2006
ANNUAL REPORT

06
KEY FIGURES

	2006	2005	2004	2003
Operating revenues (MNOK)	23 668	19 995	17 959	15 559
EBIT (MNOK)	1 313	1 208	1 257	512
Government procurements (MNOK)	0	326	316	305
Equity value (MNOK)	12 500	12 000	7 700	5 500
Share of revenue from licensed area	13.7 %	18.3 %	20.8 %	24.2 %
Revenues from foreign subsidiaries (MNOK)	4 153	1 727	1 443	1 253
Total parcel volume Posten Norge AS (million)	30.7	31.3	29.2	27.5
Total letter volume Posten Norge AS (million)	2 752	2 654	2 586	2 652
Development A and B mail	- 0.8 %	- 5.8 %	- 7.0 %	- 0.7 %
Delivery quality A-priority mail (% delivered overnight)	82.4 %	86.7 %	87.5 %	87.7 %
Machine-sorted, small letters	80 %	82 %	81 %	79 %
Machine-sorted, all letters	64 %	61 %	59 %	54 %
Employees (full-time equivalents) as at 31 December	22 272	20 541	21 373	21 640
No. of sales outlets (post offices/Post in Shops)	1 501	1 523	1 529	1 503
Customer satisfaction with the sales network (points, max. 100)	83	81	80	74
Norway Post's reputation, % with a «Good Impression» (MMI)	59 %	56 %	50 %	46 %

CONTENTS

YEAR 2006

01 QUARTER

02 QUARTER

03 QUARTER

04 QUARTER

JANUARY

The new CEO Dag Mejdell had his first working day in Norway Post. He was previously the CEO of Dyno Nobel, and had worked for Dyno Industrier since 1981. Mejdell has a business degree from the Norwegian School of Economics and Business Administration in Bergen.

Norway Post presented good reasons for agreeing to the South East Norway mail-sorting centre at Robsrud. Norway Post asked Lørenskog's politicians to approve this project as the group undertook to invest NOK 100 million in the community.

Norway Post's acquisition of Frigoscandia was approved by the Norwegian Competition Authority. At the same time, a new company was formed through the merger of Nor-Cargo Thermo and the Johs Lunde Group's refrigerated-transport operations. The acquisition of Frigoscandia is part of Norway Post's aggressive commitment to offer integrated Nordic solutions to its customers.

FEBRUARY

Norway Post received consent to build its new South East Norway mail-sorting centre at Robsrud in Lørenskog, outside Oslo. Lørenskog council agreed to the development plan for Robsrud by 26 to 21 votes.

Postmen in Trøndelag started to use boats to deliver mail after enormous amounts of rain fell in this county. At the most, more than 40 roads were closed following landslides or flooding.

The Minister of Transport and Communications, Liv Signe Navarsete (Centre Party) gave her full support to Norway Post's Nordic commitment strategy.

Norway Post presented record earnings before tax of MNOK 1 297, the best since it was established as a company in 1996. The CEO emphasised, however, that the results will be challenged by the decline in A and B mail and banking transactions and that there is now less potential for further efficiency gains.

MARCH

Norway Post held an online auction to choose vehicles. The choice fell on Ford, Opel, Renault and Peugeot as suppliers of a total of 4 000 vehicles. The contract will be valid for two years and is worth a total of NOK 450 million.

Post in Shops celebrated their fifth anniversary. The first Post in Shops opened on 1 March 2001 and Norway Post has carried out its greatest restructuring operations ever. In 2005, there were 1 196 Post in Shops and 327 post offices, including 24 company centres. Customers benefit from longer opening hours and easier access to Norway Post's services.

Norway Post is worth NOK 12.5 billion, according to a valuation conducted for the Ministry of Transport and Communications. In comparison, it was valued at NOK 4.8 billion in 2000.

A new stamps series with pictures of wild animals was presented. These stamps show wonderful pictures of a lynx, wood grouse, eagle, Arctic fox and hare.

APRIL

The spring customer satisfaction survey showed that customers have never been more satisfied with Norway Post's sales network. Customers gave an overall score of 83 of 100 possible. This is the best result since the survey started almost five years ago.

The Minister of Transport and Communications Liv Signe Navarsete was also a satisfied customer: «This just proves that Norway Post wants its services to be easily accessible and wide ranging. The survey shows that Norway Post is continuously developing its service to the people,» she said.

Norway Post saved almost 40 per cent in insurance premiums in a change from own-defined conditions to standardised insurance conditions.

MAY

Hmm…sceptical! The figure of Halvor Fuggelrød was launched in Norway through a number of advertisement films intended to strengthen Norway Post's reputation. In the films, he expresses various prejudices against Norway Post, but always receives a good answer from the postal employees…

Norway Post employees over the age of 57 years were given extra days off depending on their age. The goal is to get more of them to remain in work and to reduce the sickness absence and disability pension rates.

