success.

The segment consists of

letters and communication products, banking services, document management and sale of goods through sales and service networks.

For reporting purposes the segment comprises the mail division, the subsidiaries Bring Citymail Sweden, Bring Citymail Denmark, Bring Dialogue Norway, Bring Dialogue Sweden and the production and distribution apparatus for the Group's postal activities in Norway (Distribution network division).

Five business areas

POSTEN PRIVAT provides mail and banking services for the Norwegian private market.

BRING MAIL provides distribution of letters, advertising, goods, newspapers and magazines to the recipient's letter box with related support services for the corporate market.

BRING DIALOGUE provides services for customer recruitment and customer follow-up/dialogue.

BRING CITYMAIL DENMARK provides distribution of industrial post in Denmark.

BRING CITYMAIL SWEDEN provides distribution of industrial post in Sweden.

GROUP DIRECTOR
Lars H. Tendal

Bring Dialogue's segmentation tool, the «Effect database», is one of the keys in this strategy. The tool contains customer data that does not only tell us where people live, but also what they are concerned about and their interests.

«For example, this ensures that adverts for garden equipment do not drop into post boxes in apartment blocks,» he explains.

Bring Dialogue plans to be the leading player in Scandinavia within precision marketing.

«By bringing together several brands under the Bring Dialogue name, we have made this possible,» emphasises Tendal.

MORE HOUSEHOLDS EXEMPT THEMSELVES. The proportion of exemptions from unaddressed mail advertising has flattened out, and Norway Post has the country's highest coverage level of 70 percent.

«There has been a lot of negative attention regarding unaddressed mail advertising, particularly in connection with the new marketing act. More and more have chosen to send advertisements as inserts in newspapers. But consumer surveys show that good offers in post boxes are read. By avoiding blanket bombing of major areas, advertisers save money - and there is less waste,» says Tendal.

LARGE COVERAGE LEVEL. The Mail segment has a large proportion of fixed costs related to payroll and operations. Almost 60 percent of the Mail segment's costs are wages. When the amount of mail falls, earnings fall, while the level of expenses remains basically unchanged.

«We visit the entire population of Norway as well as all its companies six days a week. It is difficult to reduce costs significantly even if there are fewer letters per stop,» explains Tendal.

Now he says that tough decisions on priority areas will have to be taken, and more emphasis will be focused on activities that generate earnings.

«Value is created through dialogue with the customer,» says Tendal.

BIG IN SWEDEN. In the fourth quarter Bring Citymail Sweden expanded its mail distribution to 20 new Swedish municipalities. The expansion means that they now cover 56 percent of households and businesses in Sweden.

«Bring Citymail delivers to more households in Sweden than Norway Post does in Norway,» adds Tendal.

Both Bring Citymail Sweden and Bring Citymail Denmark have had a positive development in volume from 2007 to 2008, and account for a combined total of 12 percent of the Group's overall letter volume.

Norway Post also has an ambition to be the best in Scandinavia for cross-border mail.

NEW COMPANY CARD. The Bring company card was launched in 2008 and is a MasterCard credit card. The card can be used for the purchase of products and services in post offices, business centres and Post in Shops. Furthermore, it can be used anywhere in the world that MasterCard is accepted.

«The card is free to obtain and use for purchases in Norway, and suits all companies who prefer to receive invoices for their purchases from Bring and Norway post,» says Tendal.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES

Mail 37%

Other 63%

SHARE OF GROUP EMPLOYEES

Mail 71%

Other 29%

EMPLOYEES	MAIL
2008	19 992
2007	19 813
2006	18 392

REVENUE FROM EXTERNAL PARTIES IN MNOK	
2008	10 630
2007	10 403
2006	9 965

EARNINGS BEFORE INTEREST AND TAXES IN MNOK	
2008	(120)
2007	90
2006	907

NUMBER OF LETTERS IN MILLION UNITS	
2008	2 598
2007	2 687
2006	2 752

SUBSIDIARIES

- Bring Citymail Sweden
- Bring Citymail Denmark
- Bring Dialouge Norway
- Bring Dialouge Sweden

Norway Post delivers post to 2.2 million households in Norway every day, six days a week.

191

Did you know that... Through its company Pan Nordic Logistics (PNL) Bring has Scandinavia's broadest coverage area. PNL collaborates with many leading mail and parcel companies all over the world and delivers to 191 countries. PNL will change its name to Bring during 2009.

Logistics heading in the right direction

The Logistics segment has enjoyed incredible growth in recent years and was responsible for some 46 percent of the Group's earnings in 2008. Logistics is thus the Group's biggest and the most profitable segment.

A WINNER. More assignments, five acquisitions and growth within parcels and cargo helped revenues in the logistics segment to grow to NOK 13.4 billion in 2008. Earnings grew by 46 percent to NOK 682 million.

«Strong growth in our existing operations, acquisitions and good result developments led to us strengthening our position as one of the leading logistics operators in Scandinavia,» says Group Director, Arne Bjørndahl in Logistics.

He stresses that Bring will be the best in its class for the areas in which it operates. In November Bring was crowned the Swedish-Norwegian company of 2008 by the Norwegian-Swedish Chamber of Commerce. The reasons behind this included having established a good and successful bridgehead in the Swedish market.

INCREDIBLE GROWTH. Revenues in the Logistics segment have more than quadrupled from 2002 to 2008. In 2000 the Logistics segments represented 18 percent of earnings. In 2008 this share had grown to some 46 percent. Operating revenues from international activities made up almost NOK 5 billion, and constitute 37 percent of earnings in Logistics.

«The economic downturn has led to lower volumes for Express, particularly in Sweden and Denmark. As early as in May we noticed that there were fewer express assignments,» says Bjørndahl.

More important acquisitions were made in the year. The acquisitions comprised Emdal Transport & Spedisjon AS, CombiTrans AB, Nor-Cargo UK, the Finnish express company Lähettiryhmä OY – and the remaining 50 percent of the shares in the parcels company Pan Nordic Logistics AB (PNL).

During the autumn international transport activities within groupage and part load were also affected by reduced demand. Online business from the USA reached new heights during the first half of the year when the dollar exchange rate hit record-lows, but volumes flattened out during the autumn.

«Online business is a key area for us. We acquired the remaining 50 percent of PNL from Post Denmark, and are concentrating all our efforts on both national and cross-border parcel operations in Scandinavia,» says Bjørndahl.

Today there are 19 automatic post vending machines in Norway and 9 green MyQuickBoxes in Sweden.

The internet business day «Load08» in Oslo was again fully subscribed, and the success will be repeated in September 2009. «Load» is Norway Post's internet business day and includes the crowing of the internet store of the year.

GREEN FUTURE. In February 2008 it became clear that the new brand was to be green - in the style of Box at the time. Bring was launched in September. Bjørndahl believes the re-profiling to a common green brand has been a success.

«The effect has been positive. Bring has been well received both by employees and customers. We can show the connection between services and companies, and employees feel like part of a large family. It makes it easier to cooperate between companies and to profile smaller business areas,» explains Bjørndahl.

Important events

ACQUISITION OF PNL

In 2008 Norway Post bought the remaining 50 percent of the shares in the parcels company Pan Nordic Logistics AB (PNL). By parcel volume, PNL is one of the leading logistics companies in Scandinavia. The company offers solutions to companies and private persons in cross-border parcel distribution.

CROWNED COMPANY OF THE YEAR

In November Bring was crowned the Swedish-Norwegian company of 2008 by the Norwegian-Swedish Chamber of Commerce. The reasons for this included having established a good and successful bridgehead in the Swedish market.

The Logistics Segment consists of

parcels, groupage and part load, thermo, express and warehousing.

For reporting purposes the segment comprises the logistics division that includes the parent company's parcels and logistics business, Bring Logistics, Bring Frigoscandia, Bring Express, PNL and CombiTrans.

The logistics market

BRING LOGISTICS: Comprises the following business areas:

GROUPAGE AND PART LOAD CARGO supplies logistics services within the field of groupage and part load cargo, Air&Sea and Offshore and Energy Logistics.

PARCELS provides the distribution of parcels weighing less than 35 kilograms in Scandinavia together with PNL, and has a high level of coverage in the rest of the world. Offers additional services such as duty-paid, warehousing, advice and online business.

WAREHOUSING comprises services within warehousing, container and trailer haulage, as well as harbour services.

NETTLAST operates good transportation services in Norway.

BRING EXPRESS: Specialist in express logistics and courier services in Scandinavia.

BRING FRIGOSCANDIA: Specialist in freight of temperature regulated goods (thermo) throughout Scandinavia.

GROUP DIRECTOR
Arne Bjørndahl

GREEN CHARGES. In Sweden Bring Express has created a training scheme called Economical Driving – practical and theoretical driver training for environmentally efficient and safe driving. Around 260 drivers from Bring Express have completed the course.

«Environmental charges will continue to rise. The EU and national authorities are leading their tax and duty regimes in a green direction. Increased charges for emissions and other pollution will make it profitable for companies to increase environmental measures. It has also become more common for customers to demand environmental accounts. Some also wish to purchase CO2 quotas. So environmental awareness is a decisive competitive advantage,» says Bjørndahl.

Bring Express in Sweden has 22 biogas powered vehicles and 20 more are on order. All new diesel vehicles that Bring uses are to have Euro class 5 engines.

Bjørndahl finds the internet to be a suitable channel for managers and employees to learn more about environmental awareness. A Group-wide multimedia e-learning program about environmental challenges has therefore been created. The course is available in both Norwegian and Swedish, and is mandatory for a section of key personnel. For most employees completion of the course is voluntary.

HISTORIC AGREEMENT. Norway Post has a target that 80 percent of all cargo to areas served by rail in Norway is to be sent by train. The agreement with CargoNet is the biggest in Norwegian history with regard to cargo transport and rail freight, and covers all companies in the Norway Post Group. It applies to national, Scandinavian and international rail-based transportation which equates to almost 30 million kilometres driven by truck per year.

«New national and international rail freight solutions are replacing road freight. Now semitrailer containers are transported by rail to Taulov in Denmark, and thereafter on to Verona in Italy,» says Bjørndahl.

Bring currently owns an empty commercial plot of land at Alnabru. Bjørndahl would like to localise Bring operations in Vinterbro, Ulven, Karihaugen and Skårer right next to the Alnabru terminal. But Oslo Municipality has yet to give its approval to this plan.

«This needs to be in place soon if we are to be able to achieve our ambitions within rail logistics,» says Bjørndahl.

MORE IN STORE. Bring Logistics Solutions, which offers warehousing services, has its new premises under construction at Berger outside Oslo. The building will be completed early in 2010 with a warehouse area of 34,800 square metres, and 46 loading bays. Inside there will be space for 82,000 pallets.

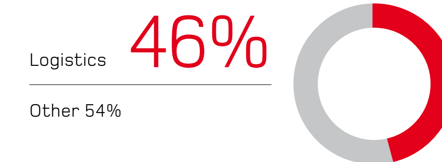
«Warehousing is a good alternative for companies wishing to cut the costs related to warehouses and goods processing,» says Bjørndahl.

INNOVATIVE. Bring and the American supplier RedPrairie are developing and testing a new IT solution for Transport, Distribution and Load Planning (TDLP) across all business areas. TDLP will give benefits in the competition for customers, increased volumes in own networks, significant environmental gains, reduced costs, shorter driving distances, more efficient routes and higher load ratios.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES

Logistics 46%

Other 54%



SHARE OF GROUP EMPLOYEES

Logisticks 15%

Other 85%

EMPLOYEES	LOGISTICS
2008	4 301
2007	3 685
2006	3 588

REVENUE FROM EXTERNAL PARTIES IN MNOK

2008	13 293
2007	12 209
2006	10 964

EARNINGS BEFORE INTEREST AND TAXES IN MNOK

2008	682
2007	466
2006	502

NUMBER OF PARCELS IN MILLION UNITS

2008	35,0
2007	32,1
2006	30,7

SUBSIDIARIES:

- Bring Logistics
- Bring Frigoscandia
- Bring Express
- PNL
- CombiTrans

For many years the Norwegian oil and gas industry has used Bring Logistics (formerly Nor-Cargo) for complicated transport tasks all over the world.

5 000 000

Did you know that... ErgoGroup uses the local Hunnselva river to cool its large data servers at Fjellhallen in Gjøvik. In this way it avoids the need for cooling machinery for eight months of the year, which reduces energy consumption by around 5 million KW per year.

Record year for IT

ErgoGroup has completed a particularly good IT year. Growth continued in 2008 with revenues of NOK 5.7 billion - up 13 percent from the previous year. Good contracts continue into the new year.

GOOD IT YEAR. ErgoGroup experienced many highlights in 2008. The year was characterised by a good volume of new agreements, and a high invoicing level for consulting services. Revenues within the IT segment have almost quadrupled from 2000 to 2008. ErgoGroup had an EBITA of NOK 442 million, which is 47 percent better than the previous year. This progress is due to a high level of activity in the consulting area, more efficient operation and acquisitions.

«We had a solid volume of contracts in 2008, with 2,919 contracts worth NOK 3,070 million. Many of our customers show us their continued trust by extending or renegotiating contracts. At the same time we are winning more and more new customers and thereby gaining market share from our competitors,» says Group Director Terje Mjøs.

FULL SPEED AHEAD. IT Operations Services constituted 63 percent of total revenues in 2008. As a stage in its focus on offshoring, ErgoGroup increased its ownership stake in the Indian IT company ION Solutions to 51 percent in January 2009. Meanwhile, Solutions had stable demand for services within both system development and the implementation of ERP solutions (Enterprise Resource Planning).

«We are well equipped for 2009, which will be a challenging and exciting year. Financial turbulence has a wide affect on business, and the most important goal for us is to deliver solutions that help customers to solve their challenges. We expect customers' emphasis on cost reductions to increase demand for operational services. At the same time we expect a harder fight for consulting assignments,» says Mjøs.

A strong position within operations and outsourcing, close regional customer relations and a solid hold in a public sector less prone to the economic downturn, make prospects brighter.

MORE SATISFACTION. Both employees and customers are more satisfied than ever before. The employee rating has risen significantly – from 69 points in 2005 to 77 points in 2008.

«The results clearly show that we have satisfied employees, something our customers also notice,» says Mjøs.

He also wants his customers to be the most satisfied in the industry. The customer satisfaction survey for 2008 was carried out from the 10th of October to the 1st of December. The results show that the score rose from 70 in 2007 to 72 in 2008.

«There is still room for improvement within certain areas, but we are on the right track,» notes Mjøs.

NORWAY'S BIGGEST. On the 24th and 25th of September, ErgoGroups IT conference was arranged for the 25th time with a record number of participants. 612 managers, IT experts and decision-makers from the private and public sectors made their way to Norway's biggest and oldest IT conference in Tønsberg.

«Over many years the IT conference has grown to become the most important meeting place in Norway for those who are concerned about the interaction between technology, organisation and people,» explains Mjøs.

97 percent of participants who replied to the evaluation said they were satisfied or very

Important events

NAV CHOSE ERGOGROUP

In 2008 NAV (The Norwegian Labour and Welfare Administration) chose ErgoGroup as the supplier of network services and equipment as well as nationwide service for NAV's 750 offices. The agreement runs for six years with an option for extension. The agreement has an expected value of over NOK 300 million.

LAUNCHED MOBILE OUTSOURCING

In 2008 ErgoGroup was the first in Norway to offer mobile outsourcing. This is a complete system for the operation and handling of mobile telephones, subscriptions, applications and mobile solutions for the corporate market. In this way ErgoGroup takes complete responsibility for the mobile phone.

The IT Segment consists of

IT operations, infrastructure services, administrative and electronic solutions.

For reporting purposes the segment comprises ErgoGroup AS with its subsidiaries Systeam AB and Bekk Consulting AS.

ErgoGroup's five business areas:

IT OPERATIONS SERVICES includes server operations, outsourcing, regional IT service, and tele and data communications services.

SOLUTIONS delivers total concepts, IT services, business sector solutions and complete software solutions to the public and private sectors.

REGIONAL SERVICES provides IT systems, consultancy services and operating solutions to small and medium-sized enterprises in the private and public sectors, as well as deliveries to large-scale local cornerstone companies.

NORDIC provides complete solutions to ErgoGroup's clients outside Norway, with more than 40 offices in Sweden and Finland.

BEKK CONSULTING AS is a Norwegian consulting company that supports companies in improving development of processes and organisation, modernising of professional systems, portals and self-service solutions and tailor-made business applications.

MANAGING DIRECTOR
Terje Mjøs

The IT company BEKK (owned by ErgoGroup), was elected one of the most attractive workplaces among consulting companies by Norwegian IT students.

satisfied with the event. 94 percent said they will recommend others to take part in next year's event in Tønsberg.

RISING STAR. The ErgoGroup brand is beginning to be well known. Visibility and unassisted awareness of ErgoGroup is growing in the market. The international consulting company Universum regularly surveys the attractiveness of Norwegian employers. Economists, engineers and IT staff are asked questions including which IT companies they dream of working for.

«We jumped from 37th place in 2006 and 25th place in 2007 to 10th place last autumn; far ahead of companies we tend to compare ourselves with. This, together with the employee score, shows that ErgoGroup is an attractive workplace and this will make it easier for us to keep and continue to attract the best people,» says Mjøs.

BEKK, which is owned by ErgoGroup, was elected as the most attractive workplace among consulting companies by IT students at NTNU and the University of Oslo. This result came from Universita's annual student survey in 2008.

MAJOR CONTRACTS. ErgoGroup entered into contracts worth over NOK 3 billion in 2008. Two of the most central agreements were signed with Securitas and Helse Sør-Øst (South-Eastern Norway Regional Health Authority). In the autumn of 2008 ErgoGroup entered into a five year operations contract with the European company Securitas whereby up to 5,000 security guards in Europe are to be equipped with hand terminals.

«This is a hugely significant agreement for ErgoGroup and a feather in the cap for our mobile operations. Securitas is an exciting customer for us and an example of our ability to deliver outside of Norway,» emphasises Mjøs.

The agreement with Helse Sør-Øst is also described as one of the most important

in 2008, as the health sector is an area of focus for ErgoGroup. The framework agreement with the health authority is for five years and has an anticipated scope of NOK 100-250 million.

«We see this as being one of the year's most important IT agreements in the health sector. The agreement shows that we have Scandinavian delivery power and the expertise to deliver complete solutions,» says Mjøs.

Other important agreements that were signed in 2008 were with Petoro, Lindorff, NAV, Choice, Helse Sør-Øst, Teller, Marine Harvest, Norges Bank, IKT Agder, Skattedirektoratet, Trondos and Norway Post.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES

IT 17%

Other 83%

SHARE OF GROUP EMPLOYEES

IT 13%

Other 87%

EMPLOYEES	IT
2008	3 642
2007	3 362
2006	1 843

REVENUE FROM EXTERNAL PARTIES IN MNOK	
2008	4 735
2007	4 188
2006	2 357

EARNINGS BEFORE INTEREST AND TAXES IN MNOK	
2008	369
2007	268
2006	223

SUBSIDIARIES

- Bekk Consulting AS
- SYSteam AB

60%

Did you know that... The construction of a geo-energy facility (thermal energy) in the new South-East Norway terminal will result in a significant reduction in environmentally damaging emissions and the consumption of non-renewal energy sources. The system will help to reduce the use of primary energy for heating by almost 60 percent.

Good corporate governance

To the Norway Post Group, good corporate governance is the goals and main principles that provide guidance about how the Group is to be managed and controlled. The goal of corporate governance is to strengthen confidence in the company and to contribute to future added value

GOOD STRUCTURES. To the Norway Post Group good corporate governance is also the structures that regulate interaction between the governing bodies; the owner, the Board and management.

THE FOUNDATION. Norway Post complies with Norwegian recommendations for corporate governance in ways appropriate to the Norway Post organisational and ownership structures. As the Ministry of Transport and Communications is the company's sole owner and Norway Post is not listed on the stock exchange, Norway Post's corporate governance deviates from the points in the recommendations concerning the equal treatment of shareholders, free negotiability of shares, general meeting and nomination committee. The company and its employees have also agreed not to have a corporate assembly. As a limited company entirely owned by the state, Norway Post complies with the Government's governance principles.

The issue of corporate governance has been discussed by Norway Post's Board of Directors and group management. Work is summarised in the Board's directive regarding company principles for corporate governance and management. The directive and additional information about Norway Post's corporate governance are available on Norway Post's website www.posten.no.

FUNDAMENTAL VALUES AND CODE OF CONDUCT. In 2008 a new code of conduct was implemented for the entire group. A brochure explaining the code was distributed to all employees and management has discussed the contents with staff. The implementation was measured in the year's employee survey. During 2008 Group management has revised and clarified the Group's management principles and values.

OPERATIONS. Norway Post's operations are defined in the company's articles of association. These articles of association are available on www.posten.no The company's objective is to carry out postal and logistics activities based on both physical and electronic solutions, and other directly related activities, as per § 3 of the articles of association.

With regard to postal operations in Norway, these are based on the licence given by the Ministry of Transport and Communications. This applies until 31 December 2010. The Norwegian Post and Telecommunications authority oversees and ensures that the company meets the concession requirements.

THE SHAREHOLDER'S MEETING. The Minister of Transport and Communications constitutes the shareholder's meeting. The meeting is the company's supreme authority.

THE BOARD OF DIRECTORS. The Board of Directors is responsible for the administration of the company and for providing guidance to management of the company's and Group's operations. The Board's main tasks include strategy, control and organisational assignments. The Board of Directors appoints the CEO.

Norway Post's 'Instructions to the Board' >

Important events

NEW CODE OF CONDUCT

> A new code of conduct was implemented for the entire group. A brochure explaining the code was distributed to all employees. Norway Post's management has also discussed the contents with staff. According to this year's employee survey 82% of the employees are familiar with the code of conduct.

REPORTING INSTITUTE

> The Group established a common reporting institution for the receipt and processing of misconduct. The legal director is responsible for the reporting institution. An employee can submit a report if he suspects conditions such as financial disloyalty, corruption, environmental crime and breach of governance documentation.

regulates both the Board's and CEO's responsibilities and tasks. These instructions provide the framework for the Board's work and procedures within the limits of the prevailing legislation, the company's articles of association and the general meeting's resolutions. These instructions stipulate that the Board must annually review its work, its competence and its way of working and evaluate the contents of the 'Instructions to the Board'.

Norway Post's Board consists of 10 members, of which six represent the owner, while four represent the employees. The shareholder-elected directors have one alternate director. The employee-elected directors each have their own alternate director. Directors are elected for a period of two years. Continuity within the Board of Directors is ensured as only half of the directors are up for election at the same time.

The Board held seven ordinary and two extraordinary meetings in 2008.

REMUNERATION. The directors' fees are set at the Annual General Meeting. The remuneration for the directors in 2008 is stated in note 2.

The Board has appointed a compensation committee that consists of four Norway Post directors and is chaired by the chairman of the Board. This committee assesses and suggests the terms applicable to the CEO and any adjustments made to these, gives the CEO feedback in connection with his evaluations of the rest of the Group's senior management, and prepares case documents prior to Board discussions about the company bonus programme.

Remuneration to senior management in 2008 is stated in note 2.

INFORMATION AND COMMUNICATION. Norway Post has an open, proactive information strategy. Guidelines for a code of conduct have been established to ensure that Norway Post acts professionally and uniformly with regard to the media.

The company aims to comply with the rules, requirements and standards for the dissemination of good information that apply to listed companies in Norway, including the use of accounting standards and generally accepted accounting policies. Financial information is reported quarterly at stipulated times, and in line with the Oslo Stock Exchange's information requirements. This information is made available via the Internet in both Norwegian and English.

RISK MANAGEMENT. An overall assessment of the Group's risk is conducted annually.

The risk analysis is based on the divisions' strategy, business plans and targets and is an extensive process. 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, and are followed up with specific measures for managing and controlling the individual risk factors in order to avoid incidents that may negatively impact the Group's operations and reputation in the market.

INTERNAL CONTROLS. The company's Board and group management ensure the necessary control over the company's operations. This is done via governance documentation, various processes for internal controls, external audits, quarterly strategic and business reviews, continuous risk analysis and an annual review of the company's management resources. These processes are used to ensure that operations are sufficiently reviewed and monitored so that the responsibilities that the Board and group management have under the prevailing legislation and the principles for good corporate governance are fulfilled.

An investment committee has been appointed by the CEO and consists of the chief financial officer, group controller and group treasurer.

The Group's governance documentation stipulates directions for the management and control of the group. The documentation sets out corporate group requirements with regard to conduct in important areas and processes. The Group's legal director is responsible for the development and updating of this corporate documentation. The legal director is also responsible for handling reports of misconduct in the Group (whistle-blowing). Employees can submit a report if they suspect conditions such as financial disloyalty, corruption, environmental crime and breach of governance documentation.

The Group's procedures for risk analysis and monitoring internal controls are described in separate Group guidelines.

The Board has established a revision committee to contribute to the thorough processing of cases related to financial reporting including internal control monitoring. The committee is made up of two Board members who are independent of general management.

AUDITOR. The company's auditor attends the Board meeting that reviews the annual financial statements. At either this meeting, or a separately held one, the auditor reports on the audit and presents his or her views on the Group's accounting principles, risk areas, internal control routines and accounting practices. This report is summarised annually in a numbered letter to the Board of Directors. In addition to the statutory audit, the auditor is used for tasks naturally related to the audit. Norway Post's policy is to use the same auditing firm for all Group companies.

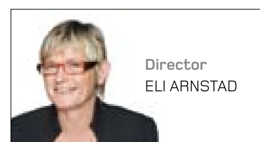
The Board of Norway Post

Chairman of the Board
ARVID MOSS

Born: 1958
Director of Norsk Hydro, Corporate Strategy and Business Development.
Education: Master of Business Economics, Norwegian School of Economics and Business Administration (NHH)

Vice Chairman
LIV STETTE

Born: 1958
Senior Manager, Ålesund Municipality.
Education: BA in education, psychology and political science/public administration.



Director
ELI ARNSTAD

Born: 1962
Consultant.
Education: BA.
Offices: Board member of Vattenfall AB, AF-gruppen, Sparebank 1 Midt-Norge, Norwegian Savings Bank Association and the Centre for Economic Research at the Norwegian University of Science and Technology.

Director
TERJE CHRISTOFFERSEN

Born: 1952
Partner in Interforum Partners AS, CEO Birdstep Technology ASA.
Education: MBA, Cologne University 1978.
Offices: Vice Chairman in Hafslund Infratech ASA, Chairman of the Board in Network Norway AS, Chairman of the Board in Mobile Norway AS.

Director
SIGBJØRN MOLVIK

Born: 1950
Teacher. Teacher, member of Telemark's county council.
Offices: Director of Telemark University College.

Director
GRY MØLLESKOG

Born: 1962
Korn/Ferry International-Senior Client Partner.
Offices: Chairman of Oslo Sporvognsdrift AS, Director of Norwegian Property ASA and DnBNOR Finans, Alternate Director for corporate assembly of Telenor ASA

Employee director
ODD CHRISTIAN ØVERLAND

Born: 1957
General Secretary of the Norwegian Postal and Communications Workers' Union (Postkom).

Employee director
INGEBORG SÆTRE

Born: 1955
Deputy General Secretary of the Norwegian Postal and Communications Workers' Union (Postkom).
Employee of Norway Post since 1971.

Employee director
PAUL MAGNUS GAMLEMSHAUG

Born: 1953
Distribution Network Division's representative in the Norwegian Postal and Communications Workers' Union (Postkom). Member of the executive committee of the Norwegian Postal and Communications Workers' Union.
Employee of Norway Post since 1974.

Employee director
JUDITH OLAFSEN

Born: 1958
Postkom representative in Nordland county. Member of the executive committee of the Norwegian Postal and Communications Workers' Union (Postkom).
Employee of Norway Post since 1976.

86,1%

Did you know that... The huge Christmas volume came two days earlier in 2008 than the year before. This means that Norway Post's Christmas campaign with the 16th of December as the recommended last posting date worked. The quality of the Christmas post in the fourth quarter was 86.1 percent, and thus one of the highest ever rated.

Uncertainty, change and new opportunities

The global financial crisis hit in the autumn of 2008 and changed the expected economic downturn to a powerful economic recession in mail and logistics markets.

ADAPTATION. Both customers and suppliers within the mail, logistics and IT market areas have accepted the consequences of this and are implementing activities to adapt capacity and costs to lower demand. The financial crisis changes market assumptions in the medium term, at the same time as strengthening the long-term forces of change.

ECONOMIC DOWNTURN. Economic downturn leads to a reduction in demand and falling volumes for several market segments within the mail and logistics markets. Market estimates have also been reduced for the IT markets and zero growth is expected in Scandinavia in the coming period. Economic downturn challenges profitability for customers and suppliers, and companies are forced to take short-term measures to limit this effect. The decline can thus come in waves before the bottom is reached. There are signs that assumptions are different this time than in previous periods of decline. For example it appears that the IT markets are now affected later and to a lesser degree than previously. At the same time the economic decline and its consequences offer opportunities for those who have strength and creativity. The need to focus on core activities and hunt for cost savings strengthens the need for effective operational solutions in a large number of industries. This will be positive for suppliers of third-party solutions within logistics and IT. New business models and new and more effective process solutions will be developed. Structural changes and potential opportunities for consolidation will arise.

CONTINUED MARKET CONSOLIDATION. There is an increasing demand from customers who require Scandinavian consolidation of their activities and purchasing. This raises new challenges for the suppliers of services and solutions within mail, logistics and IT. It is expected that suppliers are able to serve their customers where they are, understand specific Scandinavian circumstances, that the solutions work in the whole of Scandinavia and that they can derive economies of scale by consolidating solutions and volumes. The speed of consolidation dropped somewhat in 2008 compared with 2007, but the year still featured a number of structural changes. The biggest and most significant event was the decision of the national mail companies Post Denmark and Post Sverige AB to merge. This changes the Scandinavian field of competition in the mail and logistics markets. When the merged company has coordinated its services it will be a dominant operator in Scandinavia. A new feature is that investment companies are now active in Scandinavian consolidation and wish to profit from this. The result is bigger and stronger operators and that the competition for Scandinavian customers has intensified. Many ambitious operators have led to heavy competition for the most attractive acquisition candidates. Despite the fact that the financial crisis creates a temporary vacuum due to difficulties in valuation, the coming

>

Important events

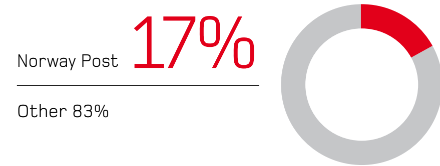
SCANDINAVIAN MAIL MERGER

> In 2008 Posten Sverige AB and Post Danmark announced plans to merge. The merger of the two mail groups confirms the development of increased competition and consolidation in the Scandinavian mail and logistics industry.

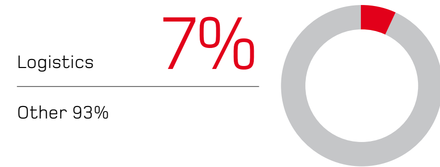
ENVIRONMENTAL COOPERATION IN POSTEUROP

> European postal companies have come together in a joint climate programme. The purpose of the cooperation is to create a common platform for learning and exchanging experiences of measures that increase environmental awareness and reduce the impact on the environment. Through this cooperation Norway Post is obliged to reduce its CO2 emission by 10 percent by 2011. A comprehensive action programme has been implemented.

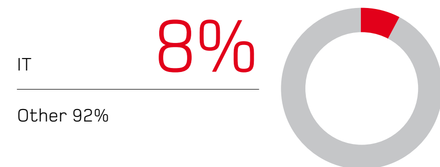
MAIL'S MARKET SHARE IN THE NORDIC REGION



LOGISTICS' MARKET SHARE IN THE NORDIC REGION



IT'S MARKET SHARE IN THE NORDIC REGION



year will also be characterised by acquisitions and consolidation in the markets in which Norway Post operates.

THE DIGITALISATION OF SOCIETY. The digitalisation of society affects buying habits, communications methods and work patterns. For operators in the mail, logistics and IT markets this development represents both new growth opportunities and threats.

The internet channel is now one of the most important communication arenas and creates new forms for interaction and coordination. This development has resulted in a decline in letter volumes. In Norway the number of addressed letters has gradually declined since 2000. However, using the post box as a communications channel is still sought after and an increasing number of new customers have become aware of letters as a targeted and effective method of capturing the recipient's attention. Competence that ensures that one precisely reaches the correct target groups with minimal effort is becoming increasingly important in line with the escalation of the total amount of information.

Online shopping has increased significantly in recent years and more traditional retailers now focus on online sales as a supplement to physical sales outlets. The proportion of trade that is undertaken through electronic channels is expected to grow further and fuel demand for reliable and predictable distribution solutions. Recipients are increasingly involved in the logistics process and requirements for distributors change in line with new groups gaining shares of online sales. New IT solutions are being developed to enable companies to increase the efficiency of their business processes and improve interaction with their customers. Digital delivery channels and self-service solutions make services available to larger parts of the market. This particularly applies to the SMB market that can now be offered more effective sales and delivery channels adapted to their requirements.

The digitalisation of society represents major challenges to the traditional mail and logistics companies, but also new opportunities for Norway Post as a trusted third party.

LIBERALISATION. The postal markets in Europe are still led by the national postal companies. 1. January 2011 has been set as the liberalisation date for the majority of EU countries. Experiences from already liberalised markets show that competitors establish themselves in the most profitable segments and in geographical areas with high population levels. It will be important for the authorities to ensure the right balance between the social need for a good an equal service for all parts of the country. Furthermore it is important that competition does not have a negative effect on the high quality expected by customers, and that the commercial conditions for operators safeguard social duties.

Private ownership has been introduced for many of the national postal companies in Europe, such as in Germany, Austria, the Netherlands and Belgium. A number of other countries have expressed specific plans for partial privatisation in the near future, including Sweden, Denmark, the United Kingdom, Poland and Hungary. This will lead to increased consolidation over national boundaries and a possible further sharpening of the competitive situation in many regions. But rapid developments in the establishment of strong cross-border blocks can create problems for the European authorities' intention to establish a functional competitive landscape in the mail industry for the benefit of all customers.

ENVIRONMENTAL FOCUS AND GREEN SOLUTIONS. Awareness of and demands for green products and services have increased during the course of the year. The operators within mail, logistics and IT now take clear responsibility. In the mail and logistics industry, with its comprehensive transport requirements, major parts of the vehicle fleets have been replaced with environmentally-friendly alternatives running on biofuel and electricity. In the IT industry energy consumption has been halved by consolidating and vitalising the operators' server parks. Environmental awareness is now so strong that not even a financial crisis, with the related focus on costs, will steal the limelight from the importance of reducing environmental impact. While customers, suppliers and partners now set stricter environmental requirements for each other and develop more environmentally-friendly solutions together, it is also important to make clear demands of the authorities to ensure that the framework conditions exist for the sustainable development of the business sector.

Employees in the spotlight

The Group's advertising campaign in connection with the rebranding was the biggest individual advertising campaign in Norway Post Group's history. The goal of the campaign was quickly to raise awareness of Bring as a specialist at the same time as showing the new face of Norway Post.

This time Norway Post and Bring chose to use their own employees in the advertisement. In this way the people behind the brand explained why the rebranding was necessary and which changes were made.

81%

Did you know that... 81 percent of Distribution Network's cargo to areas served by rail in Norway is sent by train. On average 114 «swap bodies» are sent by freight train each day. This produces clear environmental and socio-economic benefits as well as economic gains for Norway Post.

The green work continues

Environmental and climate work is extremely important to Norway Post. The Group has implemented a number of environmental measures and has several major areas of focus in which work is actively undertaken out in the field.

SEPARATE RESOURCE GROUP. For example, Norway Post has established a separate resource group for environmental work with participation from the divisions. The group contributes to the discussion and implementation of good environmental measures and ensures the effective exchange of expertise in the business. Our vision is «to work in a goal oriented manner to achieve environmentally efficient operations and sustainable development - leading to our becoming the world's most future-oriented mail and logistics group».

REDUCTION IN EMISSIONS. The Group achieved some reduction in CO2 emissions from 2007 to 2008. This is due to several factors including an increased use of rail transport, less use of aircraft, training in environmentally-efficient driving, the effect of using B5 (5 percent mixed with diesel), efficient logistics solutions and more. Continuous efforts are made to find energy sources that emit less CO2. In addition the Group aims to find new environmental solutions together with technology companies and its own customers.

RENEWABLE ENERGY. Norway Post has signed a contract to guarantee that 100 per cent of the electricity supplied to all Group companies in Norway, Sweden and Denmark is green energy. The contract includes a source guarantee that documents that the amount of renewable energy produced is equal to what the Group uses. The contract document thus stimulates increased production of renewable energy.

FROM ROAD TO RAIL. The Group has set a target of 80 percent of all cargo to areas served by rail in Norway to be sent by train. Norway Post has now reached 81 percent. The goal is to raise this by a further five percent in 2009. On average114 «swap bodies» are sent by freight train each day - only 26 «swap bodies» are sent by road on these routes. This produces clear environmental and socio-economic benefits as well as financial profits for Norway Post. For example Bring Logistics has been responsible for the coordination and transportation of 1,800,000 IKEA catalogues for Norway and Sweden. This is equal to 42 trucks or one and a half trains. By choosing rail Norway Post saved 7,000 kg of CO2 being released into the environment. We have also chosen logistics solutions using rail beyond the country's borders. Bring Frigoscandia started to use rail for the route from Oslo to Taulov (Denmark) in May 2008 to replace trucks. A similar rail solution has also been introduced for the route from Taulov (Denmark) to Verona (Italy). As a result of this CO2 emissions have been significantly reduced on these sections.

WASTE. Each year the Group produces approximately 11-14,000 tons of waste. In 2007 the Group pre-sorted around 62 percent of all waste, and in 2008 the proportion rose to 77 percent. The Group both saves and earns money through pre-sorting waste and contributes to less impact on the environment. The goal is to increase the proportion of pre-sorted waste to 91 percent by 2015. New Group agreements with waste management suppliers were signed in October 2008. This will make it easier for the terminals to pre-sort waste. >

Important events

WINNER OF THE «BE SAFE» AWARD

> Bring Express Jönköping won the CEO's HSE award in 2008. Environmental measures were important in winning the award. Bring Express Jönköping has almost no injuries, and its insurance premium thus fell by 22 percent. They have demonstrated that work on the environment also gives a positive effect on the working environment and safety.

ENVIRONMENTAL AWARENESS

> In 2008 Norway Post worked actively to create awareness around individuals' own environmental attitude and competence. «Miljøbeviset» (Norwegian version) / «Miljøkjørkortet» (Swedish version) is an e-learning program that was tested in 2008 and will be introduced during 2009. The program is an interactive environmental learning arena, where questions are asked to gain knowledge and give the employees increased know-how and greater awareness of environmental work.

ENERGY CONSUMPTION (GROUP)

ENERGY CONSUMPTION	UNIT	2007	2008
Electricity	kWh	229 127 048	205 668 794
District heating	kWh	10 782 737	12 154 389
Fuel oil	kWh	3 615 401	5 487 754
Fuel oil	litre	357 960	543 342
Propane «gas»	kWh		2 255 875
Total energy consumption	kWh	243 525 186	223 310 937

NORWAY POST'S OWN VEHICLES (PARENT COMPANY)

Total vehicles	Number	5512	5545
Vans under 3.5 tonnes	Number	4699	4755
Lorries ≥ Euro2	Number (%)	122 (98%)	55 (99%)
Lorries ≥ Euro3	Number (%)	365 (83%)	263 (91%)
Lorries ≥ Euro4	Number (%)	239 (33%)	249 (48%)
Lorries ≥ Euro5	Number (%)		51 (8%)
Mopeds	Number	87	120
Bicycles	Number		50
Other (Electric cars ...)	Number	2	2
Km driven	Km	150 000 000	156 326 832

HIRED TRANSPORT SERVICES* (GROUP)

Aircraft (national)	Tonne-km	11 055 299	10 009 254
Aircraft (international)	Tonne-km		31 081 146
Trains (national)	Tonne-km	236 534 820	301 511 782
Trains (international)	Tonne-km		266 917 368
Ship transport (national)	Tonne-km	38 548 107	39 646 034
Ship transport (international)	Tonne-km	986 066 710	463 080 444

* A split was made between national and international traffic, some of the base data is estimated.

CONSUMPTION OF RAW MATERIALS, ENERGY (PARENT COMPANY)

Petrol (own vehicles)	Litre	2 236 953	402 448
Diesel (own vehicles)	Litre	16 179 523	18 071 146
Biodiesel, 100% (own vehicles)	Litre	38 493	130 609
Fuel oil	Litre	49 878	105 252

PARTNERS AND MEETING ARENAS. In 2008 Norway Post was well represented in many fora where the environment was on the agenda. These included Klimakur 2020, Miljø og Bil and Zero (Zero Emission Resource Organisation). Norway Post also continues to be a partner in the Ministry of the Environment's campaign «Climate Promise», which started in the spring of 2007. Norway Post is one of 28 partners in the Climate Promise which have pledged, to work to improve their environmental performance. The Business Climate Panel is another cooperation forum in which the Group participates. Norway Post has taken part in workgroups in this panel that have looked at how we can achieve sustainable logistics and goods transport.

EUROPEAN POSTAL INDUSTRY COOPERATION. Norway Post is represented in the climate work of both PostEurop and the International Post Corporation (IPC). These two international cooperation arenas gather postal businesses from all over the world to set targets for environmental work and be a medium for the exchange of experiences from such work.

NEW TECHNOLOGY. Norway Post is involved in a project organised by PRINT (PRIority of urbaN commercial Traffic). Together with SINTEF this project looks at how to improve access and reliability for commercial traffic. Norway Post is in regular dialogue with research environments, manufacturers and other interested parties to look at opportunities and exploit new methods to achieve the most environmentally friendly solutions as possible.

VEHICLE FLEET – FUEL. Norway Post has a modern vehicle fleet, which helps to reduce emissions. In the parent company 48 percent of heavy goods vehicles are Euro 4 or newer, and 91 percent are Euro 3 or newer. For the whole Group 61 percent of heavy good vehicles owned by the group are Euro 4 or newer. In terms of the age of the total vehicle fleet in the parent company 84 percent of all vehicles are from 2006 or later.

During 2008 the Group has increased its use of biofuel to some extent. But it still represents just 0.7 percent (130,609 litres) of the total fuel volume. During the last year Norway Post has entered into agreements to ensure new and more environmentally-friendly distribution methods. The number of electric mopeds that have replaced cars has now exceeded 40 and the total number of mopeds in the parent company is now 120. Bring in Sweden has 42 biogas-powered vehicles and Norway Post has 15 lorries that run on 100 percent biofuel working for IKEA in Oslo.

FOCUS ON FOUR-WHEEL MOPEDS. Distribution Region East has initiated a major focus on four-wheel mopeds. 50 cars will be replaced with mopeds with both 2 and 4 wheels. In addition a further 50 mopeds will replace cars during 2010. In other regions we are looking at the potential for using electric battery-powered vehicles and plug-in hybrids. Bicycles are also used as a method of transport to distribute mail. In Denmark Bring uses around 340 bicycles, in Sweden around 90 bicycles and Bring Express in Norway offers customers mail delivery using a cycle courier within Ring 2 in Oslo.

GREEN IT. ErgoGroup has been focusing on a goal-oriented corporate responsibility strategy and Green IT for some time. In order to reduce electricity consumption and ensure better use of resources, ErgoGroup has chosen to use HP's blade server technology, virtualisation solutions and river water. On an annual basis this saves electricity equivalent to that consumed by 75 households, or worth NOK 1.5 million. Work is also underway on other areas such as for example communications services that as a whole will reduce the need for meetings and the number of flights. ErgoGroup's goal-oriented focus on Green IT has received a large amount of attention within IT environments. Posten Norge AS will look at the synergies achievable from the efforts that have been carried out so that such projects can continue throughout the Group.

EMISSIONS TO AIR (GROUP)

TOTAL EMISSIONS TO AIR, TONNES	CO2	NOX
2007	450 807	2 694
2008	376 580	1 968

EMISSIONS TO AIR (PARENT COMPANY)

TOTAL EMISSIONS TO AIR, TONNES	CO2	NOX
2007	86 990	195
2008	84 849	164

Comprises total emissions to air from vehicles, fuel oil, district heating (new), aircraft, trains, ships and work-related travel. The figures from 2007 have been adjusted (district heating, new estimates). Some of the base data is based on estimates, particularly data from certain subsidiaries.

DISTRIBUTION OF CO2 EMISSIONS (PARENT COMPANY)

	2008
Energy (heating)	2%
Vehicle transport	62%
Railway transport	2%
Airfreight	29%
Ship transport	2%
Work-related travel	3%

WASTE (GROUP)

	UNIT	2007	2008	% 2008
Residual and unsorted waste	Tonne	5 306	2562	23%
Paper and cardboard	Tonne	4 292	3764	33%
Plastic	Tonne	356	334	3%
Wood	Tonne	2 612	2932	26%
Other waste	Tonne	1 353	1 688	15%
Total*	Tonne	13 919	11 280	100%
Share of residual waste	%	38	23	

* Waste amounts are estimated for some parts of the company.

75

Did you know that... Employees are happier than ever. An organisation survey carried out in 2008 shows record levels of satisfaction amongst the Group's employees. The total index grew from 73 to 75 in relation to the previous year. Some 20,861 employees completed the survey - a response rate of 90 percent.

Business-related HR

In the future, the Group HR function will support operations through the line-functions themselves, ordering the HR services they require. The basic philosophy is that HR which promotes productivity and value creation is good HR.

A SINGLE PROFESSIONAL ENVIRONMENT. Norway Post has gathered the strategic HR forces in one shared service for the entire Group. A systematic and targeted focus on developing a more commercially-oriented HR function has been introduced. The gathering of competence in a single professional environment allows a better and more coordinated provision of services. The philosophy is that all HR and HSE activities shall support the business enterprise. The new HR organisation shall directly assist the divisions with professional competence and provision of services. HR must be aware of the expectations and demands the business enterprise receives from its customers, and the HR measures that are required to meet these expectations. A service agreement is therefore established to ensure value-increasing HR services to the divisions. The agreement contributes to providing a clear division of responsibilities between line management and the HR function at the Group level. The divisions register their requirements for specific professional consultation and assistance, and evaluate the services from the joint staff.

GOOD MANAGERS. Value-based management is a structural principle in the Group. 16 managers completed the executive management programmes, 21 completed the middle management programmes and 168 completed the programme for first line managers during 2008. Good and motivational managers are vital given the fact that the majority of training for the job takes place during day-to-day operations. A good manager can realise potential, intercept problems at an early stage and solve them before they result in sick leave or reduced productivity. HSE is at the top of the agenda at all management and staff meetings.

STABLE SICK LEAVE. The Group's total sick leave ended at 7.4 percent in 2008, after several years of significant decline. Long-term influenza epidemics at the end of the year were a contributing factor to sick leave rising by 0.2 percentage points compared with 2007. The number of employees on disability leave followed the downward trend, and fell from 246 full-time equivalents (FTEs) in 2007 to 225 FTEs in 2008. - The number of job-related injuries resulting in sick leave rose from 412 to 463 despite the Group's «Be Safe» campaign that began in 2007. The focus on job-related injuries resulting in sick leave will therefore increase in 2009.

REPORTING OF NEAR-ACCIDENTS. In order to reduce the number of injuries, extra emphasis is put on the registration of near-accidents. This is because experience shows that near-accidents and accidents are closely related. The reporting of near-accidents will give information about dangerous conditions and provide the basis for preventive measures. The number of reported near-accidents rose from 814 to 951 in 2008. Only a small proportion of near-accidents are registered. In order to ensure the best possible reporting, managers will be measured for the registration of near accidents in 2009. This is in order to learn more about the incidents and to create an even more conscious and uniform safety structure. >

Important events

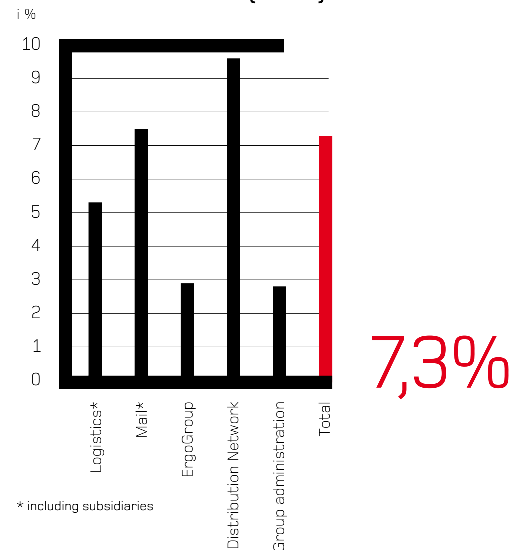
FOCUS ON VALUE-BASED MANAGEMENT

> An inclusive and value-based management is a structural principle in the entire Group. 16 managers completed the executive management programme, 21 completed the middle management programme and 168 completed the programme for first line managers in 2008.

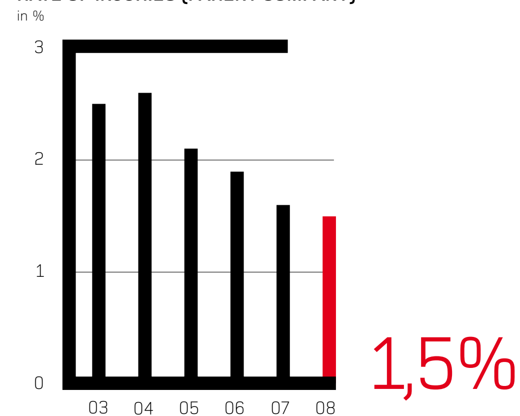
SLIMMER STAFF AND SUPPORT APPARATUS

> Norway Post and the employee's unions agreed to reduce the number of staff and support resources by 370 persons in 2008. Methods were established to implement the process in a flexible manner. The reduction to the workforce is dependent on changes to work processes such as for example fewer reports and a simplified budget process.

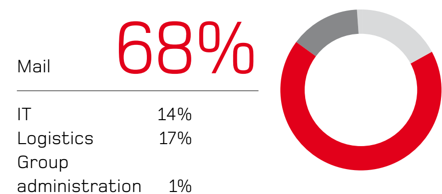
RATE OF SICK LEAVE 2008 (GROUP)



RATE OF INJURIES (PARENT COMPANY)



EMPLOYEES (GROUP)



FOLLOW-UP OF SICK LEAVE. Together with the employee health service the Group is working to ensure proper sick leave follow-up. Standard procedures for risk assessment and training in ergonomics have been introduced. Furthermore, health checks such as hearing and eye tests have been carried out for vulnerable groups. Health assessments of shift and night work have also been included in the system. Norway Post has also increased awareness of health-promoting activities and various projects to maintain good health. These activities have received a very positive reception among employees. As an IA company (inclusive working life) Norway Post is obliged to work systematically towards an improved working environment. This work entails preventing sick leave, increasing awareness of job presence and preventing exclusion from working life. This will also help Norway Post to achieve its ambitions of a working environment that promotes good health and where nobody is injured or becomes sick as a result of their work.

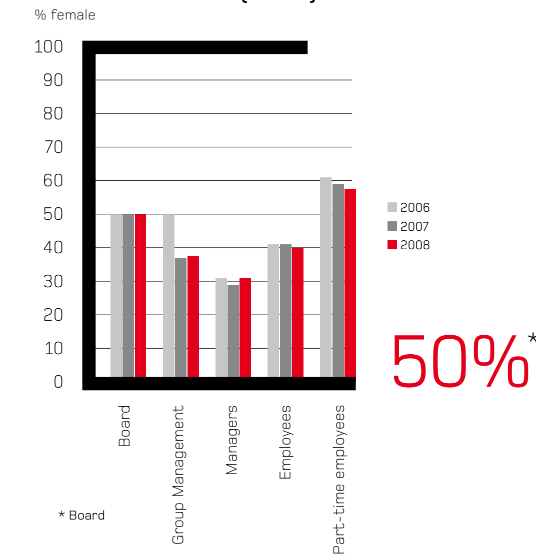
SATISFACTION. An organisation survey carried out in the autumn of 2008 showed record levels of satisfaction amongst the Group's employees. The total index grew from 73 to 75 in relation to the previous year. 20,861 employees completed the survey, i.e. a response rate of 90 percent. These findings are actively used to create improvements. The new values of «courage» and «openness» shall also encourage employees to work more simply and lead to more rapid decision-making processes. The survey also gives a clear impression that employees feel that Norway Post has improved its reputation during the last year. This can be attributed to work on the new brand that was particularly well received by employees.