Environment Minister Helen Bjørnøy awarded the Glass Bear environmental prize to Norway Post. The jury stated that «the project gives Norway Post competitive advantages in that it makes visible the fact that Norway Post is a company that acts in an environmentally and socially responsible manner.

Norway Post's subsidiary, ErgoGroup, bought Allianse ASA. Allianse is one of Norway's leading IT companies.

JUNE

Ball-games area no. 1 000 was opened in Steigen in Nordland county. Norwegian Football Association president Sondre Kåfjord was very pleased that Norway Post is helping to fund ball-games areas. In total, this funding equals MNOK 14.3 over a three-year period. He believes that ball-games areas are fantastic local community facilities and that Norway Post's contribution is often that which is needed to realise this dream.

Inger-Johanne Stokke was hired to fill a new post as Senior Vice President for HSE/HR. She was previously the head of Aetat, the Norwegian Labour Market Administration, and is a lawyer.

JULY

Norway Post's subsidiary Box continued to sponsor Pål Anders Ullevålseter, who said he believed it was thanks to the good collaboration with Box that he had become Norway's first world champion in 2004.

Norway Post entered into a new air-travel contract and expects to save millions. This contract covers all Norway Post employees, including those in subsidiaries. Norway Post wants to benefit from the tighter competition in and increased routes offered by the aviation industry.

Half of all Norwegians re-address their holiday mail online. «We want to make life easier for our customers. The fact that more and more people are reporting changes of address online means that they have discovered the advantages of this service. It is both simple and time-saving,» says Senior Vice President Lars Tendal of Norway Post.

AUGUST

Personalised stamps were launched extremely successfully, and orders ticked in to posten.no. Consumers want to have stamps showing pictures of their children, dog or cabin, while companies order stamps with their own logo.

MMI's reputation survey, which covers 116 companies, showed that more and more people have a good impression of Norway Post. The results of the branding surveys conducted over the past few years show that Norway Post has climbed from 50th to 19th place in the space of four years.

SEPTEMBER

The online shop of the year was chosen by Norway Post after more than 2 000 e-shoppers had voted. This year's winner was presented at the IT-tinget conference and was the online shop komplett.no.

Almost 650 postal employees met for a theatre visit and party in Oslo to celebrate their 25, 40 and 50 years with the company. These included Turid Herwig Carlsen, who has worked for Norway Post since 1956.

The best mailboxes in all of Norway were chosen. The national competition had two categories - one for the most elegant mailbox and one for the smartest mailbox. Arild Johnsen from Skjervoy in Troms won the prize for the most elegant mailbox.

Norway Post made life simpler by offering customer-controlled address updates. Send the change of address directly to companies and organisations you have links with, while also giving them notice of a permanent change of address.

OCTOBER

The first aircraft in Norway Post's own air-freight network took off from Tromsø. The airports that are in Norway Post's new airfreight network are Svalbard, Tromsø, Harstad/Narvik, Bodø, Trondheim, Molde, Ålesund, Bergen, Stavanger and Gardermoen.

New and smarter mail is bright red and pre-stamped. Using Smartpost, customers can simply forget weight. Send what you can find space for in smart letters and parcels.

The Ministry of the Environment finally agreed to a new South East Norway mail-sorting centre in Lørenskog, outside Oslo. Lørenskog council agreed to this in February 2006, but Oslo council had objections. Minister of the Environment Helen Bjørnøy rejected these objections.

Norway Post's customers are extremely satisfied. The autumn's customer satisfaction survey once more presented improved results for Post in Shops.

NOVEMBER

Construction work on the South East Norway mail-sorting centre will to start on 10 April 2007, it was decided. At the same time, the construction period was extended slightly to take account of the capacity shortage in the building market. The new South East Norway mail-sorting centre will be ready at the end of 2009 and will be moved into at the start of 2010.

Norway Post's MMM – Max Marketing Mix – award went to McCann for a campaign they created for Norsk Glassgjenvinning. It was said that: «The winner of this year's prize proves the mailbox's distinctive role as an advertising channel.»

Norway Post expected a large increase in parcels as a result of online shopping, and forecast that Christmas 2006 would be the Christmas when online shopping really took off.

DECEMBER

Norway Post's senior management consists of 50 per cent men and 50 per cent women - four women and four men. This is unique in Norwegian industry.

Skanska was awarded a contract for the first construction phase of Norway Post's new South East Norway mail-sorting centre. The preparatory work will start in January while on-site work will begin in April 2007. The first construction phase is due to end in September 2008.

Norway Post and the Norwegian Inland Revenue Service collaborated on online services, making it easier to report a change of address online.

Norway Post made its biggest acquisition so far. ErgoGroup signed a contract to buy Swedish IT company SYSteam. The purchase price was SEK 1.1 billion.

CEO REPORT

The CEO.

Norway Post looks aggressively to the future and aims to continue as the market leader in Norway while also focusing on Nordic region postal, logistics and ICT operations. Our vision is clear: Norway Post shall be the «world's most future-oriented post and logistics group».