DIVERSITY. Diversity is one of two corporate responsibility areas to receive extra focus in Norway Post. The other is the environment and this is discussed in the environmental report. Norway Post has a long tradition of ethnic and cultural diversity in its workforce, and currently has workers from more than 70 nations. Our experience is that the integration of employees with an ethnic cultural background is positive for the company. An important success factor in diversity work is a clear and inclusive management style. Norway Post actively works on recruitment that contributes to good integration and diversity. This is also reflected in the introduction to all job vacancy advertisements: «Norway Post is concerned about diversity and wishes to reflect the diversity of today's society. We therefore encourage qualified persons to apply regardless of age, gender, disability or cultural background.»

OPPORTUNITIES. For several years many of the major units in the Oslo area have had their own or a shared management pool, which is a programme for the development of managers. Those who have applied and been accepted into the management pool receive good follow-up assistance from their own mentor during the programme. It is a goal that the participants in the management pool shall reflect the diversity in the units and the measure has helped to ensure more permanently employed managers with multi-cultural backgrounds. 117 employees at Norway Post's terminals have also completed systematic Norwegian language courses. These Norwegian language courses will continue in 2009.

RACISM-FREE ZONE. The Group has undertaken to have an outward racism-free profile. In the course of 2008 many from the Group took part in a Diversity and Dialogue course (MOD) run by Norwegian People's Aid. The purpose of the course is to counteract prejudices and racism, help to create understanding and increase awareness of our own attitudes, reactions and prejudices.

GENDER DISTRIBUTION (GROUP)



NOTES

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

DEVELOPMENT OF THE GROUP
Since it was formed the Group has strengthened its position through acquisitions in all segments. From 2006 to 2008 the following changes have been made to the Group's structure.

Changes in segment structure and operations in Norway Post from 2006 – 2008.

In 2007 the Logistics and Express segments were merged into one segment (refer to note 1). Acquisitions from 2006 are therefore shown based on the new segment structure.

In 2006 Posten Norge AS established Posten Eiendom Robsrud AS, Posten Eiendom Espehaugen AS, Posten Eiendom Kanalveien AS and Posten Eiendom BG 14B AS with the objective of developing and investing in real estate. In 2006, these companies took over the Robsrud and Espehaugen plots of land, the Kanalveien property in Bergen and the property in Biskop Gunnerus gate 14 B in Oslo in a group demerger-merger from Posten Eiendom Reorganisering AS, which had previously been demerged from Posten Norge AS. In March 2007 Posten Eiendom BG 14B AS (Norway Post's letter centre in Oslo) was sold to KLP Eiendom AS for NOK 759 million.

In 2008 Posten Norge AS established two new subsidiary companies, Posten Eiendom Alnabru AS and Posten Eiendom Storbyer AS with the purpose of developing and investing in property. During September these companies took over the properties Postens Godssenter, Postens Transportsenter and Postens Verksteder in Oslo and the properties Postterminal in Stavanger and Postterminal in Trondheim respectively in a group demerger-merger from Posten Eiendom Reorganisering II AS, which had previously been demerged from Posten Norge AS.

From 2006 – 2009, the following companies were established, merged, bought or sold in the group's various segments:

Mail Segment:
2006: Norway Post established Citymail in Denmark in 2006 and this company came into operation in the first quarter of 2007. As part of Norway Post's commitment to Nordic postal solutions, Norway Post, through its wholly owned subsidiary Norwegian Mail International AB, bought all the shares in OptiMail AB with effect from 9 January 2006. On 1 November 2006, Norway Post bought all the shares of talk2me AS to strengthen Norway Post's operations relating to CRM systems and loyalty programmes.
2007: In March 2007 Norway Post acquired all shares in the Swedish company Customer:View AB, which focuses on individualised customer communication.
2008: During the second quarter Norway Post and the Finnish company Itella established a new company within the information logistics market. The Itella Information AS company is 51% owned by Itella and 49% by Norway Post.

Logistics Segment:
2006: Posten Norge AS acquired all the shares in Frigoscandia (FSD HoldCo AB) effective 1 January 2006. From the same date, Nor-Cargo Holding AS and the Johs Lunde Group agreed to merge their refrigerated-transport operations and form a new company, Nor-Cargo Thermo Holding AS. Nor-Cargo Holding AS and the Johs Lunde Group each own 50 per cent of the new company. In December 2006 Nor-Cargo Holding bought 50 per cent of the shares in Nor-Cargo Thermo Holding AS from the Johs Lunde Group and thus owns all the shares in this company. Box Solutions AS merged with Wajens AS effective 1 January 2006 and bought all the shares in Grenland Transport & Industriservice A/S on 1 November 2006.
During the year Nor-Cargo bought all the shares in the following companies; Holmskau Transport AS effective July 2006, Blomquist Transport and Spedisjon AS from September 2006 and Scanex BV from October 2006. In order to simplify Nor-Cargo's communication with customers and its corporate structure, HSD Transport AS and Nor-Cargo Tromsø AS were merged with Nor-Cargo AS in the first half of 2006. At the same time, all the foreign activities in Nor-Cargo AS were coordinated with those of Eurodynamic Norge AS. In the third quarter, Nor-Cargo AS was merged with Nor-Cargo Holding AS.
2007: In March Norway Post acquired all shares in the Swedish transport and logistics company Transflex (five companies in the cities of Gothenburg, Halmstad, Linkjøping, Jønkøping, and Stockholm). In 2007 Nor-Cargo continued to simplify the corporate structure formed in 2006, and Johs Lunde Transport og Spedisjon AS and Nordan Transport og Spedisjon AS were merged into Nor-Cargo Thermo AS effective 1 January 2007.
2008: During the first quarter Box Solutions sold the Grenland Transport & Industriservice company. During the second quarter Posten Norge AS bought all the shares in the Swedish logistics group Combitrans and Bring Logistics AS bought all the shares in the Norwegian logistics company Emdal Transport & Spedisjon AS. During the third quarter Bring Express bought the Finnish logistics company Lähettiryhmä. Posten Norge AS also bought the remaining 50% of shares in Pan Nordic Logistics (PNL) which thus became a wholly-owned subsidiary. During the fourth quarter Bring Logistics AS bought all the shares in the British logistics company Nor-Cargo UK.

IT Segment:
2006: ErgoRunit merged with ErgoGroup AS effective 1 January 2006. In March ErgoGroup entered into a contract to buy Fujitsu Services AS. At the same time, ErgoGroup became Fujitsu Services' business partner in the outsourcing of IT services in Norway. During the second quarter, ErgoGroup bought all the shares in Allianse ASA. This company was integrated with ErgoGroup's other SME operations in 2006. In September 2006 ErgoGroup bought all the shares in Addiq AB in Sweden. The shares in Nor-Cargo Data Tromsø were purchased from Nor-Cargo on 1 September 2006. In 2006 the following companies merged with ErgoGroup AS; Allianse Øst AS, Allianse Operation AS, Allianse Solutions AS, Allianse AS, Løsningsarkitektene AS, Fujitsu Services AS, Nor-Cargo Data Tromsø AS and ErgoGroup Sourcing AS.
2007: In February 2007 ErgoGroup bought all the shares in SYSteam AB in Sweden. In April ErgoGroup acquired all the shares in ConCentric AS. In October ErgoGroup acquired 75 per cent of the shares in Bekk Consulting AS. An agreement has been signed that ensures that ErgoGroup will acquire the remaining 25% of the shares and the company is consolidated 100%.
2008: In January 2008 ErgoGroup acquired the Swedish IT consulting firm DTS Solutions AB through its subsidiary SYSteam AB.

ACCOUNTING PRINCIPLES
The consolidated financial statements and financial statements of Posten Norge AS have been prepared in accordance with prevailing International Financial Reporting Standards (IFRS), which have been determined by the International Accounting Standards Board and approved by the EU.

The financial statements have been prepared on the basis of historical costs. Financial instruments that are classified as «fair value through profit or loss» or «available for sale» are assessed at their fair value.

Adopted standards that have not yet come into force
The following standards and statements that are relevant to Norway Post have been issued, but have not yet come into force. Norway Post has chosen not to apply these in this year's financial statements.

IFRS 3 (revised) – Business Combinations
In relation to the current IFRS 3 the revised standard involves some changes and clarifications related to accounting for acquisitions. Specific areas affected include goodwill with a gradual acquisition of a company, minority interests, contingent compensation, and expenses related to acquisitions. The effective date for IFRS 3 (R) is to be 1 July 2009, but IFRS 3 (R) has yet to be approved by the EU. The Group plans to apply IFRS 3 (R) beginning 1 January 2010. The changes resulting from this standard, combined with the changes in IAS 27 detailed below, may affect the recognition of transaction costs and minority interests when buying out minority shareholders.

IFRS 8 – Operating Segments
IFRS 8 replaces IAS 14 – Segment reporting. The standard requires that the group utilises a management approach for identification of segments. Generally, the information reported shall be identical to that utilised internally by management to evaluate the segments' profitability and allocation of resources. IFRS 8 requires information on the basis for which segment information is prepared as well as on the products and services from which the segments derive their income. The effective date for IFRS 8 is 1 January 2009. The Group will apply IFRS 8 beginning 1 January 2009.
The application of the standard is not expected to have a significant effect on the Group's financial position or to change the segment structure with regard to previous years.

IAS 1 (revised) – Presentation of Financial Statements
The revised standard involves changes to the financial statements, especially the equity statement. The effective date for IAS 1 (R) is 1 January 2009, but the Group has chosen to apply IAS 1 (R) beginning with the 2008 financial statements.

IAS 23 (revised) – Borrowing Costs
The most significant change in IAS 23 (R) is that one can no longer charge borrowing costs as an expense related to a qualifying asset. Capitalisation of borrowing costs will therefore be the only allowable method. The effective date for IAS 23 (R) is 1 January 2009. The Group already applies the only approved solution in IAS 23 (R).

IAS 27 (revised) – Consolidated and Separate Financial Statements
Compared with the current IAS 27, the revised standard provides more guidance related to accounting for changes to ownership in subsidiaries. There are also changes to current rules related to the distribution of losses between majority and minority shareholders, such that a deficit shall be charged to the minority shareholder even if the minority interest then becomes negative. The effective date for IAS 27 (R) is 1 July 2009, but IAS 27 (R) has yet to be approved by the EU. The Group plans to apply IAS 27 (R) beginning 1 January 2010, but this is not expected to have a significant effect.

Changes to IAS 32 Financial instruments – presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments
The changes to IAS 32 mean that certain recorded sales options must be classified as equity. The changes to IAS 1 apply to requirements to provide related note information. The effective date for the changes to IAS 32 and IAS 1 is 1 January 2009, but the changes have yet to be approved by the EU. The Group plans to apply the changes in IAS 32 and IAS 1 beginning 1 January 2010. The application of the standard is not expected to have a significant effect on the Group's financial position.

Changes to IAS 39 Financial instruments – recognition and measurement – Eligible Hedged Items
The changes to IAS 39 are a clarification of the rules whereby a financial instrument (hedged object) is hedged with regard to selected risks or components of cash flows. The stipulated changes mainly provide further guidelines for the hedging of unilateral risk (hedging with options) and hedging against the risk of inflation, but also clarify guidelines stating that the designated risks and cash flows must be identifiable and measureable. The effective date for the changes to IAS 39 is 1 July 2009, but the changes have yet to be approved by the EU. The Group plans to apply IAS 39 (R) beginning 1 January 2010, but this is not expected to have a significant effect.

IFRIC 14 – IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction
This interpretation covers the limit on recording pension funds in the balance sheet where the mandatory or contractually stipulated minimum amount paid exceeds the liability. This interpretation was due to take effect on 1 January 2008, but had not been approved by the EU at that time. The interpretation has now been approved by the EU for fiscal years starting after 31 December 2008. The Group will apply the interpretation beginning 1 January 2009, but this is not expected to have a significant effect.

IFRIC 16 – Hedges of a net investment in a foreign operation
This interpretation covers the recording of foreign currency hedges related to net investments in foreign operations. This interpretation clarifies the type of hedges that will qualify for hedge assessment and which risks can be hedged. This interpretation was due to take effect on 1 October 2008, but has yet to be approved by the EU. The Group will apply the interpretation beginning 1 January 2010, but this is not expected to have a significant effect.

IFRIC 17 – Distributions of non-cash assets to owners
This interpretation covers the recording of disbursements to owners that are settled in other assets than cash. This interpretation is due to take effect on 1 July 2009, but has yet to be approved by the EU. The Group will apply the interpretation beginning 1 January 2010, but this is not expected to have a significant effect.

Beyond the effects detailed above it is not expected that the implementation of the changes listed above will have significant effects on the consolidated financial statements at the time of implementation.

The following standards and statements

have been issued but have not yet entered into force and are not deemed relevant for Norway Post. Norway Post will apply these when they come into force to the extent they are relevant.
- IFRS 2 - Share-based payment: Earnings conditions and cancellation
- IFRIC 12 Accounting for Public Service Grants
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 - Agreements for the Construction of Real Estate
- IFRIC 18 - Transfers of Assets from Customers

IASB's annual improvement project
Changes to several standards have been approved and are due to come into effect during 2009. Below is a list of the most important changes that can have an effect on recognition, measurement and note information:
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: In the event of the planned sale of a controlling ownership stake in a subsidiary all assets and liabilities in the subsidiary must be classified as held for sale even if the company intends to maintain a non-controlling stake after the sale.
- IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for sale, in accordance with IAS 39, are not automatically classified as short-term in the balance sheet.
- IAS 16 Property, Plant and Equipment: Fixed assets that are owned for rental purposes and that are sold at the end of the lease term as a part of ordinary operations must be transferred to inventories.
- IAS 19 Employee benefits:
a) Changes to the definitions of the terms cost related to previous periods pension earnings, yield on pension assets, short-term and other long-term benefits.
b) Changes to pension schemes that reduce benefits related to future earnings are treated as reductions.
c) The reference to IAS 37 regarding contingent liabilities, has been removed.
- IAS 20 Accounting for Government Grants and Disclosure of Government Assistance: Future loans from the Government at a rate of interest lower than the market interest rate are not exempt from the requirement to find an estimated interest rate. The difference between the loan amount received and the present value must be recognised as a public subsidy.
- IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures: Changes in certain note information if such investments are recognised at fair value in accordance with IAS 39.
- IAS 36 Impairment of Assets: Certain note information must be provided in connection with write-down tests if discounted future cash flows are used to estimate fair value with the deduction of sales costs.
- IAS 38 Intangible assets: The cost of advertising and promotional measures must be expensed at the time the item is available to the company or when the service is received.
- IAS 39 Financial instruments – recognition and measurement:
a) A change in the use of a derivative, when designating a derivative as a hedging instrument or when such hedging ceases, shall not be deemed a reclassification. Derivates can therefore be entered into or removed from the category «fair value with changes in value taken through the income statement» after initial recognition.
b) When recalculating amortised cost in accordance with IAS 39.AG8 for an instrument that is or has been subject to fair value hedging, the original effective interest rate shall not be used, but instead an effective interest rate that takes the effect of hedging into consideration.
c) The reference to «segment» has been removed with regard to the designation and documentation of hedging.
- IAS 40 Investment property: Property under construction or development for future use as investment property is encompassed by IAS 40.

None of the changes will involve changes to the Group's application of the accounting principles or note information.

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, income, expenses and information on potential liabilities. Areas in which such estimates are significant include pensions, goodwill, trademarks, other intangible assets, tangible fixed assets and provisions for liabilities and charges.

There is uncertainty regarding the assessment of the recorded values for goodwill, trademarks and other intangible assets 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, trademarks and IT projects under development.

There is also uncertainty related to the estimation of pension obligations, and especially related to defined benefit schemes. A significant proportion of the pension obligations for the defined benefit scheme apply to early retirement pension (AFP) schemes in Posten Norge AS and Norwegian subsidiaries. During wage negotiations in 2008 a new AFP scheme was agreed from 2010 which was postponed until 2011 by the Government. The scheme will be funded by the employers through the payment of a charge per employee that is expected to be approximately 1.8% of gross pay (pensionable income) The accounting guidelines for the new AFP scheme have yet to be determined, but new guidelines are expected to be of major significance to pension obligations recorded in the balance sheet for the AFP schemes in the Group.

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.

Presentation currency
The group's presentation currency is NOK, which is also the parent company's functional currency. For consolidation purposes, balance sheet figures for subsidiaries that use a different currency have been translated at the rate applicable on the balance-sheet date and subsidiaries' income statements have been translated at the average exchange rate for each month. Translation differences have been recognised in equity. Translation differences are included in the translation differences fund in the equity (see note 19). If a foreign subsidiary is sold, the accumulated translation differences related to the subsidiary are recognised in the income statement.

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

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

Companies in which the Group has a controlling influence (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.

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.

The minority interests' share of the equity is shown in a separate line in the group's equity. The minority interests include the minority interests' share of the balance sheet value of subsidiaries, including their share of the identified added values on the date when a subsidiary is acquired. The minority interests' share of the net income is shown in the income statement.

Assets in joint ventures are valued according to the gross method, i.e., the shares of incomes, expenses, assets and liabilities are consolidated line by line in the consolidated financial statements.

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 and the Group's share of the associated company's net income for the year is offset against the cost price of the shares and included under financial income or financial expenses.

Segment reporting
The division into segments has been made 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.

In 2007 the Express and Logistics segments were combined into one business unit, the Logistics segment. The operations were essentially the same as regards long-term financial development and were subject to the same regulatory requirements. Combining these two segments is in accordance with the internal steering model and the areas of operations risk and rate of return profile. The operations have been integrated with a common sales organisation, common customer groups and common distribution channels.

The segments' accounting principles are the same as those used to prepare and present the consolidated financial statements.

The Group will apply the new standard IFRS 8 Operating segments when it comes into effect on 1 January 2009. The application of the standard is not expected to have a significant effect on the Group's financial position or to change the division of segments with regard to previous years.

Income
Revenues are recognised once they have been earned. This means that there are transactions or other factors which will give rise to financial benefits that can be measured reliably. Sales revenues are presented minus 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.

Income **Mail segment**
The segment's revenues are generated from the sale of letter products, postage stamps, banking services and dialogue services:
- The sale of postage stamps is regarded as pre-payment for the sale of postal services.
- Franking machines (pre-paid franking) are taken to income on the basis of the customer's postage consumption.
- Remuneration for banking services is taken to income on the basis of the banking transactions that have been carried out, the completed sales of savings products and the disbursed loans that have been arranged by Norway Post.
- International mail within ordinary terminal charge agreements are 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.

Income **The 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 services in addition to the unloading of vehicles, sealing of pallets, installation/repair of equipment and construction of sales pallets and is taken to income at the time the service is delivered and the risk is transferred to the customer.

Income **The IT segment**
The segment's revenues are generated by infrastructure and application services, user support/customer service and consulting services:
- Revenues from subscriptions, user support and maintenance licences based on delivery agreements are taken to income in a straight line over the period of the agreement.
- Revenues from long-term projects are taken to income on the basis of the continuous settlement method depending on the level of completion.
- Revenues from outsourcing services supplied are recognised at the time the products or services are delivered to the customer in accordance with the SLA, the

risk is transferred and the basis for an account receivable in relation to the customer is established. Costs related to the implementation of operations contracts are recognised in the balance sheet as pre-paid costs and divided over the service period.
- Sales of program licences are taken to income at the time ownership of the licence or services are delivered to the customer. Provision is made for work remaining.
- Revenues related to consultancy hours supplied are recognised according to the continuous settlement method.

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 accruals during the period, including future salary increases and the interest expense on the estimated pension liability, minus the contributions from employees and estimated yield on the pension assets. The premium for the defined contribution pension schemes is charged to expenses as it arises.

Prepaid pensions correspond to the difference between the estimated pension scheme assets and the present value of estimated pension liabilities, minus changes in estimates and pension schemes not recognised in the income statement. 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 net pension expenses are classified as payroll expenses in the income statement apart 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. Changes in pension liabilities and pension assets, which are due to changes in and deviations from the calculation assumptions (deviations from estimates), and which exceed 10 per cent of whichever is the greater of the pension liabilities and pension assets at the beginning of the year, are amortised in a straight line over the average expected remaining service lives of the current employees («corridor solution»). Non-amortised deviations in estimates and pension scheme changes are stated in note 3.

Taxe
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 which arises as a result of goodwill write-downs that are not tax deductible.
- 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 taxes are recognised directly in equity to the extent that they relate to factors that have been recognised directly in equity.

Tangible fixed assets
Tangible fixed assets are capitalised 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.

Tangible fixed 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. Tangible fixed assets held for sale are valued at whichever is the lower of their balance sheet value and their fair value after deducting sales costs.

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

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 write-down amounts. Acquisition costs also include salary expenses where the accounting criteria are fulfilled. Goodwill and other intangible assets with an indeterminate lifetime are not amortised but are assessed to see if they should be written down each year. Refer to the more detailed description under write-down of assets. Intangible assets that have not been taken into use are also tested to see if they should be written down.

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 present 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.

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 finite useful life are amortised over this useful life, while trademarks with an indefinite useful life are not amortised but tested for impairment.

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.

The identifiable assets and liabilities on the transaction date are recognised at their fair value on the transaction date.

Shares in subsidiaries
Posten Norge AS's annual financial statements apply the cost method to shares in subsidiaries. Transaction costs relating to the acquisition are also included in the cost price.

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 obligations are categorized as fair value through profit or loss or other obligations.
- 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.

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

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, 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.

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

Hedging **Cash flow**
Changes in the fair value of a hedging instrument that meets the requirements for being a very effective cash flow hedge are recognised 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 former gains and losses that were directly recognised 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 that is directly recognised 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 that have been directly recognised in equity will be reversed and recognised in the income statement.

Hedging **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 as 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.

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 built 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; and
- 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.

Impairment of assets
Impairment **Goodwill**
Goodwill is not subject to amortisation but is tested at least once a year for any fall in value. It is assessed whether the discounted cash flow relating to goodwill exceeds the recognised value of the goodwill. If the discounted cash flow is less than the recognised value, the goodwill will be written down to the recoverable amount represented by the utility value. In addition, the write-down test is carried out if there are any indications of a fall in value.

Impairment **Financial instruments**
Financial instruments are evaluated for any fall in value on each balance sheet date.

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 write-down amount is recognised in the income statement. Any reversal of previous write-downs is recognised if a decline in the need to write-down can be related to an event which took place after the write-down 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 write-down 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. That part of the debt instrument that can be recovered is assessed at the fair value of the future cash flow discounted at a rate equal to the yield on an equivalent financial asset. 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 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.

Impairment **Other assets**
The write-down of other assets with a specific economic life will be considered when there are indications of a reduction in value.

Intangible fixed assets with an indefinite useful life and intangible assets that are currently being developed are subject to an annual write-down test, irrespective of whether or not there are any indications of a reduction in value.

A need to write-down exists if the capitalised value of an assessment entity 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. 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 (budgets and forecasts) over a five-year forecast period adjusted for depreciation, amortisation, investments and changes in working capital. The extrapolation period contains a mechanical 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 calculated before tax.

With the exception of goodwill, write-downs 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.

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

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 reduction in value, the difference between the recognised value and the present value of future cash flows is charged to expenses.

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

Other equity
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 related 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.

Equity **Hedging reserve**
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.

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.

Equity **Costs relating to equity transactions**
Transaction costs related to an equity transaction are recognised directly in equity after making deductions for tax. Only transaction costs directly related to the equity transaction are recognised directly in equity.

Reserves
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 size of 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 capitalised at their fair value even if it is less than 50% likely that the liability materialises. The assessments of probability and fair value are carried out continuously. Changes in fair value are recognised in the income statement.

Reserves **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.

Leasing
Leases are dealt with as either operational leases or financial leases, based on a review of the actual content of each individual lease.

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 to 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 in the market is used. The asset is depreciated according to the rules determined for equivalent business assets. 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.

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 rate. Amortised cost means the amount the financial asset is valued at when purchased, minus repayments (ex. principal payment, interest and service charges), plus effective interest and minus any write-downs.

Public subsidies and government procurements for unprofitable services
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. The recognition of a subsidy is postponed until, and amortised over, the period when the costs for which the subsidies are intended arise. Subsidies are recognised as a reduction in cost when they cover a specific cost. Subsidies received for the purchase of fixed assets reduce the capitalised value of the fixed asset purchased.

Government procurements for unprofitable services are taken to income when the amounts granted are received.

Foreign exchange
Transactions in foreign currencies are translated at the exchange rate on the transaction date. On the balance sheet date, 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.

Contingent liabilities and assets
Contingent liabilities include:
a) possible liabilities resulting from previous events where the liability's existence depends on future events
b) liabilities that have not been recognised because it is not probable that they will lead to payment
c) 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. Significant contingent liabilities are disclosed, apart from contingent liabilities where the likelihood of the liability arising is slight.

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

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.

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 related to the sales network.

(All figures described in the notes are presented in NOK millions if not otherwise stated)

NOTES

NOTE 1 SEGMENTS

The Group's primary reporting format is business areas. The various segments contain the following::

Mail; letters products, banking services, document management and sale of goods. The Mail Segment consists of the Mail and Distribution Network Divisions, including the subsidiaries Bring Citymail, Bring Dialogue Norway and Bring Dialogue Sweden.

Logistics: groupage and part load, parcels, warehousing, thermo and express. This segment consists of the parent company's logistics operations plus the subsidiaries within Bring Logistics, Bring Frigoscandia and Bring Express, as well as the subsidiaries of PNL and CombiTrans.

IT; operations and infrastructure services, solutions, application- and consulting services. This segment comprises the operations of ErgoGroup including the SYSteam Group in Sweden and Bekk Consulting AS.

Group administration and common costs 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, contact with the authorities, strategy and group information.

Norway Post's secondary reporting format is based on geography, dividied between Norway and Abroad depending on where the revenue is generated..

The Group will employ the new standard IFRS 8 Operating segments beginning with the 2009 financial statements. The employment of the standard is not expected to have a significant effect of the Group's financial position or to change the segments with regard to previous years.

BREAKDOWN BY ACTIVITY

2008	Mail	Logistics	IT	Other/ eliminations	Group
External revenues	10 630	13 293	4 735	6	28 663
Internal revenues	2 477	117	954	3 548	
Total operating revenues	**13 107**	**13 409**	**5 689**	**3 542**	**28 663**
Earnings before interest and taxes	**(118)**	**682**	**369**	**(572)**	**361**
Net financial items	(5)	(11)	(124)	(109)	(248)
Income from investments in associates	(6)		1		(5)
Taxes					136
Net income for the year					**(28)**

2007	Mail	Logistics	IT 1)	Other/ eliminations	Group
External revenues	10 403	12 209	4 188	10	26 810
Internal revenues	2 438	121	843	3 402	
Total operating revenues	**12 841**	**12 330**	**5 031**	**3 392**	**26 810**
Earnings before interest and taxes	**90**	**466**	**268**	**256**	**1 080**
Net financial items	(140)	(16)	(107)	137	(126)
Income from investments in associates			1		1
Taxes					159
Net income for the year					**796**

2006	Mail	Logistics	IT 1)	Other/ eliminations	Group
External revenues	9 965	10 964	2 357	(13)	23 273
Internal revenues	1 859	97	868	(2 824)	
Total operating revenues	**11 824**	**11 061**	**3 225**	**(2 837)**	**23 273**
Earnings before interest and taxes	**907**	**502**	**223**	**(319)**	**1 313**
Net financial items	(25)	(28)	(29)	(19)	(101)
Income from investments in associates	(13)	1			(12)
Taxes					344
Net income for the year					**856**

1) With effect from September 2008 telephony services from ErgoGroup are presented net in accordance with IAS 1 number 7 and 13 as ErgoGroup is no longer deemed to be the main principal in the delivery. In accordance with IAS 8 the corresponding figures for previous periods have been restated.

Internal revenues are revenues from transactions between Norway Post's 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 common costs that are not defined as owner-function costs, as well as eliminations. In 2008 the segment Other included costs connected with the launch of new trademarks and in 2007 a profit from the sale of Posten Eiendom BG14B AS was included.

NOTE 1 SEGMENTS (continued)

BREAKDOWN BY ACTIVITY

2008	Mail	Logistics	IT services	Other/ eliminations	Group
Segment assets	10 105	6 847	3 803	(2 058)	18 697
Unallocated assets					819
Total assets					**19 516**
Segment liabilities	6 757	3 516	1 618	(2 299)	9 593
Unallocated liabilities					4 763
Total liabilities					**14 356**

2007	Mail	Logistics	IT services	Other/ eliminations	Group
Segment assets	8 354	5 608	3 710	(923)	16 749
Unallocated assets					667
Total assets					**17 415**
Segment liabilities	6 462	3 341	1 465	(2 833)	8 435
Unallocated liabilities					3 194
Total liabilities					**11 629**

2006	Mail	Logistics	IT services	Other/ eliminations	Group
Segment assets	7 186	5 284	2 353	308	15 230
Unallocated assets					637
Total assets					**15 818**
Segment liabilities	6 023	3 490	1 023	(2 977)	7 559
Unallocated liabilities					2 693
Total liabilities					**10 252**

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

INVESTMENTS

2008	Mail	Logistics	IT services	Other/ eliminations	Group
Investments in fixed assets 1)	1 155	360	250	286	2 051
Depreciation	371	212	296	27	906
Write-downs	142	6	20		169

2007	Mail	Logistics	IT services	Other/ eliminations	Group
Investments in fixed assets 1)	694	286	290	250	1 521
Depreciation	387	138	284	25	834
Write-downs	15	108	7		130

2006	Mail	Logistics	IT services	Other/ eliminations	Group
Investments in fixed assets 1)	527	298	331	91	1 247
Depreciation	361	149	226	18	754
Write-downs	35	4	(51)	7	(5)

1) Investments in fixed assets do not include the purchase of enterprises or goodwill.

NOTE 1 SEGMENTS (continued)

GEOGRAPHICAL FIGURES	NORWAY POST GROUP		
	2008	2007	2006
External revenues			
Norway 1)	20 909	20 171	18 670
Abroad 2)	7 754	6 639	4 603
Total revenues	**28 663**	**26 810**	**23 273**
Assets			
Norway	16 973	15 206	14 213
Abroad 2)	2 544	2 209	1 605
Total assets	**19 516**	**17 415**	**15 818**
Investments during the period			
Norway	1 812	1 196	1 044
Abroad 2)	239	324	203
Total investments	**2 051**	**1 521**	**1 247**

1) With effect from September 2008 telephony services from ErgoGroup are presented net in accordance with IAS 1 nos. 7 and 13 as ErgoGroup is no longer deemed to be the main principal in the delivery. In accordance with IAS 8 the corresponding figures for previous periods have been restated.
2) Abroad mainly comprises other Nordic countries.

NOTE 2 PAYROLL EXPENSES AND OTHER REMUNERATION

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
5 054	5 457	5 616	Salaries	9 479	8 708	7 295
734	727	746	National insurance contributions	1 502	1 385	1 173
308	409	427	Pension expenses	742	643	439
166	170	193	Other benefits	411	358	285
6 262	**6 763**	**6 982**	**Payroll expenses**	**12 134**	**11 094**	**9 192**
1 776	1 810	1 850	Board of Directors' fees	4 227	2 954	2 680
1 567	1 629	1 759	Fee for mandatory audit	14 839	11 679	8 774
89	153	97	Fee for extended financial audit	546	629	254
772	438	686	Fee for other attestation services	702	540	894
962	343	1 257	Fee for tax advisory services	1 590	1 057	1 436
364	27	2 733	Fee for other non-audit services	4 730	1 160	2 262
15 511	15 828	15 446	No. of full-time employees/full-time equivalents	25 851	24 870	22 273
18 319	18 401	18 304	Average no. of employees	28 251	27 068	24 478
18 472	20 246	20 325	No. covered by the pension plan as at 31.12.	30 331	28 615	24 341

NOTE 2 PAYROLL EXPENSES AND OTHER REMUNERATION (continued)

Remuneration and fees (all amounts in NOK excl employers national insurance contributions) The Board of Directors received no remuneration other than fees. The General Meeting determines the remuneration to the Board of Directors of Posten Norge AS. Fees paid to the Board of Directors were last adjusted on 1 July 2008 and the members of the board received the following remuneration in 2008:

BOARD OF DIRECTORS	Remuneration		Remuneration		Remuneration
Arvid Moss	322 500	Sigbjørn Molvik	161 250	Paul Magnus Gamlemshaug	158 306
Liv Stette	195 006	Gry Mølleskog	161 250	Judith Olafsen	161 250
Eli Arnstad	161 250	Odd Christian Øverland	161 250	Elisabeth Angell (alternate)	30 000
Terje Christoffersen	161 250	Ingeborg Anne Sætre	161 250	Thore Strøm (alternate)	15 000
Total					**1 849 562**

An audit committee was established in December 2008 for Posten Norge AS. Board members Terje Christoffersen and Gry Mølleskog were appointed by the Group Board of Directors to take

Group management
Key personnell are defined as persons that are authorised and responsible for planning, executing and monitoring the enterprise's operations (the group management). Unless otherwise stated the amounts below cover the entire year, ie exceeding the periode the key personnell have been a member of the Group management.

	Base salary 1)	Bonuses paid	Other benefits 2)	Pension cost	Period of notice	Termination payment
Dag Mejdell	2 967 019	76 850	6 000	2 191 100	6 mnd.	9 mnd.
Gro Bakstad	1 923 097	82 000	4 000	826 569	6 mnd.	Nei
Elisabeth H. Gjølme	1 614 097	45 500	4 000	420 720	6 mnd.	9 mnd.
Inger-Johanne Stokke (to 30.09.08)	1 167 313	53 400	3 000	781 574	I/A	I/A
Randi Løvland (from 01.10.08)	387 061		764	29 505	6 mnd.	9 mnd.
Tore K. Nilsen (from 01.05.08)	1 491 333		3 025	158 023	6 mnd.	9 mnd.
Lars H. Tendal	2 095 639	64 900	172 500	574 776	6 mnd.	Nei
Arne Bjørndahl	2 427 445	62 300	4 000	933 707	6 mnd.	Nei
Terje Mjøs	1 871 487	81 430	180 561	788 733	6 mnd.	Nei
Total	**15 944 493**	**466 380**	**377 850**	**6 704 707**		

1) Basic pay includes wages, car expenses, holiday money and pension compensation.
2) Includes car expenses and electronic communication

Posten Norge AS has a bonus programme for the CEO and Group management.The programme consists of two parts, one based on the Group's results and one on individual results, and it is possible to achieve bonuses of up to 25 per cent of their salaries. The final decision regarding a bonus is determined by the board (the CEO for the group management). Bonuses are only paid to persons who are in their jobs as at 31 December.

With regard to termination payment, for the CEO a reduction after 3 months has been agreed if he starts to receive another salary. For other members of Group management a reduction of termination payment in the event of an alternative salary has been agreed. No key personnel have received share-based remuneration or other long-term remuneration.

In 2008 a final agreement regarding termination payment was agreed for Inger Johanne Stokke in the form of a salary guarantee until August 2009.

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

In addition, Norway Post has a bonus programme for management in the divisions, 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 programmes.

The majority of the Group's subsidiaries have bonus programmes for key management based on profitability goals and/or individual criteria. Certain companies also offer bonus programmes for sales staff and consultants, while in others a productivity bonus is paid to all employees.

Fees to the auditors, Ernst & Young, were NOK 20.3 million, while fees paid to other auditing firms were NOK 2.1 million.

NOTE 3 PENSIONS

Norway Post has defined contribution pension schemes, under which the premiums are charged as an expense when they occur, for the majority of employees in Norway, Sweden and Denmark. In addition, most employees in the Norwegian entities have a benefit-based based early retirement pension through Spekter, which gives the employees the right to defined future pension benefits. The subsidiaries mainly use the same long-term financial assumptions as the parent company, but with an adjustment for country-specific macroeconomic conditions.
The parent company, Posten Norge AS, introduced a defined contribution pension scheme for all its employees on 1 January 2006. This replaces the former pension scheme with the Norwegian Public Service Fund (SPK). The contribution rates are 4.9 per cent for salaries of between 1.3 and 6 times the National Insurance basic amount (G) and 8 per cent for salaries of between 6 and 12 times G. In addition, a new private disability pension has been introduced which provides benefits equal to 66 per cent of the employee's pay, without paid-up policy accrual and child and dependent supplement to Norway Post's group life insurance. Norway Post also has obligations connected to salaried employees above 12 G and agreements on early retirement pensions. Pension obligations connected to salaried employees above 12 G and agreements on early retirement pensions are financed by the company's operations.

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
			Defined contribution pension schemes			
213	268	288	Contributions expensed	478	410	251
18 472	20 246	21 360	No. of members	29 257	26 998	21 624
4,5% - 8%	4,5% - 8%	4,9% - 8%	Percentage of salary	1 - 17 %	1 - 20 %	2 - 10 %

The financial and actuarial assumptions utilised when calculating pension expenses and obligations:

2006	2007	2008	Financial assumptions	2008	2007	2006
4,5 %	4,8 %	3,8 %	Discount rate in % 1)	3,8 %	4,8 %	4,5 %
4,0 %	4,5 %	4,0 %	Wage increase in %	4,0 %	4,5 %	4,0 %
4,0 %	4,25 %	4,00 %	National Ins. base amount (G) increase in %	4,00 %	4,25 %	4,0 %
1,5 %	1,75 %	3,75 %	Pension indetation in %	3,75 %	1,75 %	1,5 %
5,3%-5,5%	5,5 %	5,8 %	Return on assets in %	5,8 %	5,5 % - 5,8 %	5,3 % - 5,5%
8,0 %	8,0 %	8,0 %	Voluntary retirement (under 50 years of age) in %	2,5 - 8%	2 - 12 %	2,5 - 8 %
2,5 %	2,5 %	2,5 %	Voluntary retirement (over 50 years of age) in %	0 - 2,5%	0 - 2,5 %	0 - 2,5 %
50 %	50 %	50 %	Use of contractual pension (AFP) in %	30 - 50%	30 - 50%	20 - 50%
K63+300%	K2005	K2005	Demographic assumptions about mortality rate 2)	K2005	K2005	K63+300%

1) The assumptions of discount rate are determined based on the 10-year government securities rate on the balance sheet date with an increase to take into consideration the lifetime of the obligation.
2) Statistical assumptions on the demographic mortality rate according to statistics from 1963 to 2005

2006	2007	2008	Defined benefit pension schemes	2008	2007	2006
			Net pension costs:			
84	139	123	Present value of the pensions earned for the year	227	229	186
9	1		Administration costs	2	6	10
59	72	82	Interest expense on the pension liabilities	125	109	94
(3)	(1)	(1)	Estimated return on the pension assets	(35)	(30)	(34)
2	6	21	Recognised changes in estimates and deviations	27	9	4
			Recognised pension scheme changes	8	(2)	(1)
			Costs of pension accruals during the previous period	4		
			Estimated return on refunds recognised as assets		(1)	
	(2)		Effect of any reductions or settlements		3	
151	**215**	**224**	**Gross pension costs**	**359**	**324**	**259**
(7)	(4)	(4)	Employees' 2% contribution	(4)	(11)	(12)
(49)	(71)	(80)	Interest element reclassified as a financial item	(91)	(79)	(59)
95	**141**	**139**	**Net pension costs**	**264**	**233**	**188**
8	**(2)**		**Costs (income) of transfer to new pension scheme**		**(16)**	**(22)**

NOTE 3 PENSIONS (continued)

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
			Net pension liabilities:			
(131)		(26)	Estimated accrued insured pension liabilities	(1 090)	(801)	(957)
50		20	Estimated value of the pension assets	663	544	637
(81)		**(6)**	**Net estimated insured pension liabilities (-)/-assets (+)**	**(427)**	**(257)**	**(320)**
(1 386)	(1 965)	(2 214)	Estimated accrued uninsured pension liabilities	(2 395)	(2 128)	(1 528)
(1 467)	**(1 965)**	**(2 220)**	**Net estimated pension liabilities (-)/-assets(+)**	**(2 822)**	**(2 385)**	**(1 848)**
			Allocated estimated deviations		9	
			Pension scheme changes not recognised in income	23	5	
(17)	398	624	Changes to estimates and deviations not recognised in income	880	553	138
(1 484)	**(1 567)**	**(1 596)**	**Net book value of pension assets/(liabilities)**	**(1 919)**	**(1 820)**	**(1 710)**
			Pension assets recorded in the balance sheet	1	5	
(1 484)	(1 567)	(1 596)	Pension liabilities recorded in the balance sheet	(1 920)	(1 825)	1 710
(1 484)	**(1 567)**	**(1 596)**	**Net book value of pension assets/(liabilities) recorded in the balance sheet**	**(1 919)**	**(1 820)**	**1 710**

In 2006, NOK1,281 was reclassified from secured to non-secured liabilities.

2006	2007	2008		2008	2007	2006
			Changes in the pension liabilities:			
(1 514)	(1 484)	(1 567)	Net assets (liabilities) 01.01.	(1 820)	(1 710)	(1 689)
(151)	(215)	(224)	Gross pension expenses	(359)	(324)	(259)
17	15	15	Premium payments	117	81	109
7	4	4	Contributions from members of the pension scheme	4	5	6
(8)	2		Income (expenses) due to the transition to a new pension scheme		16	25
			Estimated repayment of previously paid pension premiums			2
8			Reserves for salary compensation			8
			Correction to previous period's pension liabilities	(6)		
	1		Liabilities relating to new/sold companies during the year	(31)	(7)	(71)
			Exchange rate changes	(3)	4	
157	109	176	Benefits disbursed	180	116	159
(1 484)	**(1 567)**	**(1 596)**	**Net pension assets (liabilities) 31.12.**	**(1 919)**	**(1 820)**	**(1 710)**

Contributions to the pension scheme in 2008 are expected to be around the same as for 2007 (based on a 2% contribution from employees).
In 2006 and 2007, NOK 156 million and NOK 108 million respectively was reclassified from premium payments to benefits disbursed.

2006	2007	2008		2008	2007	2006
			The main categories of pension assets at fair value:			
36		1	Equity instruments (shares, bonds)	412	386	399
		14	Debt instruments	42	27	67
5		3	Real estate	104	79	62
3		2	Other assets	105	50	22
44		**20**	**Total pension assets**	**663**	**544**	**550**

Some companies in the Group's Swedish operations have pension schemes which, according to IAS 19, do not qualify for recognition in the balance sheet. In accordance with Swedish rules, the pension liability is covered by an endowment insurance. The amount is booked as a liability with the same amount as a claim on the 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 is set off against pension assets in accordance with IAS 19.

Norway Post has a contractual agreement with Spekter concerning early retirement pension (AFP) that became effective as of 1 January 2006. The accrual period for a full pension from Spekter is 40 years, while it was 30 years with the SPK. The increased accrual period is compensated for by an endowment pension.

Some groups of employees have remained with the old pension scheme with SPK, and therefore are not transferred to the new pension scheme. When the reasons why they are still members in SPK are no longer valid, they will be transferred to the new pension scheme. This applies to employees who were on sick-leave during the transition period, employees who received pension benefits (partly disability, retirement or AFP pensions) during the transition period from SPK, and are also partly working as well as employees who have severance pay due to termination of employment (entire or partial).

NOTE 4 OTHER OPERATING EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
841	824	888	Costs of premises	1 518	1 427	1 308
166	216	255	Other rental expenses	391	316	237
72	93	96	Tools, fixtures, operating materials	168	158	114
71	81	70	Repair and maintenance of equipment	141	149	145
224	218	113	Accounting and payroll services	120	229	239
751	844	956	IT services	375	325	233
389	386	354	Other external services	773	814	682
61	52	42	Telephone expenses	115	100	73
96	96	92	Travel expenses	276	247	197
162	161	135	Marketing	231	253	232
28	61	42	Insurance, guarantee and service costs	86	102	66
		175	Trademark costs	221		
74	84	132	Other expenses	399	278	202
2 935	**3 117**	**3 351**	**Operating expenses**	**4 814**	**4 398**	**3 728**

In 2008 the Norway Post Group launched a new, joint trademark called Bring, for the Scandinavian mail and logistics operations. At the same time Norway Post's logo was updated to show that Norway Post and Bring are part of the same group. The total cost for the trademark for the Group in 2008 was NOK 221 million.

As of 1 January 2008 Posten Norge AS took over a larger proportion of salary and personnel services from its external suppliers, which has significantly reduced the external costs for these services.

NOTE 5 RESTRUCTURING EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
25	282	155	Restructuring	199	294	25
(12)	(26)	4	Severance pay	4	(26)	(12)
13	**256**	**159**	**Total restructuring expenses**	**203**	**268**	**13**

Restructuring and severance pay
In 2008 an amount of NOK 194 million has been provided for restructuring expenses for Posten Norge AS and provisions from previous years have been reversed by NOK 39 million. Of the total costs of NOK 194 million, NOK 184 million relates to human resources measures, NOK 3 million for premises and NOK 7 million for other measures. Restructuring costs are mainly related to reductions in the workforce in staffing/support functions. No provisions have been made for new cases of severance pay (the scheme is closed), but provisions increased by NOK 4 million based on a new assessment of the situation in the labour market.

In addition to Posten Norge AS, in ErgoGroup, PNL, Bring Express and Bring Citymail a total of NOK 51 million has been provided, of which NOK 45 million is for personnel-related measures and NOK 6 million for rent and empty premises. Provisions totalling NOK 7 million from previous years have been reversed for Bring Logistics and ErgoGroup. The total provisions for restructuring are shown in note 20.

NOTE 6 GAIN/LOSS ON THE SALE OF FIXED ASSETS

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
			Gain on the sale of operations, etc		631	
5	12	35	Gain on the sale of fixed assets etc.	42	18	17
5	**12**	**35**	**Total gain on the sale of fixed assets, etc**	**42**	**649**	**17**
			Loss on the sale of operations, etc			
1	2	21	Loss on the sale of fixed assets	21	2	1
1	**2**	**21**	**Total loss on the sale of fixed assets, etc**	**21**	**2**	**1**

Sale of fixed assets/property
Posten Norge AS sold the post terminals in Ålesund, Mosjøen, Haugesund and Finnsnes in 2008, with a total gain of NOK 27 million. In addition Posten Norge AS sold the Information logistics division's machinery to Itella Information AS with a gain of NOK 1 million as well as equipment and vehicles with a gain of NOK 7 million. Subsidiaries have also sold equipment and vehicles with a total gain of NOK 7 million.

Posten Norge AS sold the post terminal in Fauske with a loss of NOK 20 million. In addition equipment and cars were sold with a loss of NOK 1 million.

Sale of subsidiaries, etc.
In 2008 the sale of the companies Grenland Transport and Industriservice AS and CDG Sandberg AS/Selektiv AS gave a gain/loss of 0.

In 2007 Norway Post sold the property BG 14B, by selling its wholly-owned subsidiary Posten Eiendom BG 14B AS, with a gain in the group accounts of NOK 626 million.

NOTE 7 FINANCIAL INCOME AND FINANCIAL EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
71	182	262	Intercompany interest income	79	126	47
29	98	36	Other interest income			
	612		Gain on the sale of shares in subsidiaries, etc	301	82	90
52	45	139	Exchange rate gains on financial investments	1	9	2
166	52	63	Group contributions and dividends received	2	4	17
76	176	2	Gains on derivatives	228	52	85
85	52	228	Gains on «fair value through profit or loss» objects	29	9	21
14	6	14	Other financial income			
493	**1 223**	**744**	**Financial income**	**640**	**282**	**262**
18	34	39	Intercompany interest expenses			
2	1	1	Interest expenses on financial leases	9	3	4
129	197	354	Other interest expenses	322	205	151
		4	Loss on the sale of shares in subsidiaries, etc			
41	62	4	Exchange rate loss on financial investments	255	109	74
152		161	Loss on derivatives	17		15
85	52	228	Loss on «fair value through profit or loss» objects	228	52	85
29	158	253	Other financial expenses	57	39	34
456	**504**	**1 044**	**Financial expenses**	**888**	**408**	**363**

Other interest income in 2008 included NOK 12 million (NOK 71 million in 2007) in unrealised gains on short-term investments for both Posten Norge AS and the group in 2007.

In March 2007 Norway Post sold all shares in the wholly-owned subsidiary Posten Eiendom BG 14B AS for NOK 759 million.This resulted in a gain on the sale of the shares of NOK 612 million in the parent company.

Other interest expenses for 2008 included interest costs on net pension assets that have been reclassified from payroll expenses to financial expenses. Interest expenses for 2008 totalled NOK 80 million for Posten Norge AS (NOK 71 million in 2007 and NOK 49 million in 2006) and NOK 91 million for the group (NOK 79 million in 2007 and 59 million in 2006). The remaining other interest expenses are primarily interest expenses linked to long-term financing.

In Posten Norge AS other financial expenses include NOK 197 million (NOK 127 million in 2007) related to the write-down of shares in the CityMail Group during 2008. Refer also to note 12.

NOTE 8 TAXES

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
			INCOME TAXES			
173	191	60	Taxes payable	191	298	258
54	(69)	(96)	Changes in deferred taxes (tax benefits)	(54)	(139)	86
228	**122**	**(36)**	**Taxes**	**136**	**159**	**344**
173	155	59	Taxes payable for the year	193	241	253
		1	Overpaid/underpaid in previous years	(2)		
	36		Other	1	57	6
173	**191**	**60**	**Taxes payable**	**191**	**298**	**258**
54	(69)	(96)	Deferred tax due to changes in temporary differences	(51)	(135)	99
			Losses carried forward not previously recognised	(4)	(4)	(13)
54	**(69)**	**(96)**	**Deferred tax cost**	**(54)**	**(139)**	**86**
25 %	13 %	11 %	Effective tax rate			
			Reconciliation of the effective tax rate with the Norwegian tax rate:			
901	944	(317)	Earnings before tax			
252	264	(88)	28% tax rate			
6	39	65	Other non-deductible costs 28%			
(30)	(201)	(16)	Non-taxable income 28%			
	20	3	Other			
228	**122**	**(36)**	**Taxes**			
			DEFERRED TAXES/TAX ASSETS IN THE BALANCE SHEET			
(89)	(82)	(104)	Tangible fixed assets	(109)	(60)	(66)
(2)	(2)	(6)	Receivables	(16)	(10)	(7)
	(1)		Foreign exchange		(1)	
(2)	(1)	(1)	Inventories	(2)	(1)	(2)
(416)	(439)	(447)	Pensions	(523)	(497)	(471)
(21)	(76)	(99)	Reserves	(106)	(95)	(40)
(15)	7	(88)	Other	(61)		(13)
			Loss carried forward	(214)	(134)	(144)
(544)	**(594)**	**(745)**	**Deferred tax assets - gross**	**(1 031)**	**(798)**	**(742)**
41	32	23	Gains and losses account	39	51	62
4		29	Foreign exchange	17		3
2	43		Group contributions			
			Other		16	
46	**75**	**52**	**Deferred tax liability - gross**	**55**	**67**	**65**
(497)	**(519)**	**(693)**	**Net deferred tax asset**	**(976)**	**(731)**	**(677)**
			Deferred tax asset not recognised in the balance sheet	158	64	18
(497)	**(519)**	**(693)**	**Net recognised deferred tax**	**(818)**	**(667)**	**(659)**

Gross temporary differences that are not recognised in the balance sheet relate to losses carried forward. The group had a total of NOK 834 million in losses carried forward as at 31 December 2008. There is no time limit on NOK 784 million of these losses. The losses carried forward with a time limit concern Finland and expire during the period 2014 - 2017. The losses carried forward that have been recognised are expected to be utilised based on expectations concerning future profits.

2006	2007	2008		2008	2007	2006
			Change in deferred taxes recognised directly in equity			
			Translation differences on the hedging of investments in foreign entities	(41)	48	(21)
(3)	11	(41)	Cash-flow hedging	(41)	12	(4)
1	36		Other		28	1
(2)	47	(41)	Total	(82)	88	(24)

NOTE 8 TAXES (continued)

POSTEN NORGE AS

Changes in temporary differences	31.12.07	Demerger	Recognised in income statement	Recognised in equity	Other	31.12.08
Tangible fixed assets	(293)	25	(102)			(371)
Gains and losses account	117		(34)			83
Receivables	(8)		(14)			(22)
Foreign exchange	(4)		107			103
Inventories	(5)					(5)
Pensions	(1 569)		(28)			(1 597)
Reserves	(272)		(82)			(353)
Group contributions	153		(5)		(147)	
Other	28	13	(185)	(146)	(23)	(312)
Total	**(1 852)**	**38**	**(343)**	**(146)**	**(171)**	**(2 474)**

NORWAY POST GROUP	31.12.07	New companies acquired	Recognised in income statement	Recognised in equity	Other 1)	Conversion differences	31.12.08
Tangible fixed assets	(214)	4	(128)				(338)
Gains and losses account	182		(43)				139
Receivables	(36)		(20)			(1)	(57)
Foreign exchange	(1)		117		(60)		56
Inventories	(2)		(2)				(4)
Pensions	(1 775)	(31)	(62)			(2)	(1 869)
Reserves	(339)		(41)			1	(380)
Other	53	2	(10)	(279)		(2)	(235)
Loss carried forward	(479)	(18)	(13)	6	(222)	(108)	(834)
Total	**(2 611)**	**(43)**	**(202)**	**(273)**	**(282)**	**(112)**	**(3 522)**

1) Applies to negative temporary differences that arose during the year and are not recognised in the balance sheet.