CEO REPORT

Norway Post is one of Norway's oldest companies and has a central place in Norwegian society and people's minds. Our main task is and always will be to provide consumers and companies with good postal services, irrespective of where in Norway the sender and recipient are located. Before, as now, our operations depend on the trust of our customers and society at large.

Norway Post's markets are changing. In order to ensure continued profitability and maintain our strong market positions, we must actively participate in the extensive and rapid change processes that characterise our industry.

In its new group strategy, Norway Post states its ambitions to maintain its leading market positions in Norway while building new positions in the Nordic region in its main areas, post, logistics and ICT. This entails a focus on Nordic growth and industrialisation, based on a new, clear vision of becoming the «world's most future-oriented post and logistics group».

In 2006, we have prioritised our HSE work

PROFITABLE GROWTH

Although fewer traditional letters are being sent, the overall postal and logistics industry is growing. Over the past few years, Norway Post has developed into a postal and logistics group with operations throughout the Nordic region. From 2000 to 2006, its revenues increased by 73 per cent. This says a lot about the power and dynamics within the group. Although we are a large company in Norwegian terms, we are however small compared with the international companies with which we compete. For Norway Post, it is important to achieve a sound position on a Nordic level by continuing its strategy of profitable growth. The goal is not growth in itself, it is to achieve increased profitability through growth.

International expansion is becoming increasingly important. Norway Post must have a presence where Nordic distribution and logistics contracts are entered into, either by having its own operations in the Nordic countries or by having agents or its own sales representatives outside the Nordic region.

Norway Post has had an aggressive acquisition policy over the past few years. This has given us a diversified portfolio and new growth opportunities. Our portfolio now consists of a number of companies and brands, such as Nor-Cargo, Box, Frigoscandia and CityMail. The time is right to consider integrating our business areas more closely and creating a branding strategy that is adapted to suit an integrated Nordic group. Norway Post has a unique position in Norway, but its brand does not provide significant support for its international activities.

ErgoGroup will continue to be an important part of Norway Post in the future. This company's expertise is a significant supplement to Norway Post's technology environments, and helps to strengthen the group as a whole. Norway Post is also a good owner for ErgoGroup and has ambitions to further develop the company.

INDUSTRIALISATION

Major changes are being made to the structure of postal distribution. Both production work and processes are being industrialised. If we are to manage in the future to deliver high quality and precision while at the same time meeting the competition in all our markets, we must automate our processes and start to use new technology.

Our new terminal structure was the start of Norway Post's industrialisation process. Over the past four years, we have changed from manual to mechanical production. Integrated IT solutions support the optimisation of our networks and standardisation of our processes. During a transitional period, these changes have made us vulnerable. In the longer term, our aim is to provide world-class logistics services with a high, stable level of quality and productivity.

In 2006, we saw how important it is for Norway Post to offer secure, stable services, irrespective of the weather or driving conditions. When Norway Post does not deliver in line with customer expectations and the authorities' requirements, both the general population and society react. This proves how important efficient postal services are to a modern society, and that we must deliver quality – every day throughout the year.

GOOD WORKING ENVIRONMENT

Norway Post aims to offer attractive workplaces and develop a good working environment. In 2006, we heightened the priority given to HSE work and implemented a number of measures to reduce the sickness absence rate and work-related injuries, and we hope this work will produce results in the years to come. In our day-to-day work, visible, clear management is to contribute to changes in attitudes and an increased focus on safety.

The demanding, tight labour market led to special challenges in 2006. As Norway's biggest employer, it is important for Norway Post to be perceived as a future-oriented, attractive employer. Young, competent employees must know that there are good opportunities for development in Norway Post and that Norway Post offers a wide range of different career opportunities.

INCREASED COMPETITION

Soon, Norway Post will also face competition on letter deliveries. The last remains of the letter monopoly will probably disappear under the EU's plans for full liberalisation from 2009. We are going to meet these challenges head on and prepare for increasingly stiff competition in a demanding market by providing a high level of service, precision and correct pricing. The group's new strategy for 2007-2011 has been prepared with the goal of Norway Post having satisfied customers, leading market positions, attractive workplaces, a good working environment, profitable growth and a competitive increase in its value.

VISION

Norway Post's vision is for the group to be:
The world's most future-oriented post and logistics group

This vision expresses our ambitions and is intended to provide those working in the group with direction and energy. It is important to create belief in change and a desire to compete with the best.

The world's expresses our aim to be of world-class standard in our industry. We must be able to compete with those that are the best in our industry, irrespective of where in the world they operate.

Most future-oriented means that we are more innovative and at the leading edge of developments than our competitors. We are to provide solutions that are adapted to current and future requirements, with a focus on our customers' needs. We operate in a dynamic industry and a rapidly developing market. The vision underlines that change and development will take place continuously.

Post and logistics group means that the group offers and delivers comprehensive and integrated services to its customers. The group has many business areas, and it will be important in future to utilise the opportunities for good deliveries and efficient operations that lie in interaction across organisational boundaries.

Our customers' requirements and expectations influence our way of thinking and all our actions, both internally and externally.

BUSINESS CONCEPT

Our business concept describes the work that the group carries out, who we are to serve and where, and what the group's core expertise is. Our core expertise is linked to processes and markets in the postal, communications and logistics sectors.

Norway Post's business concept is:
Norway Post develops and delivers integrated postal, communications and logistics solutions – with the Nordic region as its home market.

We develop and deliver integrated postal, communications and logistics solutions. We continue to make physical deliveries and offer electronic services. Our deliveries may take place through our own network or those of our alliance partners. Norway Post serves both consumers and companies. Although our main focus is on customers in the Nordic region, we offer services worldwide through our business partners.

MAIN GOALS

Our main goals are:

1 Satisfied customers
We will be better able to compete by putting customers first and having satisfied customers.
2 Leading market positions
We will be leading, but not necessarily largest, in the markets in which we operate.
3 Profitable growth and a competitive increase in value
We will focus on profitability, not on growth alone. Through profitable growth, we will lay the foundation for increasing the group's value.
4 Attractive workplaces and a good working environment
We will be perceived as attractive to all employees. Important elements that will contribute to this are a good working environment and focus on safety.

FUNDAMENTAL VALUES

Norway Post's values help build a common culture. They act as a guideline in all decision making and reflect how Norway Post and its employees are to act.

Norway Post's four fundamental values are: **Integrity, Respect, Innovation and Interaction**

Integrity means being open, clear, truthful and keeping our promises. We carry out our role as a trusted third party for both physical and electronic deliveries in a way that makes our business partners trust us. We create stability and security for our own employees by complying with our value base as managers.

Respect means recognising each other's differences and utilising these for the common good. We understand our customers' needs and expectations and try hard to meet these. We must take the individual employee's abilities into account and deal with our colleagues on this basis.

Innovation means thinking in a new way while building on the best we have at present. We want to encourage creativity and an enviroment where we build on each other's ideas. We harvest inspiration from comparable companies and other industries.

Interaction means being a team player so that the entire group succeeds. By striving to achieve common goals together we create greater value than achievable individually. We must always choose the best solution for the group as a whole if this is different from the one that is best for our division, department or unit. Through interaction across organisational boundaries, we improve our competitive ability and contribute to Norway Post appearing as a dynamic, innovative and integrated group.

ORGANISATION

DAG MEJDELL
CEO since January 2006
Born: 1957
Former positions: CEO of Dyno Nobel ASA, various positions in Dyno ASA from 1981, including CFO and CEO.
Education: Master of Business Economics degree

GRO BAKSTAD
Senior Vice President Accounting and Finance (CFO) since August 2006
Born: 1966
Former positions: Finance Director, Norway Post; financial advisor with Procorp; Vice President Accounting, Ocean Rig
Education: Master of Business Economics degree and state-authorised accountant

ARNE BJØRNDAHL
Senior Vice President of the Logistics Division since January 2002
Born: 1952
Former positions: Deputy CEO, Logistics Director and Finance Director of Ringnes, CEO of Emo AS
Education: Economics degree

ELISABETH HEGG GJØLME
Senior Vice President Corporate Information since April 2000
Born: 1960
Former positions: Vice President Information, Telenor Mobil; Marketing and Information Manager, Oslobanken; Secretary General of the Young Conservatives
Education: Economics degree

ANIELA GJØS
Senior Vice President of the Distribution Network Division since October 2003
Born: 1959
Former positions: Logistics Director, Ringnes
Education: Master of Engineering degree and Economics degree

TERJE MJØS
Managing director of ErgoGroup AS since June 2004
Born: 1961
Former positions: Director of Hydro IS Partner AS, various positions with Norsk Hydro ASA, including sales and marketing director of Hydro Agri Europe in Brussels
Education: Cand. scient (MSc) and MBA degrees

INGER-JOHANNE STOKKE
Senior Vice President HR/HSE since August 2006
Born: 1955
Former positions: Head of Aetat, the Norwegian Labour Market Administration; Vice President HR, Telenor; corporate advisor and lawyer with the Norwegian Confederation of Enterprise
Education: Law degree

LARS HARALD TENDAL
Senior Vice President of the Post Division since January 2001
Born: 1967
Former positions: Sales/Marketing Director, ICA Norge; Sales Director, Sætre AS
Education: Economics degree

ARNE BJØRNDAHL GRO BAKSTAD LARS HARALD TENDAL ELISABETH HEGG GJØLME DAG MEJDELL ANIELA GJØS TERJE MJØS INGER-JOHANNE STOKKE

GROUP STRUCTURE

The group consists of four divisions and three corporate staffs. Three divisions are market-oriented: Post, Logistics and ICT, while Distribution Network is an operations unit.

Norway Post's group management consists of the CEO and Senior Vice Presidents that head divisions or corporate staffs. The group management deals with issues and decisions relating to the group's strategy, budgets, financial developments, significant investments, price strategies, issues of significant importance to Norway Post's reputation, market and customers, as well as issues of a fundamental and strategic nature.