NOTE 9 INTANGIBLE ASSETS

POSTEN NORGE AS

	Purchased intangible assets					
	IT - development	Assets under construction	Goodwill	Total 2008	Total 2007	Total 2006
Acquisition cost:						
As at 1 January	500	348		848	655	408
Additions	62	338	6	406	282	257
Disposals	(5)			(5)	(56)	(10)
Intercompany transfers					(6)	
Transfers from assets under construction	280	(280)				
Transfers to held for sale					(25)	
As at 31 December	**837**	**406**	**6**	**1 249**	**849**	**655**
Accumulated amortisation and write-downs:						
Amortisation method	Straight-line					
Useful life	2-10					
As at 1 January	(170)			(170)	(181)	(122)
Amortisation for the year	(99)			(99)	(62)	(55)
Write-downs for the year			(6)	(6)	(3)	(14)
Disposals	5			5	56	10
Transfers to held for sale					20	
As at 31 December	**(264)**		**(6)**	**(270)**	**(170)**	**(181)**
Book value	**573**	**406**		**980**	**679**	**474**

NOTE 9 INTANGIBLE ASSETS (continued)

NORWAY POST GROUP	Internally developed intangible assets			Purchased intangible assets						
	IT - development	Assets under construction	Total	IT - dev, trademarks, etc	Assets under construction	Goodwill	Total	Total 2008	Total 2007	Total 2006
Acquisition cost:										
As at 1 January	569	40	609	1 112	346	5 384	6 840	7 450	5 633	3 594
Additions	46	7	53	80	356	6	442	495	398	387
Disposals	(4)	(4)	(8)	(4)	(27)		(31)	(39)	(114)	(42)
Additions through company acquisitions (note 30)	19	1	20	24		292	316	336	1 714	1 619
Reduction through sales of companies (note 30)				(2)		(12)	(14)	(14)	(1)	
Adjustment to cost prices/reclassification 1)	(70)		(70)	(91)		30	(61)	(131)	6	14
Translation differences	9		9	5	3	189	197	206	(161)	61
Transfers from assets under construction	35	(35)		260	(260)					
Transfers to held for sale									(26)	
As at 31 December	**604**	**9**	**613**	**1 384**	**418**	**5 889**	**7 690**	**8 303**	**7 450**	**5 634**
Accumulated amortisation and write-downs:										
Amortisation method	Straight-line									
Useful life	3-10 år									
As at 1 January	(475)		(475)	(480)	(6)	(401)	(888)	(1 363)	(1 189)	(1 098)
Amortisation for the year	(79)		(79)	(171)			(171)	(250)	(193)	(144)
Write-downs for the year	(4)		(4)			(26)	(26)	(31)	(116)	(38)
Taking to income of negative goodwill										64
Disposals	4		4	4			4	8	103	30
Additions through company acquisitions (note 30)	(16)		(16)	(18)			(18)	(34)		
Reduction through sales of companies (note 30)						12	12	12		
Adjustment to cost price/reclassification 1)	125		125	38			38	163		
Translation differences	(2)		(2)	(2)		(11)	(13)	(15)	11	(3)
Transfers to held for sale									21	
As at 31 December	**(447)**		**(447)**	**(629)**	**(6)**	**(427)**	**(1 062)**	**(1 508)**	**(1 363)**	**(1 189)**
Book value	**157**	**9**	**166**	**756**	**412**	**5 462**	**6 628**	**6 795**	**6 088**	**4 445**

1) the entry Adjustment to cost price/reclassification includes the disposal of IT systems in ErgoGroup that were already written off

NOTE 9 INTANGIBLE ASSETS (continued)

IT development, trademarks, etc
For intangible assets that have a specific economic life, the amortisation period is 3-10 years (2-10 years in 2007 and 3-6 years in 2006), depending on the useful life of each individual component based on an individual assessment. The IT-system for Norway Post's sales outlets, implemented in 2007, has a book value of NOK 133 million and constitutes the majority of the amount that will be amortised over 10 years. The amortisation period is the expected minimum lifespan based on historical information on frequency of replacement of these types of expensive and complex systems in the Group. This system is utilised by several other postal companies and it is expected that the system will be further developed and adjusted to future IT technologies over many years. The remaining intangible assets have an useful life of 3 - 7 years.

Approximately NOK 226 million of capitalized IT development applies to solutions used in connection with the IT 2010 programme, including solutions for a common address register, reply mail system, payroll system and parts of the HR and order systems. The programme, which is still in progress, will replace existing systems for orders, invoices, accounting and finance with Oracle eBusiness Suite (OEBS), provide new solutions for HR and wages, and develop new solutions for mail distribution and delivery (unit, address and route). The Group has experienced significant growth in the past 10 years, entering new business areas and significantly increasing revenues outside Norway. The projects are a part of Norway Post's modernisation of the Group's IT-portfolio, and will result in a reduction in the number of systems and interfaces combined with an increased use of standard solutions.

Trademarks acquired through acquisitions represented NOK 3 million (NOK 23 million as at 31 December 2007) and apply to the trademarks Frigoscandia and Citymail. The Group launched the new trademark Bring in September 2008. Based on this, and anassessment of factors such as the products, markets and economy, the period for the expected net positive cash flows from these operations is deemed to have been determined. The capitalized trademarks are therefore to be depreciated over the expected remaining economic life. An evaluation of the brands' values was performed prior to year end.

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

Research and development
In 2008, NOK 11 million was charged to expenses related to development projects not expected to generate future financial benefits (0 in 2007 and NOK 27 million in 2006).

Assets under construction
Of the total assets under construction, the projects in the IT 2010 programme that are still under development made up approximately NOK 265 million. For more details see above regarding IT development. This applies to solutions for the financial system, online shop, cash franking system and the further development of the HR and order systems. Approximately NOK 42 million was also allocated for a project to establish a solution for planning and managing transport activities in the Group in the most suitable manner. The solution shall enable the planning of an order across the different types of transport, right from the sender to the recipient, and thereby result in the most cost-effective goods transportation. This will be introduced around the beginning of 2010. Furthermore approximately NOK 32 million was allocated for a customer and sales support system for unaddressed mail advertising. The customer and sales support system shall support the planning, implementation and follow-up of services related to unaddressed mail advertising and will be introduced during 2009.

Impairment of projects under development with a specific lifespan
Write-down costs are presented in the income statement in the line for write-downs. In 2008 a total of NOK 4 million (NOK 101 million in 2007 and NOK 13 million in 2006) was written-down for assets under construction and other intangible assets other than goodwill. Write-downs in 2008 mainly apply to activated costs related to the development of internet sites that have now been replaced by new internet sites for the Bring companies.

See note 29 for purchasing oblilgations regarding intangible and tangible assets.

NOTE 9 INTANGIBLE ASSETS (continued)

GOODWILL NORWAY POST GROUP

	Capitalised value 01.01	Additions	Adjustment to cost prices	Write-downs	Translation differences	Capitalised value 31.12
Mail Segment						
Bring Citymail	235				16	251
Bring Dialogue Norge	45					45
Bring Dialogue Sverige	38		(5)		3	36
Posten Norge AS		6		(6)		
Logistics Segment						
Bring Logistics 1)	731	43			3	777
Bring Frigoscandia Sverige	514				36	550
Bring Logistics Sverige	250				17	267
Bring Express	264	5	3		25	296
CombiTrans		220			8	229
Bring Frigoscandia Norge 1)	208					208
Bring Logistics Solutions	84					84
IT segment						
ErgoGroup Group 2)	2 615	24	32	(20)	70	2 721
Total goodwill for the Group	**4 983**	**298**	**30**	**(26)**	**178**	**5 462**

1) With the transfer of Bring Frigoscandia Norge from Bring Logistics to Posten Norge AS, goodwill of NOK 208 million has been transferred.
2) The ErgoGroup consists of several cash-generating units.

Goodwill additions
The acquisition of companies is described in more detail in note 30.

Adjustment to cost prices
When earn-out agreements are entered into when companies are acquired, a provision is made in the cost prices based on the best estimate of the earn-out until the criteria for the earn-out are finalised. On the final determination of the earn-out an adjustment to the cost price for the shares and goodwill related to the company is entered in the «Adjustment to cost prices» column. If the earn-out is determined in the same fiscal year as the acquisition the total compensation is entered in the «Additions» column. Adjustments for earn-out 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.

In ErgoGroup cost price goodwill was adjusted by NOK 32 million as a result of the fact that an agreement on earn-out with incentives regarding EBIT and growth was connected with the acquisition of the Bekk consulting firm in 2007. The final added-value analysis of Bekk Consulting in 2008 did not identify any further added value. ErgoGroup AS currently owns 75% of the company with an option for the purchase of the remaining 25%. An earn-out agreement is also connected to the remaining 25% of shares.

Goodwill related to Bring Dialogue Sverige was reduced by approximately NOK 5 million as a result of an adjustment to the earn-out provision related to achieved EBIT and revenues in 2007 and 2008. The earn-out provision as at 31 December 2007 was NOK 25.4 million.

In Bring Express the goodwill related to the acquisition of Pickup Gøteborg AB in 2007 was reduced by just under NOK 1 million in connection with an agreement on earn-out related to revenues. Furthermore there was an increase of approximately NOK 3.6 million related to an agreement on earn-out in the Finnish courier company Filarälehetit.

Write-downs of intangible assets with an indeterminate lifetime
At the year-end, intangible assets are assessed for indications of a fall in their value, and if such indications exist the asset's recoverable value is estimated.

Intangible assets with an indeterminate life, intangible assets under development and goodwill are 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 operations 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.
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.

NOTE 9 INTANGIBLE ASSETS (continued)

Norway Post has calculated the future cash flows based on the estimated results (budgets 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 and 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 present value of the cash flows is calculated using a weighted required rate of return on the total assets and is calculated before tax.

In 2008 a total of NOK 26 million (NOK 14 million in 2007 and NOK 10 million in 2006) was written-down in respect of goodwill, of which NOK 20 million was related to goodwill in ErgoGroup AB. The write-downs were carried out as due to failure to reach budget targets in 2007 and early 2008 as a result of difficulties in the start-up phase with the loss of critical customers and adaptation of the operational capacity and cost structure. ErgoGroup AB was transferred to SYSteam AB in 2008, and the remaining value of goodwill for the company will depend on the new business plan giving the desired synergies and improved results. In the opinion of management the results at the end of 2008 imply that the targets will be reached and that the remaining goodwill value (NOK 102 million) can be maintained. NOK 6 million was also written down in Posten Norge AS. The write-downs apply to CDG Sandberg which was bought in January 2008 with the separation of the address area to Bring Dialogue Norge. The shares in the remaining part of the company were sold by the Group at the end of 2008.

Goodwill related to Bring Citymail Sweden (NOK 200 million), Bring Frigoscandia Norge (NOK 207 million), Bring Mail Nordic (NOK 51 million), Blomquist Trucking (NOK 20 million), Bring Express Denmark (NOK 90 million), IT operational services in ErgoGroup AS (NOK 483 million*), SYSteam AB (NOK 1.044 million) and SMB/Regional services in ErgoGroup AS (NOK 657 million*) are sensitive to adjustments to the margins and required rate of return, which are the key assumptions. The estimates assume a significant improvement in future profitability. The cash-flows and required rate of return used when estimating the residual value are based on the management's best estimates As a result of the economic downturn in 2008 the required rate of return in the various segments in the Group has been adjusted up with regard to last year in order to take into consideration the increased risk related to uncertainty in the cash flows. Where the acquired units have not had margins according to the budget, an assessment has also been carried out of the background for the deviation from the budget and measures implemented in the earnings and cost sides are deemed sufficient to defend the quality of future cash flow estimates. The assumtions concerning margins have also been assessed with regard to elsewhere in the industry and future prospects.

Goodwill related to Bring Logistics Sweden (NOK 267 million) and Transware Holding AB (NOK 16 million) are also sensitive to adjustments to the margins and required rate of return, but the units currently have margins in accordance with the budget.

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

* As a result of the reorganisation of the reporting structure in ErgoGroup AS goodwill related to these two units has been assigned using a method for the relative value of the units. IT operational services therefore increased from NOK 201 million in 2007 to NOK 483 million in 2008 and SMB/Regional services was reduced from NOK 905 million in 2007 to NOK 657 million in 2008.

Negative goodwill taken to income
Negative goodwill of NOK 29 million was taken to income this year (none taken to income in 2007 and NOK 64 million in 2006). The negative goodwill is related to the takeover of the remaining 50% of PNL.
An analysis of the fair value of the company indicated no shortfall in value for capitalized entries.

NOTE 9 INTANGIBLE ASSETS (continued)

Overview of goodwill and key assumptions per segment:

	Goodwill	Discount rate after tax (WACC):			Long-term growth rate:		
		2008	2007	2006	2008	2007	2006
Mail	331	11,00 %	10,60 %	9,40 %	2,0 %	2-4%	2,0%
Logistics	2 410	11,00 %	10,70 %	9,4/10,0 %	2,0 %	0-3%	0-2%
IT	2 721	12,00 %	11,10 %	10,40 %	2,7 %	2,7 %	2,7 %
Total Group	5 462						

NOTE 10 TANGIBLE FIXED ASSETS

POSTEN NORGE AS

Acquisition cost:	Machinery	Vehicles, fixtures and fittings	Buildings and property	Machinery under construction 1)	Buildings under construction 1)	2008 Total	2007 Total	2006 Total
As at 1 January	1 174	1 855	2 055	73	1	5 158	5 273	5 997
Additions	20	77	4	113		213	214	401
Disposals	(32)	(156)	(172)			(360)	(222)	(742)
Internal Group transfers, additions/ disposals			(925)			(925)	(5)	
Transfers to/from held for sale			(700)			(700)	(90)	
Transfers to/from investment property							(13)	(60)
Transfers from assets under construction	2	14		(16)				(323)
As at 31 December	**1 163**	**1 790**	**261**	**170**	**1**	**3 386**	**5 158**	**5 273**
Accumulated depreciation and write-downs:								
Depreciation method	Straight line	Straight line	Straight line					
Useful life	3 - 10 år	3 - 10 år	15 - 40 år					
As at 1 January	(810)	(1 391)	(796)			(2 997)	(2 951)	(3 102)
Depreciation for the year	(75)	(157)	(21)			(254)	(321)	(343)
Write-downs for the year	(1)	(14)	(116)			(131)	(7)	(11)
Reversal of earlier write-downs							(1)	
Disposals	30	151	98			278	212	505
Internal Group transfers, additions/ disposals			386			386	5	
Transfers to/from held for sale			312			312	66	
As at 31 December	**(855)**	**(1 411)**	**(137)**			**(2 404)**	**(2 997)**	**(2 951)**
Book value as at 31 December	**308**	**379**	**124**	**170**	**1**	**982**	**2 162**	**2 322**

1) A reclassification of the opening balance has been carried out between buildings under construction and assets under construction machinery of NOK 1.9 million.

NOTE 10 TANGIBLE FIXED ASSETS (continued)

NORWAY POST GROUP

Acquisition cost:	Machinery	Vehicles, fixtures and fittings	Buildings and property	Machinery under construction	Buildings under construction	2008 Total	2007 Total	2006 Total
As at 1 January	2 102	2 940	2 904	73	422	8 441	7 739	7 666
Additions	130	415	63	126	828	1 562	1 124	875
Disposals	(36)	(235)	(173)			(443)	(330)	(554)
Additions through company acquisitions (note 30)	4	69	25			97	68	128
Reduction through sales of companies (note 30)		(26)				(26)		
Reclassification/Adjustment of cost prices 1)	(328)	(4)				(332)		
Translation differences	(94)	157	(20)	5	5	54	(22)	10
Transfers to/from held for sale			(749)			(749)	(90)	(326)
Transfers to/from investment property							(48)	(60)
Transfers from assets under construction	9	16	23	(18)	(30)			
As at 31 December	**1 787**	**3 332**	**2 073**	**186**	**1 225**	**8 603**	**8 441**	**7 739**
Accumulated depreciation and write-downs:								
Depreciation method	Straight-line	Straight-line	Straight-line					
Useful life	4 - 8 år	3 - 10 år	15 - 40 år					
As at 1 January	(1 480)	(1 935)	(989)			(4 404)	(4 115)	(4 191)
Depreciation for the year	(180)	(395)	(80)			(656)	(641)	(610)
Write-downs for the year	(1)	(17)	(121)			(138)	(14)	(21)
Reversal of earlier write-downs							(1)	
Disposals	33	226	99			357	308	483
Additions through company acquisitions (note 30)		(10)				(10)		
Reduction through sales of companies (note 30)		7				7		
Reclassification/Adjustment of cost prices 1)	327	4				331		
Translation differences	56	(53)	(2)			1	(8)	(3)
Transfers to/from held for sale			312			312	66	227
As at 31 December	**(1 245)**	**(2 173)**	**(781)**			**(4 198)**	**(4 404)**	**(4 115)**
Book value as at 31 December	**542**	**1 159**	**1 293**	**186**	**1 225**	**4 406**	**4 037**	**3 624**

1) The Adjustment of cost prices entry includes the disposal of IT systems in ErgoGroup that were already written off.

Internal Group transfers
In connection with Norway Post reorganising its property operations (see note 12) Norway Post established the property companies Posten Eiendom Alnabru AS and Posten Eiendom Storbyer AS in 2008. Thereafter Norway Post transferred the post terminals in Stavanger and Trondheim to Posten Eiendom Storbyer AS and Postens Godssenter (PGO), Postens Verksteder (PVO) and Postens Transportsenter (PTO) to Posten Eiendom Alnabru AS.

Construction loan interest
Tangible fixed assets include construction loan interest. The capitalised construction loan interest totalled NOK 85 million in 2008, NOK 17 million in 2007, and NOK 18 million in 2006. The share of the construction loan interest related to the sorting depot at Robsrud was NOK 62 million in 2008 (NOK 17 million in 2007).

Write-downs
The write-downs of vehicles/fixtures and fittings of NOK 14 million in Posten Norge AS applies to the interiors of PiB (Post in Shops) and post offices.

As at 31 December 2008 the post terminals in Stokke, Tromsø, Molde, Hamar, Bodø and Drammen have been evaluated at the lowest of book and market value in accordance with IFRS, which led to total write-downs of NOK 116 million. The terminals in Molde and Bodø that were reclassified as held for sale during 2008 were reentered as tangible fixed assets by 31 December 2008 as the decision to sell was reversed.

Information on assets held for sale and financial leases is provided in notes 18 and 27 respectively.

Refer also to note 28 regarding purchase obligations relating to intangible and tangible assets.

NOTE 11 INVESTMENT PROPERTY

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
	60	73	Balance at 1 January	108	60	
60	13		Transfers from (to) tangible fixed assets		48	60
60	**73**	**73**	**Balance at 31 December**	**108**	**108**	**60**

Norway Post owns an undeveloped plot of land, at Alnabru.This was purchased in 1999 as the location for a new letter centre. It was later decided to locate this at Robsrud. The future use of the plot is presently uncertain, and the plot has therefore been reclassified as an investment property. In 2008 an appraisal was performed and the property's net sales value was set above book value.

The subsidiary Posten Eiendom Espe-haugen AS owns a plot in Bergen that was purchased in 2005 with the view to building a new post terminal. To date no decision has been made as to whether this terminal will be built. The property's book value is lower than the estimated sales value.

The investment properties are valued according to the aquisition model and are not subject to depreciation. There are no restrictions on when the investment properties can be sold, or how the incomes and cash flow from the sales can be used, nor are there any significant contractual obligations to buy, construct or develop the investment properties.

NOTE 12 INVESTMENTS IN SHARES

NORWAY POST GROUP

Subsidiaries	Acquired/ established	Address	Main activity	Ownership share at 31.12.08	Voting share at 31.12.08	Capitalised value at 31.12.08
ErgoGroup AS	01.12.1996	Oslo	IT	100 %	100 %	1 581
Bring Logistics AS	10.06.2004	Oslo	Transport	100 %	100 %	998
FSD HoldCo AB	20.01.2006	Sverige	Transport	100 %	100 %	597
Cetei AB	08.06.2008	Sverige	Transport	100 %	100 %	254
Bring Express AS	01.01.1999	Oslo	Express	100 %	100 %	198
Bring Logistics Halmstad AB	09.03.2007	Sverige	Transport	100 %	100 %	157
Bring Logistics Jønkøping AB	10.03.2007	Sverige	Transport	90 %	90 %	51
Bring Logistics Stockholm AB	12.03.2007	Sverige	Transport	74 %	74 %	50
Bring Logistics Linkøping AB	12.03.2007	Sverige	Transport	60 %	60 %	47
Bring Logistics Gøteborg AB	10.03.2007	Sverige	Transport	50 %	50 %	29
Bring Logistics Solutions AS	12.04.2000	Oslo	3P logistics	100 %	100 %	141
Bring Frigoscandia Holding AS	10.06.2004	Oslo	Transport	100 %	100 %	136
Pan Nordic Logistics AB (PNL)	1999/2008	Sverige	Transport	100 %	100 %	57
Bring Logistics Nettlast AS	15.11.2000	Jaren	Transport	100 %	100 %	54
Bring Citymail AB	01.05.2002	Sverige	Mail	100 %	100 %	186
Bring Dialogue Norway AS	01.11.2006	Oslo	Customer Relations	100 %	100 %	57
Bring Dialogue Sweden AB	01.02.2007	Sverige	Customer Relations	100 %	100 %	36
Posten Eiendom Storbyer AS	01.01.2008	Oslo	Property	100 %	100 %	255
Posten Eiendom Kanalveien AS	21.03.2006	Oslo	Property	100 %	100 %	121
Posten Eiendom Robsrud AS	08.06.2006	Oslo	Property	100 %	100 %	111
Posten Eiendom Alnabru AS	01.01.2008	Oslo	Property	100 %	100 %	78
Posten Eiendom Espehaugen AS	08.06.2006	Oslo	Property	100 %	100 %	37
Posten Eiendom AS	08.06.2006	Oslo	Property	100 %	100 %	
Posten Forbrukerkontakt AS	01.10.1997	Oslo	None	100 %	100 %	
Bring AS	08.03.2005	Oslo	None	100 %	100 %	

NOTE 12 INVESTMENTS IN SHARES (continued)

POSTEN NORGE AS	Acquired/ established	Address	Main activityt	Ownership share at 31.12.08	Voting share at 31.12.08	Capitalised value at 31.12.08
Other						
Minor shareholdings owned directly by Posten Norge AS						4
TOTAL Investments in shares						**5 235**
Investments in Associated Companies						
Itella Information AS	01.06.2008	Oslo	Information logistics	49 %	49 %	11
TOTAL Posten Norge AS						**5 246**
NORWAY POST GROUP						
Investments in Associated Companies						
Refer to overview below						**56**
Group investments in shares						
Fagernes Skysstasjon	1996	Fagernes			25 %	3
Minor shareholdings						3
TOTAL Investments in shares						**6**
TOTAL						**62**

During the second quarter Norway Post entered an agreement to buy all the shares in the holding company Cetei AB that owns all shares in the Swedish logistics company CombiTrans AB and 70% of the shares in CombiTrans Hellas Ltd (directly and indirectly). The company had 105 employees and revenues of SEK 540 million in 2007. An agreement on earn-out with incentives regarding earnings before tax for 2008 and 2009 was included. An adjustment of the cost price by a total of NOK 58.5 million as at 31 December 2008 has been carried out on the basis of the actual results in 2008 and the budget for 2009.

During the third quarter Norway Post purchased the remaining 50% of Pan Nordic Logistics (PNL), a logistics company that had been jointly owned by Norway Post and Post Denmark. PNL is one of the leading companies in the parcel post market to, from and within the Nordic countries and works closely with mail companies in the Nordic countries and Baltic countries. The company was established in 1997 and currently has 200 employees and had revenues of SEK 1.6 billion in 2007. PNL was treated as a joint venture operation in the 2007 financial statements.

Due to the equity situation in bring CityMail Denmark A/S, Bring CityMail AB's share capital was increased in March and August 2008 by a total of NOK 58.6 million to allow for a new issue of shares in Bring CityMail Denmark A/S. Posten Norge AS has written down the value of the shares in Bring CityMail Group AB by NOK 197 million as a result of the book value exceeding the recoverable value of the company.

As a continuation of the work within the Group to optimise property values and the funding structure the two property companies Posten Eiendom Storbyer AS and Posten Eiendom Alnabru were established during 2008. Each company was established with share capital of NOK 100.000 and the respective proper-ties as contribution in kind. Posten Eiendom Espehaugen AS, that was established in 2006, had its share capital increased by NOK 26.6 million in 2008. Posten Eiendom Robsrud AS' value in the balance sheet increased by NOK 11.5 million as a result of Group contributions received from Posten Norge AS for 2007.

During the first half of the year Norway Post and the Finnish post and logistics company Itella formed a new company in Norway in the information logistics market, Itella Information AS, in which Norway Post owns 49%. Norway Post's employees in the existing information logistics department were transferred to the new company. The new company shall primarily service the Norwegian market, but following its establishment Norway Post is better equipped to supply services within distribution and information logistics in the whole of the Nordic region. The establishment of the company is in line with Norway Post's Nordic strategy and all activities within the Information logistics busi-ness area are allocated to the company.

ErgoGroup AS' value in the balance sheet increased by NOK 100 million as a result of Group contributions received from Posten Norge AS for 2007.

The shares in Bring Dialogue Sweden AB have been adjusted down by approximately NOK 3.7 million in connection with an earn-out agreement based on the actual earning before tax in 2008.

NOTE 12 JOINT VENTURES

The group has the following investments in joint ventures:

Entity	Country	Address	Ownership share
BuyPass AS	Norway	IT	50 %

The Group's total shares of assets, liabilities, incomes and expenses relating to joint-venture investments that have been incured together with the other participants are as follows

	PNL			Buypass		
	2008 1)	2007	2006	2008	2007	2006
Assets						
Current assets		13	14	15	14	21
Fixed assets		180	151	111	57	50
Liabilities						
Current liabilities		20	30	8	12	24
Long-term liabilities		147	123	76	35	28
Net Assets		**26**	**12**	**42**	**24**	**19**
Income		664	567	64	48	44
Expenses		650	548	45	38	38

1) The remaining 50% of shares in PNL were acquired in 2008 and the company was consolidated as a subsidiary as at 31 December 2008.

NOTE 12 INVESTMENTS IN ASSOCIATED COMPANIES

Entity	Country/City	Ownership share	Book value 31.12.07	Additions in 2008	Share of profit (loss) 2008	Other adjustments	Transfers to held for sale	Book value 31.12.07
Itella Information AS	Oslo	49 %		19	(8)			11
Svensk Adressändring AB	Sweden	15 %		16	3			19
AdressPoint AB	Sweden	15 %		2				2
Materiallageret AS	Svalbard	34 %	8					8
Euroterminal A/S	Denmark	50 %	4			1		5
ION Solutions LTD	India	35 %		5				5
Gecko Industrisystemer AS	Kristiansand	34 %	2		1	(1)		2
Nor-Cargo Vestfinnmark AS	Hammerfest	50 %	1					1
Udac Alfa AB	Sweden	42 %	1					1
Other			4		(2)		(1)	1
Total			**19**	**43**	**(5)**		**(1)**	**56**

Stakes in Svensk Adressändring AB and AdressPoint AB were previously owned through AdressPoint International, that was classified as an investment in shares in the Group with a total value of NOK 17.8 million as at 31 December 2007. The companies are now directly owned by Bring Citymail Sverige AB. The companies are now classified as associated companies based on an assessment of the share ownership agreements related to the companies.

NOTE 12 INVESTMENTS IN ASSOCIATED COMPANIES (continued)

Summary of the financial information of the individual Associated Companies:

Entity	Assets	Liabilities	Equity	Revenues	Net income for the year
Itella Information AS	100	72	28	119	(19)
Svensk Adressändring AB	82	61	21	236	19
AdressPoint AB	10	5	5	11	3
Materiallageret AS	23	13	10	6	2
Euroterminal A/S	22	11	10	3	1
ION Solutions LTD	6	1	5	10	3
Gecko Industrisystemer AS	13	5	8	20	3
Nor-Cargo Vestfinnmark AS	5	3	2	17	
Udac Alfa AB	1		1		
Other	60	44	15	205	20
Total	**321**	**217**	**105**	**628**	**31**

Box Nordic Inbound which was owned by Bring Express was sold in 2008.

Atento AS, which was owned by ErgoGroup and classified as held for sale as at 31 December 2007, was sold in 2008. Estore AS, that is also owned by ErgoGroup, was classified as held for sale as at 31 December 2008 and was sold in January 2009. The companies were sold as they are not part of the core operations of ErgoGroup.

NOTE 13 INTEREST-BEARING LONG-TERM AND SHORT-TERM RECEIVABLES

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
55	22	39	Other long-term receivables	43	31	81
2 057	2 918	2 463	Loans to group companies			
2 112	**2 940**	**2 502**	**Interest-bearing long-term receivables**	**43**	**31**	**81**
		148	Repayments 2010	3		
		75	Repayments 2011	3		
		39	Repayments 2012	3		
		50	Repayments 2013	1		
		2 190	Thereafter	33		
		2 502	**Interest-bearing long-term receivables**	**43**		
339	58	83	Other short-term receivables	84	59	343
617	539	2 311	Loans to group companies			
956	**597**	**2 394**	**Interest-bearing short-term receivables**	**84**	**59**	**343**

The first year's repayment of interest-bearing long-term receivables has been reclassified as an interest-bearing short-term receivable.

The Group has insured 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.

As a policy holder, the company has the opportunity to manage agreed upon areas of the operation's risk exposure within the insurance companies' insurance licence. This insurance activity is managed independently, both from a financial and risk standpoint, from the other activities performed by the insurance companies.This is accomplished by using a separate account to manage these risks. Posten Norge AS has since 1 December 1996 utilised an account solution for selected coverages. Beginning in 2006 the account solution is limited to coverage for liability only. The cost associated with this solution has been lower than the premium paid, hence the account is in surplus.

Norway Post's insurance account scheme accounted for NOK 27 million of other long-term receivables (NOK 21 million in 2007 and NOK 53 million in 2006).

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

Advanced payment to deposit funds and premium funds in Vital accounted for NOK 76 million of other short-term receivables (NOK 58 million in 2007 and NOK 11 million in 2006).

NOTE 14 OTHER LONG-TERM RECEIVABLES

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
			Pension assets	1	5	
4	3	5	Receivables from employees	6	5	7
1	57		Long-term derivatives		57	1
8	21	25	Other long-term receivables	78	53	17
13	**81**	**30**	**Other long-term receivables**	**85**	**120**	**24**

Receivables from employees consist 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 long-term receivables consist of pre-paid costs related to contracts for the implementation of operating platforms within IT for NOK 25 million.

NOTE 15 INVENTORIES

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
49	55	60	Acquisition cost	86	71	63
(6)	(4)	(5)	Provisions for obsolescence	(21)	(6)	(8)
43	**51**	**55**	**Inventories**	**65**	**65**	**55**

The inventories mainly consist of postage stamps and other goods sold via the sales network.

The cost of goods during the period amounted to NOK 138 million (NOK 130 million in 2007 and NOK 146 million in 2006).

Write-downs for the period equalled NOK 5 million (NOK 4 million in 2007 and NOK 8 million in 2006).

The cost of goods sold for the Group's subsidiaries totalled NOK 514 million (NOK 552 million in 2007 and NOK 139 million in 2006).

The increase in cost of goods sold in 2007 is related to the acquisition of companies during the year. Comparative figures have been adjusted in 2008 for elements included in 2007, but which were not part of the inventory costs.

NOTE 16 INTEREST-FREE SHORT-TERM RECEIVABLES

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
917	964	886	Accounts receivable	3 361	3 351	2 810
1	2	8	Receivables from employees	12	4	4
159	174	195	Receivables from group companies			
36	50	72	Prepaid expenses	377	387	241
13	15	26	Short-term derivatives	26	17	13
487	276	372	Accounts receivable	999	749	969
1 613	**1 481**	**1 559**	**Interest-free short-term receivables**	**4 775**	**4 508**	**4 036**
			Receivables by age:			
	700	615	Current	2 413	2 422	
	254	263	0 - 30 days	755	730	
	9	19	30 - 60 days	107	89	
		4	60-90 days	39	31	
	14	14	Over 90 days	127	125	
	(13)	(29)	Provisions for bad debts	(80)	(45)	
	964	**886**	**Total receivables**	**3 361**	**3 351**	
			Provisions for bad debts:			
12	11	13	As at 1 January	45	37	31
11	13	29	Provisions throughout the year	60	32	28
(9)	(9)	(17)	Actual losses taken against provisions	(20)	(16)	(17)
(3)	(2)	4	Reversal of provisions from previous years	(4)	(9)	(5)
			Translation differences	(1)	1	
11	**13**	**29**	**As at 31 December**	**80**	**45**	**37**
9	9	17	Total actual losses on bad debts	22	16	17
			Provisions for bad debts:			
	6	22	Individual provisions	52	24	
	7	7	General provisions	28	21	
	13	**29**	**Total allocation**	**80**	**45**	

NOTE 16 INTEREST-FREE SHORT-TERM RECEIVABLES (continued)

The balance sheet 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 major credit risk linked to one individual contracting party or several contracting parties that could be viewed as a group due to similarities in the 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, cannot be collected.

NOTE 17 LIQUID ASSETS

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
724	438	993	Cash and cash equivalents	1 812	954	1 191
1 114	646		Short-term investments	25	693	1 115
1 838	**1 084**	**993**	**Liquid assets in the balance sheet**	**1 837**	**1 647**	**2 306**
			Bank overdraft	(2)	(15)	
1 838	**1 084**	**993**	**Net liquid assets**	**1 835**	**1 632**	**2 306**

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 Postbanken, Norway Post is obliged to have sufficient cash holdings at all times to serve Postbanken's customers. The cash holding was NOK 406 million as at 31 December 2008 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.

In addition the Group has restricted cash and cash equivalents of 79 MNOK.

Posten Norge AS has obtained a bank guarantee with Nordea as security for advance tax payments of NOK 454 million for the employees and most subsidiaries also have their own advanced tax payment guarantees with banks. Posten Eiendom established bank guarantees totalling NOK 111 million mainly with Nordea and Fokus Bank as security for the project related to the development of the South Eastern Norway terminal.

A Group 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 three 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.

NOTE 18 HELD FOR SALE

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
	5		Intangible assets held for sale		5	19
		388	Buildings held for sale	438	4	114
	24		Vehicles, inventory etc. held for sale		24	
143			Shares held for sale		4	3
143	**29**	**388**	**Total assets held for sale**	**438**	**37**	**136**
			Total liabilities held for sale			**23**

The following assets were classified as held for sale as at 31 December 2008:

a) Buildings
In 2008 Norway Post and Bring Logistics decided to sell a total of 15 Group-owned post and goods terminals to free capital for other areas. As at 31 December 2008 the terminals in Kristiansand, Stokke, Sarpsborg, Tromsø, Hamar, Drammen and Vestfold were still classified as held for sale with a total book value of NOK 437 million.

The terminals in Kristiansand, Stokke, Sarpsborg and Tromsø were sold in January 2009 with a total gain of NOK 18 million. The terminal in Vestfold owned through Bring Logistics' subsidiary Nor-Cargo Eiendom AS, was sold in February 2009 at book value. Norway Post has entered into lease agreements with the new owners of the terminals that were sold.

In 2008 ErgoGroup decided to sell a cabin in Hovden and 2 apartments in Lista. These were reclassified as separate entries as held for sale in 2008 at a book value totalling NOK 1 million. The property in Hovden was sold in January 2009 with a gain of NOK 1.6 million.

The following assets were classified as held for sale in 2008 and were sold/entered as current assets during 2008:

a) Buildings
During 2008 the terminals in Fauske, Finnsnes, Haugesund, Mosjøen and Ålesund were sold for a total of NOK 80 million, giving a net gain of NOK 7 million.

Of the terminals classified as held for sale during 2008, Molde, Bodø and Skjervøy terminals were entered as tangible fixed assets as the decision to sell these was reversed. In connection with their re-entry the properties were written down to the lowest of book value and market value in accordance with IFRS - see note 10.

A commercial building in ErgoGroup was also reclassified as held for sale in 2008 at a book value of NOK 3 million. The building was sold in October 2008 with a loss of NOK 0.2 million.

b) Shares in CDG Sandberg and Selektiv AS
In January 2008 Norway Post bought all the shares in the companies CDG Sandberg AS and Selektiv AS. After integrating the address area in Norway Post it was decided to sell the remaining operations. The shares in both companies were thus classified as held for sale. The shares were sold for NOK 1.8 million, giving a loss of NOK 3.2 million.

c) Sealing
In 2008 Sealing ceased to be a service that Norway Post carried out itself and the current assets connected with this service were reclassified as held for sale. The total loss on the sale of current assets was NOK 0.6 million.

The following assets were classified as held for sale as at 31 December 2007 and sold during 2008:

a) Information logistics
As at 31 December 2007 assets totalling NOK 29 million connected to the information logistics operations are were classified as held for sale. All current assets were sold to Itella Information AS with a gain of NOK 0.8 million.

b) Shares
In January 2008 ErgoGroup sold its shares in Atento AS with a gain of NOK 3.2 million.

c) Buildings
Until the autumn of 2008 ErgoGroup owned the Longum Park commercial property in Ålesund. The building was sold with a loss of NOK 0.1 million.

NOTE 19 EQUITY

POSTEN NORGE AS	Transactions with owner					
	Share capital	Share premium account	Hedging reserve	Fair value reserve	Other equity	Total equity
Equity as at 1 January 2006	3 120	1 560	9	4	(35)	4 658
Cash-flow hedging:						
- Changes in value/transferred to income			(12)			(12)
- Tax on changes in value			3			3
Available for sale investments:						
- Change in fair value				(1)		(1)
Tax effect on demerger receivables					14	14
Net income/ (cost) directly included in equity			**(9)**	**(1)**	**14**	**4**
Net income for the year (Posten Norge AS)					673	673
Net income/(costs) for the year			**(9)**	**(1)**	**687**	**677**
Transferred from share premium account to distributable reserves		(568)			568	
Equity as at 31 December 2006	**3 120**	**992**		**3**	**1 220**	**5 335**
Equity as at 1 January 2007	3 120	992		3	1 220	5 335
Cash-flow hedging:						
- Changes in value/transferred to income			39			39
- Tax on changes in value			(11)			(11)
Net income/ (cost) directly included in equity			**28**			**28**
Net income for the year (Posten Norge AS)					822	822
Net income/(costs) for the year			**28**		**822**	**850**
Dividend distributed					(488)	(488)
Repayment equal to state contribution AFP (§6)					(80)	(80)
Equity as at 31 December 2007	**3 120**	**992**	**28**	**3**	**1 475**	**5 618**
Equity as at 1 January 2008	3 120	992	28	3	1 475	5 618
Cash-flow hedging:						
- Changes in value/transferred to income			(147)			(147)
- Tax on changes in value			41			41
Tax effect on demerger receivables					(2)	(2)
Net income/ (cost) directly included in equity			**(106)**		**(2)**	**(108)**
Net income for the year (Posten Norge AS)					(281)	(281)
Net income/(costs) for the year			**(106)**		**(283)**	**(389)**
Dividend distributed					(597)	(597)
Equity as at 31 December 2008	**3 120**	**992**	**(78)**	**3**	**595**	**4 632**

	2008	2007	2006
Distributables reserves:			
Other equity	520	1 506	1 223
Restricted reserves	(75)	(31)	(3)
Capitalised goodwill			
Deferred tax assets	(693)	(503)	(497)
Distributable reserves before dividend and group contribution	**(248)**	**972**	**723**

NOTE 19 EQUITY (continued)

NORWAY POST GROUP	Transactions with owner								
	Share capital	Share premium account	Hedging reserve	Fair value reserve	Translation differences	Other equity	Total	Minority interests	Total equity
Equity as at 1 January 2006	3 120	1 560	9	19	1		4 701	13	4 714
Translation differences for the year					33		33		33
Cash-flow hedging:									
- Changes in value/transferred to income			(15)				(15)		(15)
- Tax on changes in value			4				4		4
Available for sale investments:									
- Change in fair value				(16)			(16)		(16)
Net income/ (cost) directly included in equity			**(11)**	**(16)**	**33**		**6**		**6**
Net income for the year (Group)						862	862	(6)	856
Net income/(costs) for the year			**(11)**	**(16)**	**33**	**862**	**868**	**(6)**	**862**
Dividend distributed								(2)	(2)
Transferred from share premium account to distributable reserves		(568)				568			
Other changes in equity						(18)	(18)	10	(8)
Equity as at 31 December 2006	**3 120**	**992**	**(2)**	**3**	**34**	**1 405**	**5 551**	**15**	**5 566**
Equity as at 1 January 2007	3 120	992	(2)	3	34	1 405	5 551	15	5 566
Translation differences for the year					(30)		(30)		(30)
Cash-flow hedging:									
- Changes in value/transferred to income			43				43		43
- Tax on changes in value			(12)				(12)		(12)
Net income/ (cost) directly included in equity			**31**		**(30)**		**1**		**1**
Net income for the year (Group)						796	796		796
Net income/(costs) for the year			**31**		**(30)**	**796**	**797**		**797**
Dividend distributed						(488)	(488)	(6)	(494)
Repayment equal to state contribution AFP (§6)						(80)	(80)		(80)
Other changes in equity						(2)	(2)	(1)	(3)
Equity as at 31 December 2007	**3 120**	**992**	**29**	**3**	**4**	**1 630**	**5 778**	**8**	**5 786**
Equity as at 1 January 2008	3 120	992	29	3	4	1 630	5 778	8	5 786
Translation differences for the year					102		102		102
Cash-flow hedging:									
- Changes in value/transferred to income			(147)				(147)		(147)
- Tax on changes in value			41				41		41
Net income/ (cost) directly included in equity			**(106)**		**102**		**(4)**		**(4)**
Net income for the year (Group)						(35)	(35)	7	(28)
Net income/(costs) for the year			**(106)**		**102**	**(35)**	**(39)**	**7**	**(32)**
Dividend distributed						(597)	(597)	(5)	(602)
Other changes in equity						11	11	(3)	8
Equity as at 31 December 2008	**3 120**	**992**	**(77)**	**3**	**106**	**1 009**	**5 153**	**7**	**5 160**

As at 31 December 2008 the share capital consisted of 3,120,000 shares each with a nominal value of NOK 1 000. The company's shares are all owned by the Norwegian state, represented by the Ministry of Transport and Communications.

The Norwegian Private Limited Companies Act requirements that dividends must not lead to an equity ratio of less than 10 per cent and that the company cannot distribute more than that which is compatible with prudent and generally accepted business practices have been complied with. In 2008 a total of NOK 597 million was paid in dividend to the Ministry of Transport and Communications, including an extraordinary dividend of NOK 91 million. In 2007 a total of NOK 488 million was paid in dividend, including a repayment of state contribution for AFP of NOK 80 million.

No dividend was paid in 2006. No dividend has been proposed for 2008 due to lack of distributable reserves.

The minority interests' share of the equity as at 31 December 2008 totalled NOK 7 million (NOK 8 million in 2007 and NOK 15 million in 2006).

For more information about tax and tax effects, refer to note 8.

NOTES

NOTE 20 PROVISIONS FOR LIABILITIES

POSTEN NORGE AS	Restructuring	Severance pay	Pensions	Other	Total
As at 1 January 2006	**76**	**168**	**1 514**	**101**	**1 859**
Provisions allocated during the year	25				25
Reversal of previous year's provisions		(12)			(12)
Provisions utilised during the year	(60)	(28)			(88)
Change in pension liabilities during the year			(30)		(30)
As at 31 December 2006	**41**	**128**	**1 484**	**101**	**1 754**
Provisions allocated during the year	282				282
Reversal of previous year's provisions		(26)		(6)	(32)
Interest effect of discounted cash flow	1	2			3
Provisions utilised during the year	(29)	(22)			(51)
Change in pension liabilities during the year			83		83
As at 31 December 2007	**295**	**82**	**1 567**	**95**	**2 039**
Provisions allocated during the year	194	4		3	201
Reversal of previous year's provisions	(39)			(19)	(58)
Interest effect of discounted cash flow	10	3			13
Provisions utilised during the year	(55)	(18)			(73)
Change in pension liabilities during the year			29		29
As at 31 December 2008	**405**	**71**	**1 596**	**79**	**2 151**
Short-term part of the provisions	241	15			256
Long-term part of the provisions	**164**	**56**	**1 596**	**79**	**1 895**

NORWAY POST GROUP	Restructuring	Severance pay	Pensions	Other	Total
As at 1 January 2006	**165**	**168**	**1 689**	**141**	**2 163**
Provisions allocated during the year	36			8	44
Reversal of previous year's provisions	(11)	(12)		(1)	(24)
Provisions utilised during the year	(124)	(28)		(7)	(159)
Change in pension liabilities during the year			21		21
As at 31 December 2006	**66**	**128**	**1 710**	**141**	**2 045**
Provisions allocated during the year	300			3	303
Reversal of previous year's provisions	(6)	(26)		(9)	(41)
Interest effect of discounted cash flow	1	2			3
Translation differences			(3)		(3)
Provisions utilised during the year	(45)	(22)		(10)	(77)
Change in pension liabilities during the year			118		118
As at 31 December 2007	**316**	**82**	**1 825**	**125**	**2 348**
Provisions allocated during the year	245	4		13	262
Reversal of previous year's provisions	(46)			(1)	(47)
Interest effect of discounted cash flow	10	3			13
Translation differences	2		4		6
Provisions utilised during the year	(65)	(18)		(9)	(92)
Change in pension liabilities during the year			91		91
As at 31 December 2008	**462**	**71**	**1 920**	**128**	**2 581**
Short-term part of the provisions	291	15		7	313
Long-term part of the provisions	**171**	**56**	**1 920**	**121**	**2 268**

NOTE 20 PROVISIONS FOR LIABILITIES (continued)

Restructuring

The parent-company account provisions of NOK 194 million during the year are related to:

Human resource measures	184
Rent for empty premises	3
Other costs	7

The total provisions in the parent company as at 31 December 2008 were NOK 405 million:

Human resource measures	354
Rent for empty premises	44
Other costs	7

Most of the payments will take place in 2009-2010. The provisions mainly relate to the costs of converting 124 Post Offices to Post in Shops and a reduction in the workforce in staff/support functions

Of the other provisions for restructuring costs in the Group as at 31 December 2008 it is expected that NOK 50 million for human resource measures and NOK 7 million for rent for empty premises will be paid in 2009. In 2010 and 2011 the remaining amount of NOK 7 million will be paid.

These provisions are in line with the estimated liabilities and have been discounted.

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 and including 31 December 2004. When Posten Norge AS was established on 1 July 2002, the Norwegian state decided that the company itself would have to pay the severance pay costs relating to redundancies made between 1 July 2002 and 31 December 2004. In 2008, the amount disbursed was NOK 18 million. The provision for future payments as at 31 December 2008 was NOK 71 million.

The disbursements will take place up to 12 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 - 2008. The provision is discounted.

Pensions

Pensions are described in further detail in note 3.

Other

Long-term provisions for liabilities include NOK 13 million for cleaning-up obligations linked to the NRF plot of land, and obligations to buy IT-related technology for NOK 15 million.

NOTE 21 INTEREST-BEARING LONG-TERM AND SHORT-TERM LIABILITIES

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
			Fixed rate of interest debt			
400	400	1048	Debt to credit institutions	1 048	400	400
400	**400**	**1048**	**Total secured debt**	**1048**	**400**	**400**
			Floating rate of interest debt			
1 925	2 273	1 697	Debt to credit institutions	1 718	2 341	1 950
		1 497	Bond Loans	1 497		
		15	Financial lease obligations	162		
198	262	270	Other long-term liabilities	276	377	283
2 123	**2 535**	**3 479**	**Total floating rate of interest long-term liabilities**	**3 653**	**2 717**	**2 233**
2 523	**2 935**	**4 527**	**Interest-bearing long-term liabilities**	**4 701**	**3 118**	**2 633**
			Repayments 2010	39		
		2 097	Repayments 2011	2 173		
		650	Repayments 2012	680		
			Repayments 2013	12		
		1 780	Thereafter	1 797		
		4 527	**Long-term liabilities**	**4 701**		
		1 780	Debt to credit institutions	1 797		
		1 780	**Liabilities maturing after 5 years**	**1797**		
3	4		1st year repayments on long-term liabilities	2	39	37
		4	1st year repayments on financial lease obligations	52		
719	327	924	Intercompany liabilities			
			Other short-term liabilities	8	37	24
722	**331**	**928**	**Interest-bearing short-term liabilities**	**62**	**76**	**61**

The effective interest rate on Norway Post's floating interest rate loan is 6.5%. The effective interest rate is a calculated, weighted average. As at 31 December 2008, fixed interest rate agreements had been entered into for loans of NOK 1.048 million at an average interest rate of 4.6 per cent, valid until 2011-2020. The effective interest rate of Bring Logistics' loans from credit institutions is 5.0%.

Debt to credit institutions includes a certificate loan of NOK 550 million, which is within the framework of established overdraft facilities and is thus classified as long-term financing.

Liabilities linked to financial leases are reduced by regular payments of loan instalments. The weighted average effective interest rate on these loans was 7.7 per cent for Posten Norge AS and 5.1 per cent for the Group. Refer also to note 28.

Norway Post had four private placement loans totalling NOK 1.063 million as at 31 December 2008, the most recent loan was taken out in September 2008. The value of the long-term private placement loans and associated interest/currency swaps is the estimated market value of the instruments. Norway Post 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). Norway Post utilises the fair value option when recording these loans - refer also to note 23. Other long-term liabilities included interest/currency swaps linked to a private placement loan.

Norway Post has entered into new loan agreements in 2008 for a total of NOK 2.645 million, of which NOK 1.497 million was in the Norwegian bond market, NOK 750 million in the Nordic Investment Bank (NIB), NOK 250 million in Handelsbanken and NOK 148 million in Private Placement. The terms of the loan agreements are from 3 to 12 years.

Actual 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 22 INTEREST-FREE LONG-TERM AND SHORT-TERM LIABILITIES

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
1 580	1 577	1 615	Provisions for payroll expenses and public charges	2 553	2 347	2 161
510	444	513	Provisions for accrued expenses	1 226	1 116	1 183
291	281	248	Prepaid incomes	415	369	363
326	338	410	Accounts payable	1 806	1 581	1 389
645	251	313	Debts to group companies			
48	90	256	Restructuring and severance pay, short-term	306	111	69
24	4	80	Short-term derivatives	80	4	26
38	15	162	Other liabilities	408	267	114
3 462	**3 000**	**3 597**	**Interest-free short-term liabilities**	**6 794**	**5 795**	**5 305**
17		158	Long-term derivatives	158		17
1	85	100	Other interest-free long-term liabilities	235	166	11
18	**85**	**258**	**Interest-free long-term liabilities**	**393**	**166**	**28**

Other short-term liabilities includes provisions related to earn-out agreements in connection with the acquisition of Cetei AB and Bring Dialogue Sweden to be paid during 2009.

NOTE 23 FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities

NORWAY POST GROUP	Available for sale	Fair value through Profit or Loss Held for trade	Derivatives utilised for hedging	Liabilities and receivables	Other financial liabilities	Non-financial assets and liabilities	Total
Assets							
Intangible assets						6 794	6 794
Deferred tax asset						821	821
Tangible fixed assets						4 406	4 406
Investments in properties						108	108
Investments in shares	6						6
Investments in Associated Companies						56	56
Interest-bearing long-term receivables				43			43
Other long-term receivables				85			85
Inventories						65	65
Interest-free short-term receivables			26	4 749			4 774
Interest-bearing short-term receivables				84			84
Liquid assets				1 837			1 837
Assets held for sale						438	438
Total assets	**6**		**26**	**6 797**		**12 689**	**19 518**
Liabilities							
Provisions for liabilities					2 268		2 268
Interest-bearing long-term liabilities		1 063	(21)		3 659		4 701
Interest-free long-term liabilities		13	145		235		393
Interest-bearing short-term liabilities					62		62
Interest-free short-term liabilities			80		6 713		6 792
Taxes payable					140		140
Total liabilities		**1 076**	**204**		**13 077**		**14 356**

NOTE 23 FINANCIAL INSTRUMENTS (continued)

1. «AVAILABLE FOR SALE» FINANCIAL ASSETS:

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
3	8	4	Investments in shares	6	29	27

Financial assets classified as available for sale are valued at their fair value. Refer also to note 12.