The divisions are key units in the management of the group and prepare strategies within their business areas that support the group strategy. The divisions are responsible for developing and supplying products and services with the appropriate service and quality. In 2006, the Communication and Consumer divisions were merged to form a new division, the Post Division.

Corporate staffs have been established in those areas where there is a need to provide professional support to the CEO, group management and divisions. The corporate staffs are professional driving forces and aides that help to support the business strategies and develop the professional environments within the group. These staffs have a special task to contribute to interaction across group boundaries and to develop policies and best practices. In 2006, the HR/HSE area was upgraded to a corporate staff and a senior vice president for HR/HSE was employed. The Strategy and Development corporate staff was incorporated in the Accounting and Finance corporate staff, while the Marketing corporate staff was merged with Information to form the Communication corporate staff.

MARKET SEGMENT REPORTS

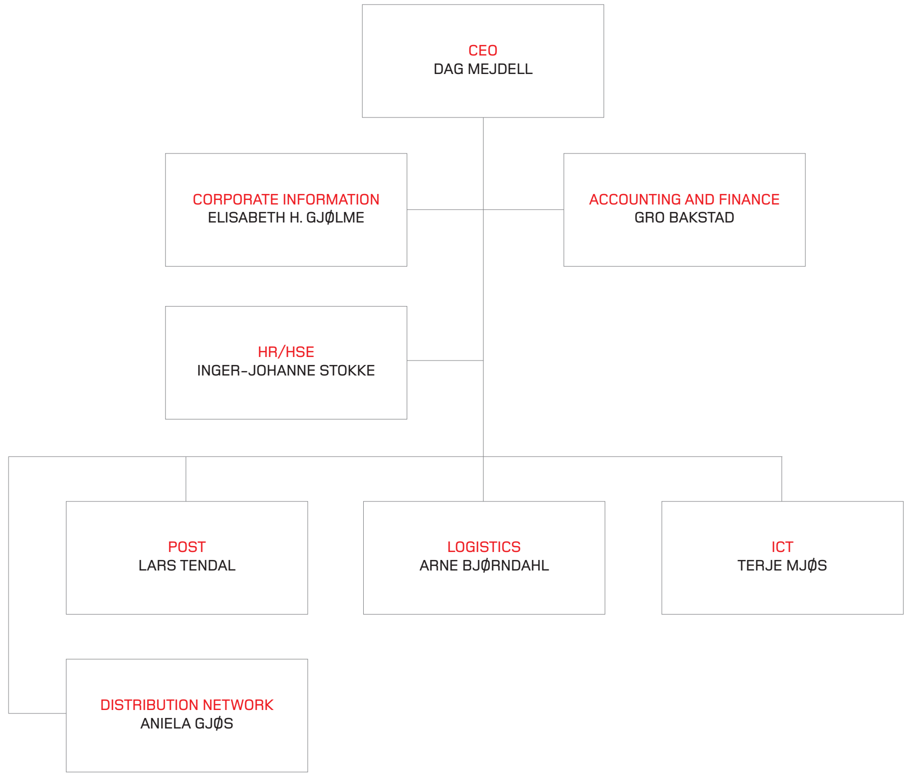
For reporting purposes, Norway Post has chosen to divide its operations into four market segments in accordance with international financial reporting standards (IFRS) and best practices.

The Post Segment consists of letter, advertising and communications products, parcels (consumer market), banking services and the sale of goods through its sales and service network, and information logistics. This segment comprises the Post Division, including the CityMail subsidiary, and the Distribution Network Division.

The Express Segment consists of national and international parcels, courier cars in the Nordic region and express-related logistics solutions. The Express Segment comprises the parcel operations of the Logistics Division and the subsidiaries Box Group and PNL AB.

The Logistics Segment consists of general cargo, thermo transport, air, sea, special and heavy transport, third-party logistics and stevedoring operations. This segment comprises the Logistics Division with its subsidiaries Nor-Cargo Holding, Frigoscandia and Box Solutions.

The ICT Segment consists of ICT operations and outsourcing, application management, consultancy and integration services, content services and SME solutions. The ICT segment comprises ErgoGroup AS and its subsidiaries, including Systeam AB.



REPORT OF THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS

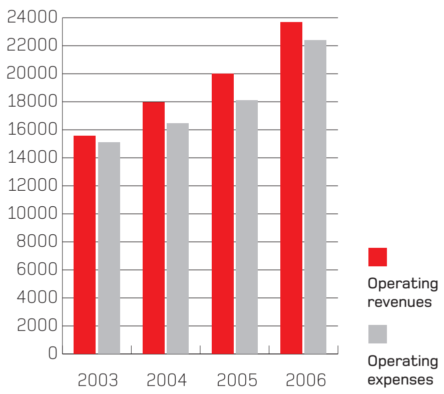
Norway Post made an income before taxes of NOK 1.2 billion in 2006, the second-best result since Norway post was established as a company ten years ago. Revenue rose by 18.4 per cent to NOK 23.7 billion, mainly due to acquisitions and a high level of activity in the markets for postal, logistics and ICT services.

2006 also represented a change in the pace of the group's internationalisation process. From being a Norwegian postal company, Norway Post has taken new positions and become a Nordic postal and logistics group. Its vision is to be the «world's most future-oriented post and logistics company».

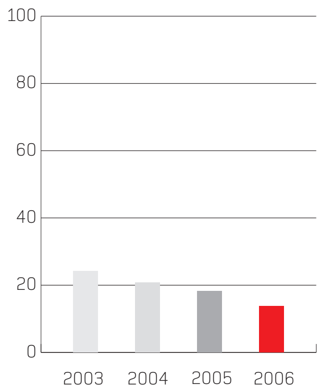
Acquisitions and the further development of its operations have strengthened the group's market positions and range of services in all segments. The range of products and services has been expanded to compensate for the decline in traditional letter and banking services. Nordic solutions have been established to meet new customer needs as a result of increased internationalisation. Its presence in Sweden and Denmark ensures that Norway Post is present where more and more companies are deciding on their distribution and logistics solutions, and where the flows of goods to Norway enter the Nordic region.

Following a period of major restructuring and a focus on enhancing efficiency and quality, Norway Post has made efforts to position its operations so as to accommodate changes in customer requirements. By revising its strategy in 2006, the group has set new ambitions to develop into a world-class postal, communications and logistics group that has the Nordic region as its domestic market. The group strategy focuses on Nordic growth and industrialisation. Norway Post's objective is to obtain around 40 per cent of its revenues from companies outside Norway by 2011. The logistics operations are expected to account for more than half of the group's revenues.

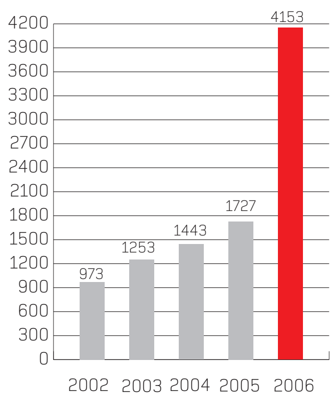
OPERATING REVENUES AND OPERATING EXPENSES
in MNOK



SHARE OF OPERATING REVENUES FROM LICENSED AREA
in %



OPERATING REVENUES FROM FOREIGN SUBSIDIARIES
in MNOK



Norway Post's social responsibilities remain the core of the new strategy. The group takes care of these responsibilities by providing high quality postal services at reasonable prices throughout the country, six days a week. In 2006, the Norwegian parliament decided not to liberalise the Norwegian postal market as from 2007. The EU is working on a new Postal Directive, based on the winding up of the remaining letter monopolies as from 2009. The new EU Directive will also apply to Norway. The Ministry of Transport and Communications awarded Norway Post a new licence in 2006 that is valid for the period from 1 January 2007 to 31 December 2010. The new licence is on the whole the same as the former one and Norway Post retains its exclusive right to receive and deliver closed, addressed letters weighing up to 50 grams.

GROWTH AND PORTFOLIO DEVELOPMENT

Norway Post is expanding rapidly. In 2006, its revenues grew by 18.4 per cent – or NOK 3.7 billion – to NOK 23.7 billion. This growth was due to acquisitions and improvements in the markets for mail advertising, logistics and ICT services. The share of Norway Post's revenues from companies outside Norway came to 17.5 per cent in 2006, compared with 8.6 per cent in 2005.

The Logistics Segment's revenues achieved the largest growth in 2006 – 70.3 per cent – following a number of acquisitions. The ICT Segment's revenues grew by 29.3 per cent due to a large number of new contracts and the acquisition of companies such as Allianse ASA, while the Express Segment increased its revenues by 12.1 per cent. The Post Segment's revenues fell by 3.8 per cent, but this segment positioned itself in 2006 for further growth by establishing CityMail in Denmark and further expanding CityMail in Sweden.

The decline in the Post Segment's revenue was mainly due to the disappearance of government procurements and lower revenues from banking services, equal to a total of NOK 571 million. This trend is continuing, with falling volumes of addressed mail, an increase in unaddressed mail advertising and the physical delivery of messages being replaced by electronic solutions. The Post Segment accounted for 42 per cent of the group's revenues in 2006.

The parent company's total letter volume rose by 3.7 per cent, while the volume of addressed mail declined by 1.6 per cent. Unaddressed mail advertising increased by 8.8 per cent and made up more than half of the total volume of letters sent in Norway. The number of banking transactions fell by 8 per cent in 2006.

CityMail Sweden increased its revenue by 8.2 per cent and volume of mail handled by 8.4 per cent in 2006 compared with 2005. The stiffer competition in Sweden has resulted in a pressure on prices and lower average revenues.