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

For the other shares classified as held for sale, (NOK 1 million in Posten Norge AS and a total of NOK 3 million for the Group), actual value is estimated to equal cost price.

2. «FAIR VALUE THROUGH PROFIT OR LOSS» FINANCIAL OBLIGATIONS:

Norway Post has made use of the opportunity to utilise the «fair value option» (FVO) in IAS 39 for loans with associated derivatives that have previously been recognised as a real value hedge.

Norway Post has four loans which are classified as fair value through profit or loss under the fair value option as at 31 December 2008. In 2003 and 2004, Norway Post took out three long-term loans with three different Japanese annuity companies for JPY 6.4 billion, JPY 5.0 billion and JPY 3.0 billion. In 2008 Norway Post 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 values of the loans in NOK when the agreements were entered into were NOK 400 million, NOK 330 million, NOK 185 and NOK 148 million respectively - a total of NOK 1,063 million. As at 31 December 2008, these loans were recognised at a total value of NOK 773 million (NOK 673 million as at 31 December 2007 and NOK 725 million as at 31 December 2006) and the interest-rate and currency swap agreements were recognised at NOK 290 million (NOK 242 million as at 31 December 2007 and NOK 190 million as at 31 December 2006). The change in the swap agreements' fair value in 2008 totalled NOK 48 million (NOK 52 million in 2007 and NOK 85 million in 2006). The total change in the fair value of the swap agreements since the implementation of IFRS on 01.01.2005 is NOK 201 million.

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. The swap counterpart's and loan counterpart's risk are approximately equal.

3. DERIVATIVES

Derivatives capitalised at their fair value as at 31 December:

POSTEN NORGE AS 2008			NORWAY POST GROUP 2008	
Assets	Liabilities		Assets	Liabilities
		Cash-flow hedging:		
	28	Interest-rate swaps		28
	117	Forward exchange contracts SEK		117
	80	Forward exchange contracts EUR		80
		Fair value hedging		
26		Currency swaps	26	
	(21)	Interest-rate swaps		(21)
		Not hedging		
	290	Combined interest-rate/currency swaps 1)		290
		Forward exchange contracts 2)		3
	13	Interest-rate swaps		13
26	**506**	**Total**	**26**	**509**

POSTEN NORGE AS 2007			NORWAY POST GROUP 2007	
Assets	Liabilities		Assets	Liabilities
		Cash-flow hedging:		
23		Interest-rate swaps	23	
32		Forward exchange contracts SEK	32	
6		Forward exchange contracts EUR	6	
3		Forward contracts electricity purchases	5	
4		Forward contracts diesel	4	
2		Forward contracts jet fuel	2	
		Fair value hedging		
2		Currency swaps	2	
		Not hedging		
	242	Combined interest-rate/currency swaps 1)		242
	4	Inflation swaps 3)		4
72	**246**	**Total**	**74**	**246**

2006			2006	
Assets	Liabilities		Assets	Liabilities
		Cash-flow hedging:		
17		Interest-rate swaps	17	
	16	Forward exchange contracts SEK		16
3		Forward exchange contracts EUR	3	
	2	Forward contracts electricity purchases		5
	13	Forward contracts diesel		13
	6	Forward contracts jet fuel		6
		Fair value hedging		
5		Currency swaps	5	
		Not hedging		
	190	Combined interest-rate/currency swaps 1)		190
1	3	Forward exchange contracts 2)	1	3
6		Inflation swaps 3)	6	
32	**230**	**Total**	**32**	**233**

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 classified as fair value through profit or loss and entered into in order to manage the risk relating to some Euro incomes, diesel costs and interest.

3) Inflation-indexed interest-swap agreement classified as fair value through profit or loss and entered into to protect the group's competitive ability by safeguarding the company against costs that are positively correlated to inflation. Under the agreement, Norway Post 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 principal amount covered by the agreement is NOK 1 000 million and the contract period is 10 years.

NOTE 23 FINANCIAL INSTRUMENTS (continued)

The total contractual amount (MNOK) for interest-rate swaps and forward contracts capitalised as at 31 December 2008:

	Remaining period			Total contractual amount		
NORWAY POST GROUP	Less than 1 year	1 – 5 years	More than 5 years	2008	2007	2006
Cash-flow hedging						
Interest-rate swaps		400	500	900	400	400
Forward exchange contracts SEK	2 450			2 450	2 236	1137
Forward exchange contracts EUR	287	127		414	167	289
Forward contracts electricity purchases					19	98
Forward contracts diesel					26	65
Forward contracts jet fuel					13	29
Fair value hedging						
Currency swaps	135			135	150	156
Interest-rate swaps		400		400		
Not hedging						
Interest-rate/currency swaps 1)		585	626	1 211	915	944
Forward exchange contracts 2)	22					104
Inflation swaps 3)			1 000	1 000	1 000	1000
Total	**2 894**	**1 512**	**2 126**	**6 510**	**4 926**	**4 222**

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 classified as fair value through profit or loss and entered into in order to manage the risk relating to some Euro incomes, diesel costs and interest.

3) Inflation-indexed interest-swap agreement classified as fair value through profit or loss and entered into to protect the group's competitive ability by safeguarding the company against costs that are positively correlated to inflation. Under the agreement, Norway Post 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 principal amount covered by the agreement is NOK 1 000 million and the contract period is 10 years.

Cash-flow hedging

Interest-rate hedging – long-term loans: Norway Post has a loan of NOK 400 million with Nordiska Investeringsbanken (Nordic Investment Bank) taken out in 2005 and NOK 750 million 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 NOK 900 million have been entered into so that Norway Post pays a fixed net interest rate on the hedged loans. The hedged loans and interest-rate swaps have the same main conditions and the cash-flows are expected to continue until 2011 for the loan taken out in 2005 and until 2016 for the loan taken out in 2008. In 2008 NOK 9.6 million was taken from equily through the income statement. (NOK 3.2 million in 2007) .

Currency hedging – EURO revenues: Norway Post had revenues of approximately Euro 30 million for distributing post from abroad in 2008 and expected revenues of approximately Euro 34 million in 2009. 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. In 2008, NOK 3.8 million was transferred from equity to operating revenues (NOK 5.3 million in 2007 and NOK 9 million in 2006) due to realised Euro revenues. NOK 1.5 million was transferred to financial expenses (NOK 1.7 million in 2007 and NOK 1 million in 2006) due to exchange rate differences. As at 31 December 2008 sales forwards have been entered into of Euro 35 million and Euro 15 million for 2009 and 2010 respectively, and as at 31 December 2008 an unrealised loss of approximately NOK 80 million has been capitalised as a result of the weakness of the NOK against the Euro.

Electricity price hedging: Norway Post buys the equivalent of 230 million kWh of electricity each year. Electricity prices were hedged until 2008 through the purchase of forward contracts. Any change in the value of forward contracts that are effective hedging instruments is recognised in equity. In 2007 a new agreement was signed with Bergen Energi to administer the Group's electricity consumption in Norway, Sweden, and Denmark, effective 01 April 2008, 01 January 2008, and 01 January 2009 for the respective countries.The agreement involves Bergen Energi taking over the financial positions and all invoicing.

Diesel/jet fuel hedging: Norway Post buys 25-30 million litres of petrol, diesel and jet fuel each year. In the past prices have been hedged for diesel and jet fuel as exposure is greatest in these products. Part of this exposure is hedged by buying forward contracts. Any change in the value of forward contracts that until 2007 were deemed as effective hedging instruments was recognised in equity. In 2007 Norway Post entered into forward contracts that hedge approximately 40% of the expected consumption of jet fuel and diesel for 2008, but due to challenges in connection with efficiency calculations hedge accounting was not used.

The forward contracts were recorded at fair value through profit or loss with a net income effect of NOK 1.4 million in 2008. As at 31 December 2008 no forward contracts for hedging fuel had been entered into.

Fair value hedging

National logistics project: Norway Post has agreed to buy machinery worth Euro 15 million for the National Logistics project during the 2009 - 2010 period. The exchange-rate risk linked to these investments is hedged by Euro forward exchange contracts for equivalent amounts. The changes in the value of the forward exchange contracts and corresponding gains/losses on the purchase contracts are recognised in the balance sheet until the investments are recognised in the financial statements. As at 31 December 2008, fair value of the forward contracts in the amount of NOK 26 million was recognised in the balance-sheet, a change of NOK 24 million for the year. A net loss on unrealised purchase contracts as at 31 December 2008 of NOK 33.7 million was recognised in the balance-sheet (NOK 0.5 million as at 31 December 2007), a change of NOK 34.2 million for the year (NOK 1.2 million in 2007).

Bond Loans: Norway Post issued bond loans to the equivalent of NOK 1,500 million in 2008 where NOK 1,100 million was on floating terms and NOK 400 million was on fixed terms. Norway Post entered into an interest-rate swap from fixed to floating interest so that the entire loan is on floating terms. The change in value for the interest-rate swap will be recognised in the balance sheet until the loan is due for repayment in 2011. As at 31 December 2008 the fair value of the interest-rate swap recognised in the balance sheet was NOK 21 million.

4. HEDGING OF INVESTMENTS IN FOREIGN ENTITIES:

	2008	2007	2006
Forward exchange contracts	2 450	2 236	1 137
Total	**2 450**	**2 236**	**1 137**

Since 2005 Norway Post has used forward exchange contracts in Swedish kroner (SEK) to hedge investments in foreign subsidiaries. Norway Post has sold a total of SEK 2,815 million in revolving forward exchange contracts split between SEK 335 million in Bring Citymail Sweden AB (formerly CityMail Sweden AB), SEK 65 million in Bring Express AB (formerly Box Sverige AB), SEK 675 million in FSH HoldCo AB (Bring Frigoscandia), SEK 180 million in Bring Mail Nordic AB (formerly CityMail International AB), SEK 961 million in SYSteam AB, SEK 374 million in Bring Logistics Sverige companies (formerly Transflex) and SEK 225 million in Combi-Trans AB. The changes in the value of the instalments are offset 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 the hedging reserves in equity (refer to note 19) split between interest-rate swaps and forward exchange contracts:

NORWAY POST GROUP	Interest-rate swaps	Forward exchange contracts	Total Hedging reserve
As at 01 January 2006	**(1)**	**9**	**9**
Changes in value	14	(25)	(11)
Transfers to income statement	4	(8)	(4)
Associated deferred taxes	(5)	9	4
As at 31 December 2006	**12**	**(15)**	**(2)**
Changes in value	9	38	47
Transfers to income statement	(3)		(3)
Associated deferred taxes	(2)	(11)	(13)
As at 31 December 2007	**16**	**12**	**29**
Changes in value	(41)	(81)	(122)
Transfers to income statement	(10)	(15)	(25)
Associated deferred taxes	14	27	41
As at 31 December 2008	**(20)**	**(57)**	**(77)**

Of the total movement of NOK 106 million in the hedging reserve in 2008 (NOK 31 million in 2007 and NOK 11 million in 2006), all was related to Posten Norge AS. NOK 28 million was related to Posten Norge AS in 2007 and NOK 9 million in 2006.

NOTE 24 FINANCIAL RISK

FINANCIAL 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 of 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.

ORGANISATION AND AUTHORISATION STRUCTURE

The Board of Directors: A risk analysis is presented to Norway Post's Board on a yearly basis. The Board reviews the administration's evaluation of the
total corporate risk picture related to the areas of strategic risk, financial risk, operational risk, and corporate reputation risk.

Authorisation: Authorisations are required for appropriations and investments. Overall limits are determined by the Board and can be delegated in the organisation. Further delegation is approved and followed up by a superior manager.

FOLLOW UP AND UTILISATION

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.

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

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 mainly uses currency futures to secure revenues in Euro 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:

Swaps **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

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

Swaps **Combined interest and currency swaps** - where the parties exchange both currency and interest rate terms

CATEGORIES OF RISK

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

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

Financial risk includes among other factors:
Credit risk: Risk of loss caused by a counterparty/customer who fails to fulfil its payment obligations to the Group. Credit risk concerns all financial assets from the counterparty/customer, mainly interest-bearing securities, but also responsibilities pursuant to other issued credits, guaranties, leasing, approved credits not utilised, as well as counterparty risk from derivatives and currency contracts.
Financial market risk: Occurs due to the Group's open positions in currency, interest-rate, and energy instruments and the risk is related to variations in earnings due to changes in market prices or exchange rates.
Liquidity risk: The risk that the Group is unable to meet its financial obligations.
Operational risk is the risk of loss caused by process or system weaknesses or errors, errors committed by employees, or external events.
Corporate reputation risk: 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.

Financial risk **Credit risk**
Credit risk is the risk that a party to a financial instrument will cause a financial loss for the other party by not fulfilling its obligations. Responsibility pursuant to other issued credits, guarantees, interest-bearing securities, approved credits not utilised and counterparty risk occurring through derivatives and currency contracts also carries credit risk.

Since the contracting party in a derivative trade is normally a bank, the credit risk relating to derivatives is considered slight. The financial turbulence in 2008 has resulted in the Group more often choosing counterparts with less credit risk. The table below shows the credit risk for the Group's most important business partners where all have an A- rating or better.

	Standard & Poor	Moody's
DnB NOR Bank ASA	AA-	Aa1
Nordea Bank Norge ASA	AA-	Aa1
Fokus Bank	AA-	Aa1
WestLB AG	A-	A2
BNP Paribas Oslo Branch	AA+	Aa1
Svenska Handelsbanken	AA-	Aa1
Banca OPI S.p.A.	AA-	Aa1
Commerzbank Europe (Ireland)	A	Aa3
Skandinaviske Enskilda Banken AB	A+	Aa2
Societe Generale Oslo	AA-	Aa2
Fortis International Finance (Dublin)	A	Aa1
ING Bank N.V., Dublin Branch	AA-	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 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, 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 16 for more detailed specifications of interest-free short-term receivables including age analysis of accounts recievable and bad debst reserve.
The Group has not guaranteed any third party debts.

Credit risk linked to the Group's financial investments:

RISK CLASSIFICATION:

	Likelihood of default within 5 years (percentage)		External rating
Risk category	From	To	Standard & Poor's
1	0,01	0,73	AAA - A-
2	0,15	1,74	BBB+
3	0,23	3,74	BBB/BBB-
4	0,52	5,41	BB+

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

INVESTMENTS DISTRIBUTED BY RISK GROUPS:

Total market based investments as at:	**1-2**	**3-4**
31. December 2006	1115	
31. December 2007	693	
31. December 2008	25	

THE MARKET BASED INVESTMENTS CONSIST OF:

	31.12.2008	31.12.2007	31.12.2006
Loans			
DnB Nor		200	400
Pareto			300
Pareto high interest		300	300
Danske (Hedgefund)		100	100
Other		47	15
Total Posten Norge AS		**647**	**1 115**
DnB Nor		9	
Handelsbanken	15	34	
Danske Bank	9		
Nordea	1	3	
Total for the Group	**25**	**693**	**1 115**
Level of loss (NOK):			0,05
Normalised losses including loss of interest in percentage of investments:			0,19

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 Norway Post's investments is calculated to be NOK 0.05 million given the counterparties' credit risks.

NOTE 24 FINANCIAL RISK (continued)

Financial risk **Market risk**
Market risk is 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 hedge the risk related to both cash flows and the balance sheet (as a consequence of exchange rates and interest rate changes).

Foreign 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. As the Norwegian crown (NOK) is the Group's presentational currency, Norway Post is exposed to conversion risks related 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 uses hedge accounting for the majority of hedges of future transactions, either cash flow hedging or fair value hedging. For example, Norway Post is a net importer of mail to Norway, which results in receivables against foreign postal operators. This amounted to approximately NOK 300 million where the revenue flow is principally in Euro, but also USD and SDR. Norway Post has currently hedged only the revenues in Euro, which amount to approximately NOK 30 - 40 million annually.

Outstanding currency futures related 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% 1)
Hedging of revenues in Euro:	NOK	414	EUR	50	02.08.2009	99
Hedging of investments in foreign units:	NOK	2 450	SEK	2 815	2009	509

1) Currency exchange rates as at 31.12.2008.

Fluctuations in foreign exchange rates will result in an equity effect in the Group financial statements for Euro incomes and an equity effect in the parent company financial statements for hedging of investments in foreign units.

Norway Post also has significant investments in the terminal structure in Norway (National logistics project) which are secured through forward contracts treated as fair value hedging. It has been decided to purchase machinery and equipment from now to 2010, which is hedged in its entirety with Euro sales forwards. As at 31 December 2008 the outstanding forwards totalled Euro 15 million for future purchases of machinery. A change in the currency rate of +/- 20 per cent will result in a NOK 30 million effect in the balance sheet upon capitalisation of the assets.

Interest rate: Norway Post'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 December 2008 23 percent of the Group's interest-bearing liabilities had an interest term of over one year.

As at 31 December 2008 Norway Post had NOK 1,048 million in fixed interest rate loans. A change in the interest rate of +/- 1 per cent on this loan would affect equity by a total of +/- NOK 105 million.

The interest rate sensitivity (+/- 1 %) linked to the net interest bearing debt (only floating interest rate) as at 31 December 2008 was NOK 16.3 million where net interest bearing debt with a floating interest rate was NOK 1,634 million. Interest rate risk arises when there is an imbalance between interest bearing debt and interest bearing liquid assets, and where the duration (average weighted time to maturity) for assets and debt is unequal. Net interest bearing debt contains NOK 550 million in certificate loans with maturity within 6 months. These loans revolve due to lower margins and because the syndicate loan (NOK 4,933 million) which is the alternative financing source, was not utilised as at 31 December 2008.

Unsecured loan portfolio:

Amounts in MNOK		Next interest rate regulation	
2008	**31.12.2008**	**0-3 months**	**3-6 months**
Certificate loan	550	550	
Private Placement	915	915	
Bond Loans	1 497	1 497	
Bank loans/other loans	529	529	
Gross interest-bearing liabilities (floating interest rate)	**3 491**	**3 491**	
Liquid assets	1 837	1 837	
Net interest-bearing liabilities (floating interest rate)	**1 654**	**1 654**	
2007	**31.12.2007**		
Certificate loan	1 600	1 400	200
Private Placement	915	915	
Bank loans/other loans	279	279	
Gross interest-bearing liabilities (floating interest rate)	**2 794**	**2 594**	**200**
Liquid assets	1 647	1 647	
Net interest-bearing liabilities (floating interest rate)	**1 147**	**(947)**	**200**
2006	**31.12.2006**		
Certificate loan	1 200	1 000	200
Private Placement	915	915	
Bank loans/other loans	178	178	
Gross interest-bearing liabilities (floating interest rate)	**2 294**	**2 093**	**200**
Liquid assets	2 306	2 306	
Net interest-bearing liabilities (floating interest rate)	**(12)**	**(213)**	**200**

Inflation - indexed interest swap agreement: In 2006 Norway Post entered into an inflation indexed interest rate exchange agreement to protect the Group's competitiveness by hedging against costs that are positively correlated to inflation. According to the agreement, Norway Post receives the percentage change in the Norwegian consumer price index over the coupon period (yearly) and a fixed spread on the inflation index by paying 3 months Nibor every quarter. The agreement has a duration of 10 years. Inflation swaps are exposed to market risks related to short-term interest-rates and inflation. The table below shows the sensitivity of the short-term interest rate and inflation to a change of +/-0.5 %

MNOK	Interest rate +0.5%	Interest-rate -0.5 %
Inflation +0,5%		5
Inflation -0,5%	(5)	

In 2008 the inflation swaps had an earnings effect of NOK 4 million (NOK -13 million in 2007)

Energy - Electrick Power: The Group has entered into an agreement with Bergen Energi in 2008 for administering the Group's electricity consumption in Norway, Sweden, and Denmark. The agreement means that Bergen Energi assumes the responsibility for financial positions and invoices the physical and financial positions collectively.

Financial risk **Liquidity risk (in relationship to financial instruments)**
To ensure the Group's financial freedom, there are a 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.

Refer to note 21 concerning unused credit opportunities.

Liquidity risk is the risk that the Group is unable meet its financial obligations when they mature, resulting in a default.

NOTE 24 FINANCIAL RISK (continued)

Maturity structure of the Group's loans/financial liabilities

Amounts in MNOK As at 31 December 2008	Average interest-rate	Year 1	Year 2 to 5	Over Year 5	Total
	6,50 %				
Liabilities to credit institutions 1)		550	1 101	1 072	2 723
Bond Loans			1 518		1 518
Financial derivatives			113	156	269
Financial lease		4	15		19
Other interest-bearing liabilities				2	2
Total Posten Norge AS		**554**	**2 747**	**1 230**	**4 531**
Financial lease		48	146	1	195
Liabilities to credit institutions		2	7	14	23
Other interest-bearing liabilities		8	5	2	15
Total Group		**612**	**2 905**	**1 247**	**4 763**
Remaining as at 31 December 2007	**Average interest-rate**	**Year 1**	**Year 2 to 5**	**Over Year 5**	**Total**
	4,87 %				
Liabilities to credit institutions 1)		1 600	837	236	2 673
Financial derivatives			149	94	242
Financial lease		4	16	3	23
Total Posten Norge AS		**1 604**	**1 002**	**333**	**2 939**
Financial lease		23	74	35	132
Liabilities to credit institutions		12	36	34	82
Other interest-bearing liabilities		37		5	42
Total Group		**1 676**	**1 112**	**406**	**3 194**
As at 31 December 2006	**Average interest-rate**	**Year 1**	**Year 2 to 5**	**Over Year 5**	**Total**
	3,55 %				
Liabilities to credit institutions 1)		1 200	570	556	2 326
Financial derivatives				174	174
Financial lease		3	13	11	27
Total Posten Norge AS		**1 203**	**583**	**741**	**2 526**
Financial lease		25	27	50	102
Liabilities to credit institutions		2	14	18	34
Other interest-bearing liabilities		31			31
Total Group		**1 261**	**624**	**809**	**2 694**

1) Certificate loans that revolve annually, and which are within the limits of established draw-down facilities, are classified as long-term financing under liabilities to credit institutions even if the maturity date is within 1 year. As at 31 December 2008 the Group's Euro 500 million facility had not been used.

Financial management. The Group has a goal to achieve 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 investments. The Group has centralised overall responsibility for liquidity management and measures that promote effective utilisation of the corporation's capital.

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 entered into with a bank syndicate where all participants have an A- rating or better (see the table above), which also limits counterparty risk.

The Group measures capital utilisation by using the debt 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 are 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 2006, 2007 or 2008.

NOTES

POSTEN NORGE AS 2006	2007	2008		NORWAY POST GROUP 2008	2007	2006
3 245	3 266	5 455	Interest-bearing debt	4 763	3 194	2 694
1 838	1 084	993	Interest-bearing liquid assets	1 837	1 647	2 306
1 407	2 182	4 462	Net liabilities	2 926	1 547	388
5 335	5 617	4 632	Total equity	5 160	5 785	5 566
0,3	**0,4**	**1,0**	**Debt ratio**	**0,6**	**0,3**	**0,1**
38,3 %	**39,9 %**	**29,1 %**	**Share of equity**	**26,4 %**	**33 ,2 %**	**35,2 %**
1 304	863	618	EBITDA	1 589	1 649	2 037
1,1	**2,5**	**7,2**	**Net debt / EBITDA**	**1,8**	**0,9**	**0,2**

Debt covenants Norway Post has debt covenants. The company's largest loan facility includes a clause that investments are not to increase the Group's net interest-bearing debt with more than 3.5 * EBITDA, where EBITDA is measured for a period of the last 12 months on the balance sheet day of each quarter. As at 31 December 2008 this was 1.8 of EBITDA (0.9 as at 31 December 2007 and 0.2 as at 31 December 2006).

Three loan agreements also include a covenant for a minimum of 25% equity. As at 31 December the equity ratio was 26.4% (33.2% as at 31 December 2007 and 35.2% as at 31 December 2006).

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 (cross default)

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

A default in any of the covenants can lead to a demand that all interest-bearing debt be redeemed or renegotiated.

There are no clauses regarding annual regulation of the levels of the 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.

A significant reduction in the operating results in relation to the investments that are planned will pose a risk in relation to the covenant that stipulates a limit on net interest-bearing debt in relation to EBITDA of a maximum of 3.5. This covenant is continuously followed up with regard to measures implemented and the effect of the economic downturn on the operating result.

Another covenant which poses a risk with regard to the applicable loan terms is the requirement for a minimum share of 25% equity. The equity share can be negatively affected by, among other things, write-downs of goodwill or other assets in the balance sheet.

Management follows up these covenants closely and will continually assess, among others, the following measures:
- Sale of assets/freeing up of capital
- Restricting investments and acquisitions
- Improving results through the current Spinnaker programme that is to reduce costs and increase earnings in addition to operational adaptations and structural measures
- Dialogue with the Ministry of Transport and Communications regarding Norway Post's need for compensation for unprofitable services, in accordance with the licence (Government procurements)
- Evaluate the need for additional equity

NOTE 25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 using 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 receivables, 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.

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.

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.

NOTE 26 FOREIGN EXCHANGE RATES

	Exchange rate 01.01.2008	Average Exchange rates 2008	Exchange rate 31.12.2008
Swedish krone	0,8455	0,8549	0,9042
Danish krone	1,0675	1,1029	1,3238
Euro	7,9610	8,2226	9,8650
Slovakian Koruna	0,2369	0,2636	0,3274

NOTE 27 GUARANTEES/ COLLATERAL

Posten Norge AS and its subsidiaries have provided various forms of guarantees, including contract guarantees, loan guarantees and other payment guarantees. Guarantees (not recognised in the balance sheet as at 31.12):

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
121	715	499	Guarantees for group companies' liabilities	548	756	783
256	205	255	Commercial guarantees	268	217	274
			Other guarantees	1	1	97
377	**920**	**754**	**Total guarantees**	**817**	**974**	**1 154**

The reduction in the guarantees for the Group's debt was mainly due to the guarantees given for the subsidiary Posten Eiendom Robsrud AS to fulfil its commitments being reduced as a result of the project nearing completion.