In 2006, Norway Post strengthened its position in the field of industrial mail in the Nordic region. CityMail increased its coverage of Sweden's households from 36 per cent to 40 per cent by establishing new offices in southern and western Sweden. CityMail Denmark made preparations in 2006 to distribute industrial mail of over 50 grams in the Copenhagen area. When it started up on 2 January 2007, the company covered approximately 20 per cent of households but it aims to cover the whole of Denmark in time. This new company has been well received in the Danish market. The acquisition of CityMail International (formerly Optimail) in 2006 supplemented Norway Post's range of services by providing international, cross-border mail delivery to and from Nordic customers.

In 2006, Posten Norge AS established the Posten Eiendom Robsrud AS, Posten Eiendom Espehaugen AS, Posten Eiendom Kanalveien AS and Posten Eiendom BG 14B AS companies with the aim of developing and investing in real estate. As part of the reorganisation of the property area, these companies took over two plots of land in Lørenskog and Bergen municipalities, the Kanalveien property in Bergen and the Biskop Gunnerus gate 14B property in Oslo in 2006.

The Logistics Segment continued to grow rapidly and accounted for 29 per cent of the group's revenues in 2006. Norway Post's logistics operations only accounted for 1 per cent of the group's revenues in 2000, but over the past six years these have grown through acquisitions to become the fourth-largest player in the Nordic region's logistics sector. The market situation is characterised by increasing competition and greater demands for efficient, integrated solutions. The largest logistics customers look on the Nordic region as one area, and want overall solutions that cover the Nordic region and use as few suppliers as possible. Norway Post's Nordic expansion is taking place in order to meet customer demand and to have a presence where the logistics decisions are made and where the flows of goods to the Nordic region and Norway enter.

The Express Segment accounted for 17 per cent of Norway Post's revenues. This segment is characterised by increased online shopping and stiff competition. The parent company's parcel volume was 1.1 per cent lower than in 2005. The international parcel volume, through the PNL subsidiary, rose by 15.2 per cent. The BoxGroup subsidiary launched Box Express as a Norwegian and Nordic express service – and thus expanded its range of services to include same-day airline deliveries.

The ICT Segment consists of ErgoGroup, an IT company which accounted for 12 per cent of the group's revenues in 2006. The growth in ErgoGroup was a result of a large number of new contracts and several acquisitions, with Allianse ASA as the largest. The company has a leading position in Norway in the operations and infrastructures of large and medium-sized enterprises, and is the market leader in the field of services and solutions for the SME market. At the end of 2006, ErgoGroup entered into an agreement to buy SYSteam AB, a Swedish-based company. This complements and strengthens the ICT services provided by ErgoGroup to SME customers in the Nordic region. ErgoGroup has thus strengthened its position so that it is a leading ICT company in the Nordic SME market, with almost 90 offices in Norway, Sweden and Finland.

QUALITY

The delivery quality for prioritised (A-mail) letters in Norway was 82.4 per cent in 2006, due in particular to weak fourth quarter figures. This is below the licence requirement of 85 per cent and much lower than the 2005 result, which was 86.7 per cent. Start-up problems with the new airfreight solution and the effects these had on the entire distribution chain, together with machinery problems and staffing and recruiting problems, were the reasons for this shortfall in quality. A number of measures have been implemented. Among other things, the aircraft capacity has been expanded, staff numbers have been increased and there is a greater focus on quality throughout the value chain. The delivery quality has improved in the first quarter of 2007 but it will take time before these measures take full effect. The objective is to resolve the problems as quickly as possible and ensure stable, high quality in the long term.

The delivery quality for unprioritised (B-mail) letters and parcels was well above the licence requirements in 2006, although slightly poorer than in 2005.

SERVICE

Customer surveys in 2006 showed that customers are more satisfied with Norway Post's sales and distribution network than ever before, and the post offices had the best results. Customer satisfaction has increased steadily since the sales network was reorganised in 2002. Post in Shops achieved the greatest increase in customer satisfaction. The number of customers at post offices fell by 3.6 per cent in 2006, mainly due to the reduction in banking transactions.

In order to make it easier for consumers and small companies to send letters and parcels, Norway Post launched «Smartpost» in 2006 – pre-stamped envelopes and boxes with no weight limitations.

Norway Post has developed and marketed larger mailboxes in order to make mailboxes a more attractive channel and adapt them for online shopping where goods are sent in letters.

Norway Post launched personal stamps in 2006. This was well received by the market and more than 250,000 personal stamps were sold in the months leading up to Christmas.

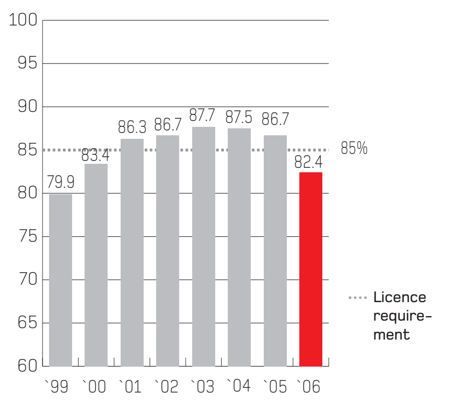
EFFICIENCY

The group's cost-effectiveness has improved through the integration of acquired companies, the extraction of synergies in operations and the creation of common service functions and integrated solutions.