Some of Norway Post's loan agreements contain negative pledge clauses and commit the Group to maintaining defined levels for key financial ratios. At the end of the year the Group was within defined limits. See note 24 Financial risk. Group subsidiaries pledged assets with a total book value of NOK 38 million as security.

NOTE 28 LEASES

1. Lessee
1.1. Financial leases

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
68	68	68	Buildings	153	153	153
			Machinery, equipment and vehicles	130	107	73
68	**68**	**68**	**Gross book value**	**283**	**260**	**226**
63	32	34	Accumulated depreciation 1 January	105	78	109
(38)			Depreciation - disposals			(38)
7	2	2	Depreciation during the year	39	27	37
36	**34**	**32**	**Net book value**	**139**	**156**	**118**
27	23	19	Commitments, buildings	66	71	89
			Commitments, machinery, equipment and vehicles	148	84	40
Overview of future minimum rents:						
		5	Within 1 year	47		
		24	1 to 5 years	133		
			After 5 years	31		
		29	**Future minimum rents**	**211**		
		7,7 %	Interest rate	5,1 %		
		15	**Present value of future minimum rents**	**158**		
			Of which:			
		11	- long term liabilities	123		
		4	- short-term liabilities	35		

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. See note 21.

As at 31 December 2008 Posten Norge AS had financial leases for Skien Post Terminal and the Odda Postgård building. The lease for Odda Postgård expires on 1 October 2012, but Norway Post is entitled to extend this lease, or to buy the section leased during the lease period. The lease for Skien Post Terminal expires in June 2013. Norway Post is entitled to buy the building during the lease period, or to extend the lease period when the lease expires.

ErgoGroup has a financial lease for Fjellhallen at Gjøvik. The company is entitled to take over this building at any time at the nominal value of the residual debt, or at no charge at all in 2023.

ErgoGroup has also entered into leases for computer equipment. The longest lease expires on 30 June 2009. The company is entitled to buy the equipment at a price equal to 1 month's rent when the lease expires.

The Group's other financial leases belong to Bring Logistics, Bring Logistics Nettlast and CombiTrans and relate to vehicles. The longest lease expires on 29 August 2013.

NOTES

NOTE 28 LEASES (continued)

1.2. Operational leases

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
133	172	230	Ordinary rent for vehicles	368	271	162
595	569	735	Ordinary rent for buildings	1 216	1 011	914
			Ordinary rent for computer equipment	60	62	29
17	13	25	Ordinary rent - other	89	69	106
(7)	(14)	(17)	Subletting income	(73)	(60)	(55)
738	**740**	**973**	**Total rents paid**	**1 660**	**1 353**	**1 156**

Future minimum rents related to non-cancellable leases fall due as follows:

POSTEN NORGE AS 2008		NORWAY POST GROUP 2008
631	Within 1 year	1 190
1 209	1 to 5 years	2 819
629	After 5 years	2 368
2 469	**Total**	**6 377**

Posten Norge AS has entered into around 1.400 leases for various types of property, including offices and sorting premises, terminals, Post Offices, parking facilities, etc. These leases expire between 2009-2029. Norway Post is entitled to extend the lease period when the lease expires on most lease.

The most significant leases relate to the head office, Posthuset, in Biskop Gunneriusgate 14 A and the letter centre at Biskop Gunneriusgate 14 B in Oslo.

The lease period for the Posthuset building at Biskop Gunneriusgata 14 A in Oslo is 15 years from 1 March 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 (100%) annually.

The lease for the letter centre at Biskop Gunneriusgate 14B runs from 1 January 2006 to 31 March 2010 and has been determined based on the assumption that Norway Post will move into the new post terminal at Robsrud in the 1st quarter of 2010. The tenant has a one-sided right to terminate or extend the lease period. The tenant rents the letter centre in Oslo on a "bare house" basis and is responsible for running the building and covering all the costs related to this. The rent is index-linked (100%) annually.

Stavanger post terminal and Trondheim post terminal were transferred to the property company Posten Eiendom Storbyer AS as of 1 January 2008 with continuity for accounting and tax purposes. An operational lease relating to the property has been entered into between Posten Norge AS and Posten Eiendom Storbyer AS. The lease term for both terminals 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 (100%) annually.

Postens godssenter, Postens verksteder and Transportsenter Oslo were transferred to the property company Posten Eiendom Alnabru AS as of 1 January 2008 with continuity for accounting and tax purposes. An operational lease relating to these properties has been entered into between Posten Norge AS and Posten Eiendom Alnabru AS. The lease term for 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 lease term for Postens verksteder and Transportsenter Oslo is 3 years with the option to extend for a further 3 years. Lease agreements cannot be terminated during the lease term.

In June 2007 a lease agreement was entered into with Bergerterminalen AS with takeover by 1 January 2010 at the latest. The agreement applies for 20 years from takeover.

In June 2004, an agreement with LeasePlan Norge AS to lease and operate all types of vehicles was extended. The agreement expired on 26 June 2008 for entering into new individual contracts, but was extended by 1 year to 26 June 2009. Normally, the contract period for each vehicle will be two to five years.. Norway Post is not entitled or obliged to extend the lease period, or to buy the vehicle when the lease expires. A total of 5.283 vehicles were leased at the end of 2008.

An amount of NOK 9 million has been provided for vacated premises.This amount has been classified under restructuring costs. See note 5.

The most significant of the Group's other operational leases relate to premises leased for Bring Frigoscandia, ErgoGroup and Bring Logistics. The longest lease expires on 31 December 2024.

2. Lessor

The group has some operational leases linked to parts of buildings which it rents out. The group's rental income from leased buildings totalled NOK 28 million in 2008.

NOTE 29 PURCHASING OBLIGATIONS

The parent company and Group have the following obligations as a result of contracts relating to the purchase of intangible assets and tangible fixed assets:

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
80	74	167	2009	529	319	84
	57	193	2010	200	64	7
			2011	4	4	4
80	**131**	**360**	**Total purchasing obligations**	**733**	**387**	**95**

Norway Post's purchasing obligations are mainly related to contracts entered into for buying sorting machinery and IT equipment in connection with the creation of Norway Post's new sorting-process for letters and parcels, as well as an agreement related to the new management model and computer centre. Of the contracts and goods orders entered into, NOK 148 million are in Euro and are entirely hedged by forward exchange contracts.

Of the Group's major purchasing obligations, NOK 332 million is related to contracts to build the new South-East-Norway letter and parcel terminal at Robsrud in Lørenskog. NOK 15 million is for purchases of services related to delivery of electronic signature systems and NOK 25 million relates to delivery of trailers in 2009.

NOTE 30 CHANGES TO THE GROUP STRUCTURE

Acquisitions/mergers

Acquisitions in 2008 comprise the following companies. The overview does not include new companies that have been established, increases in capital or other financing by Norway Post.

Company	Acquisition date	Ownership share	Activity	Earnings before tax for 2008
Cetei AB	01.08.2008	100 %	Transport	11
Pan Nordic Logistics AB (rest 50%)	18.09.2008	100 %	Transport	28
Emdal Transport og Spedisjon AS	01.06.2008	100 %	Transport	2
Bring Logistics UK Ltd	01.11.2008	100 %	Transport	
Lähettiryhmä OY	16.08.2008	100 %	Courier	
DTS Solutions AB	01.01.2008	100 %	IT	3
Lindorff AB	01.10.2008	100 %	IT	
CDG Sandberg (solgt i september)	01.01.2008	100 %	Dialogue services	(7)
Total				**36**

NOTE 30 CHANGES TO THE GROUP STRUCTURE (continued)

Overview of the allocation of acquisition costs for acquisitions during the year:
The total fair values of the identifiable assets, liabilities and contingent liabilities for the acquired companies are as follows:

	Logistics	IT	The Group
IT development	3		3
Other intangible assets	6	1	7
Deferred tax asset	17		18
Goodwill	1		1
IA under development	1		1
Intangible assets	**28**	**1**	**29**
Tangible fixed assets	**87**	**1**	**88**
Investments in shares	1		1
Other long-term receivables	1		1
Total financial assets	**3**		**3**
Total fixed assets	**117**	**2**	**120**
Inventories	2	1	2
Short-term receivables, interest-free	236	11	248
Liquid assets	162	5	168
Total current assets	**400**	**17**	**417**
Total assets	**518**	**20**	**537**
Deferred taxes	2	2	4
Net pension obligations	43		43
Total provisions and obligations	**45**	**2**	**47**
Interest-bearing short and long-term liabilities	39		39
Other receivables	149		149
Accrued expenses	62		62
Taxes payable	4		4
Public duties and liabilities	11		11
Other short-term liabilities, interest-free	78	12	89
Total interest-free short-term liabilities	**304**	**12**	**315**
Total liabilities	**388**	**14**	**401**
Net identifiable assets	**130**	**6**	**136**
Goodwill at time of acquisition	267	24	291
Negative goodwill taken to income	(28)		(28)
Negative goodwill offset against loss on sale	(4)		(4)
Total purchase price	**365**	**30**	**395**
Cash paid	317	27	344
Provisions made as at 31 December 2008	63	3	65
Other	(14)		(14)
Total purchase price	**365**	**30**	**395**
Cash paid	(317)	(27)	(344)
Cash received upon acquisition	162	5	168
Net cash paid at time of acquisition	**(155)**	**(22)**	**(176)**

Converted to NOK at the exchange rate on the transaction day

NOTE 30 CHANGES TO THE GROUP STRUCTURE (continued)

Overview of sales and gains/losses during the year:

	Mail	Logistics	The Group
Intangible assets	2		2
Deferred tax asset	7	1	8
Tangible fixed assets	9	10	19
Financial assets	1		1
Total fixed assets	**19**	**11**	**30**
Short-term receivables, interest-free	24	8	32
Inventories	1		1
Liquid assets	9		9
Total current assets	**34**	**8**	**41**
Total assets	**53**	**19**	**71**
Pension liabilities	10		11
Interest-bearing short and long-term liabilities		8	9
Accounts payable		1	1
Public duties and liabilities		1	1
Other short-term liabilities, interest-free	41	8	49
Total interest-free short-term liabilities	**41**	**10**	**51**
Total liabilities	**51**	**19**	**70**
Net identifiable assets	**2**		**2**
Profit / (loss) on sale			
Total sales price	**2**		**2**
Cash received from sale	2		2
Total sales price	**2**		**2**
Cash received from sale	2		2
Cash disbursed at time of sale	(9)		(9)
Net cash received on sale	**(7)**		**(7)**

Acquisitions in 2008
When enterprises are bought, the identifiable assets and liabilities are recognised at their fair value on the transaction date. Should further information on the items' fair value be obtained during a period of 12 months after the transaction date, the fair value is adjusted. Added value in the purchase that cannot be allocated to identifiable assets is classified as goodwill in the balance sheet. In 2008 the Group's acquisitions led to a total of NOK 291 million (NOK 1,575 million in 2007 and NOK 1,422 million in 2006) being recognised in the balance sheet as goodwill. Refer to note 9 regarding the valuation of goodwill.

Some intangible assets like employees' know-how, expected synergy effects and non-contractual customer relationships, which imply an acquisition cost, but which are not separable and/or for which fair value cannot be reliably measured, are recognised as goodwill.

Logistics
Through the purchase of Cetei AB the Group acquired the Swedish logistics group CombiTrans in August 2008. For more details see note 12. The added value of NOK 219 million was in a final analysis classified as goodwill. An agreement on earn-out with incentives regarding earnings before tax for 2008 and 2009 was included. An adjustment of the cost price by a total of NOK 58.5 million as at 31 December 2008 has been carried out on the basis of the actual results in 2008 and the budget for 2009.

In September 2008 the remaining 50% of the shares in the joint venture operation Pan Nordic Logistics AB (PNL) were purchased from Post Denmark for approximately NOK 29 million. For more details see note 12. The acquisition was effective from 1 September 2008 for accounting purposes, and until this date was consolidated according to the gross method. The shortfall in value from the purchase of NOK 29 million was taken to income in 2008 as negative goodwill following a final analysis of the company's assets and liabilities. As part of the purchase customer contracts were transferred Post Denmark for a total of NOK 28 mill and 50% of the sum was recorded net against the added value in the balance sheet on purchase.

In June Bring Logistics AS bought all the shares in Emdal Transport og Spedisjon AS for NOK 59 million. The company specialises in furniture transportation in Norway and is based in Sunnmøre. The acquisition will strengthen Bring Logistics' position in this geographical market. In 2007 the company had revenues of NOK 87 million. Following the final added-value analyses the added value totalling NOK 41 million was divided into NOK 3 million for the vehicle fleet and NOK 38 million for goodwill.

NOTES

NOTE 30 CHANGES TO THE GROUP STRUCTURE (continued)

In November Bring Logistics bought all the shares in the British logistics company Bring Logistics UK Ltd for NOK 25 million. The company operates cross-border transportation mainly between the UK and the Nordic region. The main reason for the acquisition was to protect the Group´s own existing traffic and agent structure. Around 45% of Bring Logistics' volume between Norway/Denmark and the UK is controlled by Bring Logistics UK Ltd. The company had 65 employees and revenues of GBP 21.1 million in 2007. Following a provisional added-value analysis the entire added value of NOK 4 million classified as goodwill in the balance sheet.

In August Bring Express bought all the shares in the Finnish courier company Lähettiryhmä OY for NOK 8 million. The company had 6 employees and revenues of Euro 1.3 million in 2007.

IT
In January ErgoGroup's Swedish subsidiary, SYSteam AB, bought all the shares in DTS Solutions AB for NOK 28 million to establish a complementary range of services to dominate areas of priority (Borås). The company focuses on business systems, system development and IT infrastructure and had revenues in 2008 of around NOK 44 million and 35 employees. The added value of NOK 22.3 million is related to customer relationships and the competence of employees, and has been classified as goodwill in the balance sheet in accordance with the IFRS' criteria for the identification of added value. An agreement on earn-out is connected with the purchase and in this regard a provision of approximately NOK 2 million has been made.

Lindorff AB was purchased in October for SEK 2 million and had 4 employees. A provision of just under NOK 1 million has been made related to an agreement on earn-out. The entire added value of NOK 1.2 million has provisionally been classified as goodwill in the balance sheet.

Sales in 2008
In February Bring Logistics Solutions sold its subsidiary Grenland Transport & Industriservice for a sale price approximately equal to the equity in the balance sheet and thus had no effect on the Group's net income.

Other changes in the Group's structure in 2008
In January 2008 the Group bought all the shares in the companies CDG Sandberg AS and Selektiv AS. The operations and contents of CDG Sandberg AS were later transferred to Bring Dialogue Norge. Thereafter the shares in both CDG Sandberg AS and Selektiv AS were sold at a loss of NOK 3.2 million.

The shares in Bring Frigoscandia Norge AS were transferred Bring Logistics to Posten Norge AS effective 1 January 2008 with a fair value of NOK 250 million.

In order to simplify the business structure Gardermoen Distribusjonsservice AS was merged with Bring Express Norge AS with effect from 1 January 2008.

As in 2007 Bring Logistics continued its work to simplify communication with customers and its corporate structure, and Blomquist Transport and Spedisjon AS were merged with Bring Logistics AS effective 1 January 2008.

ErgoGroup also simplified its business structure and the companies Buypass AS and Mondex Norge AS were merged in 2008. Furthermore ErgoGroup AB and Transware Holding AB were sold by ErgoGroup AS to the subsidiary SYSteam AB in May 2008.

Pro-forma figures in connection with acquired enterprises – per segment (unaudited figures):
The table below shows the pro-forma operating revenues and pro-forma net income before tax as they would have been if the companies bought during the year had been bought with effect from 1 January 2008.

	Mail	Logistics	IT	Other 1)	The Group
Operating revenues 2008	13 107	13 409	5 689	(3 542)	28 663
Pro forma operating revenues 2008	13 107	14 298	5 704	(3 542)	29 567
Net income before tax 2008	(134)	671	247	(679)	105
Pro-forma net income before tax 2008	(134)	685	247	(679)	119

1) «Other» are non-allocated costs related to owner-functions and eliminations between the segments.

Overview of acquisitions, etc. after the balance sheet date (unaudited figures):
In September 2008 ErgoGroup signed an agreement on the purchase of a further 25% of the shares in the Indian IT company ION Solutions for approximately NOK 6 million, which resulted in a total ownership stake of 35 %. In January 2009 ErgoGroup acquired a further 16% of the company and now has an ownership stake of 51%. The company will be consolidated in the Group financial statements from January 2009.

The agreement is an important step for ErgoGroup in the direction of a more offensive focus within offshoring. The company has 65 employees with core competence in application operations, application administration and software development.

NOTE 31 TRANSACTIONS WITH RELATED PARTIES

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

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
729	845	947	Purchases of goods and services from Subsidiaries			
	1		Associated companies	47	30	196
76	4		Other	71	158	235
324	373	540	Sales of goods and services to Subsidiaries			
			Associated companies	36	7	13
832	824	2	Other*	12	961	898
62	24	85	Leases of property from Subsidiaries			
		1	Associated companies	4	2	2
	5	5	Leases of property to Subsidiaries			

1) The decline in sales to others is related to the company Atento in which DnB was a joint owner. This company was sold in January 2008 and DnB thus ceased to be a related party for the Group

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

POSTEN NORGE AS				NORWAY POST GROUP		
2006	2007	2008		2008	2007	2006
95	34	96	Accounts receivable	6	58	54
3 066	3 581	4 869	Other receivables	1	1	288
113	76	150	Accounts payable	8	8	46
1 257	506	1 077	Other debts			
1 791	**3 032**	**3 738**	**Net**	**(1)**	**51**	**296**
			Loans to related parties:			
			Balance sheet at 1 January	3	3	3
			Repayments during the year	(3)		
			Balance sheet at 31 December		**3**	**3**

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 14 and 16.

NOTE 32 OTHER FACTORS

SIGNIFICANT TRANSACTIONS

Transfer and sale of properties

As of 1 January 2008 the properties Stavanger post terminal and Trondheim post terminal were transferred to the property company Posten Eiendom Storbyer AS with continuity for accounting and tax purposes. In the same way the properties Postens godssenter, Postens verksteder and Transportsenter Oslo were transferred to the property company Posten Eiendom Alnabru AS. All properties have lease contracts of between 3 and 5 years in length and may be extended during the lease term.

During 2008 the terminals in Fauske, Finnsnes, Haugesund, Mosjøen and Ålesund were sold for a total of NOK 80 million, giving a net gain of NOK 7 million. In March 2007 Norway Post sold its subsidiary Posten Eiendom BG 14B AS to KLP Eiendom AS for NOK 759 million.

Branding project

In September Norway Post launched a new, joint trademark called Bring, for the Nordic mail and logistics operations. At the same time Norway Post's logo was updated to show that Norway Post and Bring are part of the same group. The goal is to clearly present the unity of the Group's activities. Norway Post's launch of the new brand and changing of the logo cost NOK 221 million in 2008.

The Spinnaker efficiency programme

In connection with the Group's Spinnaker efficiency programme a reduction in the workforce of around 370 positions in administration was implemented which resulted in a provision of NOK 190 million in 2008. The reduction to the workforce will be carried out in 2009 and 2010, and also entails new and more efficient work procedures as well as the reduction in overlapping positions.

New South Eastern Norway terminal at Robsrud

In March 2007 all the formalities for building the new terminal were completed. The progress of the construction project continues as planned with the handover of the building set for 1 December 2009.

Significant payments to/from the owner

In 2007 the Annual General Meeting decided upon payment of the company's funds to the Government of NOK 80 million. This payment was effected by netting the amount against Posten Norge AS's receivable of NOK 330 million with regard to the final AFP settlement due from the Norwegian Public Service Fund (SPK).

In December 2006 Norway Post received a provisional final settlement of NOK 1,150 million for the withdrawal from the pension scheme with the Norwegian Public Service Fund. The actual final settlement of NOK 1,443 million including interest of NOK 56 million was determined by the Ministry of Government Administration and Reform in 2007. The balance of NOK 293 million was received on 30 November 2007. The actual final settlement resulted in a net adjustment to equity in 2007 of NOK 53 million prior to taxes.

REGULATORY FACTORS

Norway Post's licence

In accordance with §4 of the Postal law the Ministry of Transport and Communication has granted Posten Norge AS a licence to offer mandatory postal services within a monopoly area. The licence gives Norway Post the exclusive right to manage sealed and addressed letter mail within a specific weight and price range. As of 1 January 2006 the range is from 50 grams and 2.5 times the basic price for domestic priority mail. The monopoly does not include mail sent abroad. At the same time the licence also entails that Norway Post must carry out socially defined duties in the form of requirements to the services offered as well as requirements for cost-based prices and geographical unit postage charges within the monopoly.

The socially defined duties cover:

- Available product requirements (statutory postal services and basic banking services).
- Requirement for the availability of the statutory postal services.
- Delivery time requirements
- Requirement for cost-based prices and geographical unit postage charges within the monopoly

In point 4.2 of the licence it is proposed that Norway Post's extra costs related to the socially defined duties are covered by the monopoly profits from the monopoly area and government procurement granted through the fiscal budget. In 2006, 2007, and 2008, no funds have been granted for government procurement. In 2008 Norway Post's requirements were calculated as NOK 270 million.

In connection with the fact that the Ministry of Transport and Communication granted Norway Post a new licence effective 1 January 2007 to 31 December 2010, the following changes were made:

- A maximum-price system is introduced for mandatory postal services (excl. mass sendings).
- A requirement is introduced that Norway Post must strive for a universal design that ensures good access for disabled people to mandatory postal services.
- Existing guidelines for the location of mailboxes are included in the licence.
- A requirement is introduced that Norway Post must comply with the principles of the Norwegian Languages Act (Mållova) in so far as possible when providing information on mandatory delivery services.

The licence stipulates that Posten Norge AS must document that there are no illegal cross subsidies between the monopoly area 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 2008 will be presented at the latest three months after the financial statements for 2008 have been approved.

EU's Postal Directive

The EU's Postal Directive includes stipulation for 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 restrictions to the national postal companies' monopolies.

The EU Commission presented a proposed new EU-directive for postal services dated 18 October 2006. The proposal implies carrying out the exlusive rights of the national postal companies (complete liberalisation) in the EU/EEA area by 1 January 2009.

EU's Council of Ministers agreed at 8 November 2007 to a compromise which allows for complete liberalisation of the EU/EEA area within 1 January 2011, but with the possibility of an extension for EU's new member countries in Eastern Europe and selected countries with special circumstances until 1 January 2013.

The EU Parliament agreed with the compromise of 8 November 2007 recommended by the EU's Council of Ministers, and passes the new directive on 31 January 2008.

Government ownership

In the Owner's Statement about Norway Post (St.meld. no. 12 (2007-2008), presented 1 February 2008) the Ministry of Transport and Communications concluded that Norway Post's statutory and licence requirement to offer basic banking services should not be changed or withdrawn. Furthermore approval was also given to convert a further 124 Post offices to Post in Shops by 2010. As at 31 December 2008 Norway Post had converted 35 of the 124 Post offices to Post in Shops. Approval was also given to Norway Post's Nordic growth strategy.

The Post office network

Posten Norge AS has continued the central framework agreements with NorgesGruppen ASA, ICA Norge AS, Coop NKL BA and REMA 1000 regarding store infrastructure and the operating of the Post in Shop concept. In addition, the company has agreements with independent stores about local operations of Post in Shops. At the end of 2008 the Post office network consisted of 268 Post offices, 1,187 Post in Shops and 24 Business centres.

Banking and payment services

In connection with the conversion of Posten Norge BA into a private limited company in 2002, a separate Act was introduced relating to the provision of basic banking services through Posten Norge AS's sales network. This Act means that through an agreement with a financial institution Norway Post is to offer basic banking services throughout its sales network (Post offices, Post in Shops and rural delivery).

Norway Post's obligation is fulfilled through a cooperation agreement with DnB NOR, according to which this bank has the sole right and duty to offer basic banking services through Norway Post's sales network. In addition, the agreement covers the sale of other products/services for Postbanken such as savings and loan products, as well as contributing to the development of related system solutions etc. in the Post office network.

Changes have been agreed to the applicable cooperation agreement with DnBNOR, but these will not take effect before 1 January 2009. These changes include the sales managers and consultants within financial services having their employment contracts transferred to DnBNOR, subject to the approval of the competition authorities. Furthermore certain changes will be implemented to the model for interaction and automatic settlement between the parties (DnBNOR and Posten).

Disputes

The European Supervisory Authority (ESA) is dealing with complaints relating to the prices of Norway Post's logistics products and Norway Post's Post in Shops network, among others. Posten Norge AS has stated its views on these complaints and rejected the basis for these complaints.

ESA has stated that they will levy a fine on Posten Norge AS. Norway Post is accused of having breached competition rules with agreements with grocery stores etc. on the establishment of Post in Shops («PiB»). On basis of the notification from ESA Norway Post also received a letter where the German logistics company Schencker informs that they may present Norway Post with a claim of NOK 460 million. Norway Post maintains that there are no grounds for a fine and will submit this objection through the case process already in progress with ESA and therefore no basis for a claim.

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

STATEMENT OF THE BOARD OF DIRECTORS REGARDING THE ANNUAL REPORT

We confirm that the financial statements, to the best of our knowledge, have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the group taken as a whole. We also confirm that the management report includes a fair review of the development, profit or loss and the position of the company and the group taken as a whole, together with a description of the principal risks and uncertainties that they face.

Oslo, 26 March 2009

Arvid Moss (Chairman)

Liv Stette (Vice Chairman)

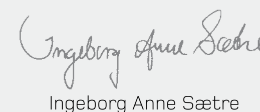
Eli Arnstad

Terje Christoffersen

Sigbjørn Molvik

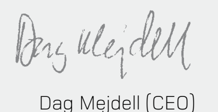
Gry Mølleskog

Odd Christian Øverland


Ingeborg Anne Sætre

Paul Magnus Gamlemshaug

Judith Olafsen


Dag Mejdell (CEO)

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
Posten Norge AS

Auditor's report for 2008

We have audited the annual financial statements of Posten Norge AS as of 31 December 2008, showing a loss of NOK 281 millions for the Parent Company and a loss of NOK 28 millions for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Parent Company and the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company and the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2008, and the results of its operations and cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with law and regulations.

Oslo, 26 March 2009
ERNST & YOUNG AS
Jan Wellum Svensen
State Authorised Public Accountant (Norway)
(sign.)
Note: The translation to English has been prepared for information purposes only.

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