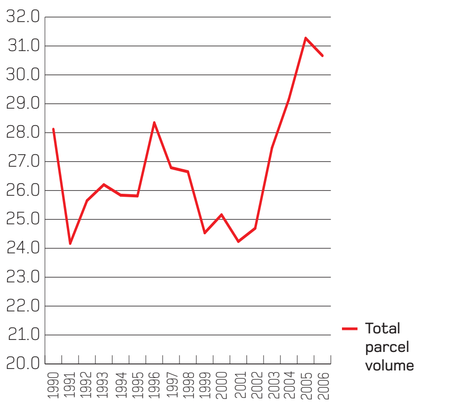
The restructuring of Norway Post's sorting-centre structure so that there are fewer but larger sorting centres was completed in 2006. During the past two years, the number of letter-sorting centres has been reduced from 32 to 12 and the number of parcel-sorting centres has fallen from 21 to 13. The plans are to move the Letter Centre in Oslo to the new South Eastern Norway sorting centre in 2010.

The level of automation in the production work increased to 64 per cent in 2006, up from 61 per cent in 2005. During the past year, new mail-sorting machines were installed at all the

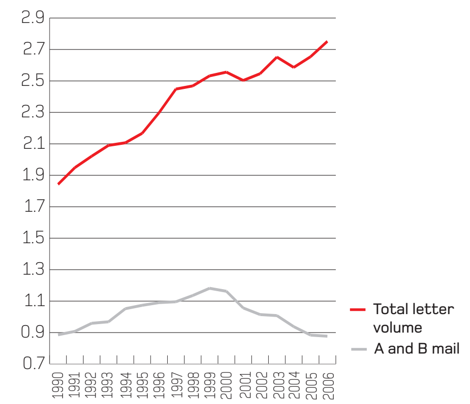
DELIVERY QUALITY A-PRIORITY MAIL
percentage delivered overnight



VOLUME DEVELOPMENT, PARCELS
million items



VOLUME DEVELOPMENT, LETTERS
billion items



mail-sorting centres. The changeover to mechanical sorting of the mail to be delivered has started and will continue in 2007.

The structure of the Norway Post group was changed in 2006 with the aim of focusing the organisation in accordance with the new strategy, achieving a better interface with customers and ensuring simpler and more efficient interaction. The Communication and Consumer Divisions were merged to form one new division, the Post Division. The responsibility for parcel production was transferred from the Logistics Division to the Distribution Network Division and merged with the responsibility for letter production. This makes the operations more efficient in that letters and parcels are handled together and the sorting centres have a common management. It also lays the foundation for more full-time jobs, more varied tasks and the development of expertise in the operations.

Norway Post's range of online products and services helps to improve the service offered to customers and make order handling more efficient. In 2006, more than half of all mail readdressing was ordered online.

The revenue per full-time equivalent exceeded NOK 1 million for the first time in 2006, and came to NOK 1.03 million at the year-end.

PROFITABILITY

The 2006 results show that Norway Post has succeeded in combining increased profitability with growth. The group's operating income before depreciation (EBITDA) came with NOK 2 037 million in 2006, compared with NOK 2 694 million in 2005. The decline compared with 2005 is in part due to the disappearance of government procurements and reduced revenues from banking activities, equal to a total of NOK 571 million. In addition, the earnings were negatively affected by the decline in the volume of addressed mail and expansion of the CityMail concept in Sweden and Denmark.

In 2006, the Norwegian government did not grant any amount for government procurements to cover the net loss Norway Post made on carrying out unprofitable services. Nor has any amount been granted in the National Budget for 2007. The Board believes it is unfortunate that no government procurement grant has been made to cover unprofitable services and that this may lead to Norway Post having to implement even more stringent cost-cutting measures or reduce the quality of other areas in order to reach Norway Post's additional goals. Norway Post has raised these issues with the Ministry of Transport and Communications and expects a fundamental clarification in the Owner Report.

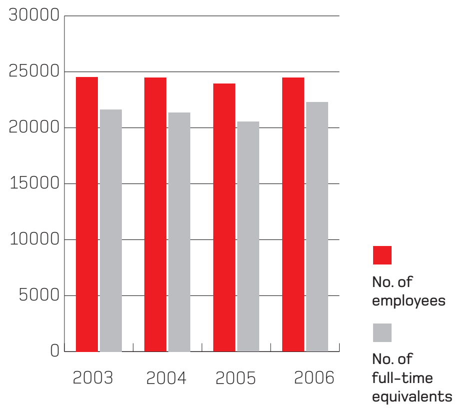
The earnings before interest and taxes (EBIT) for 2006 came to NOK 1 313 million, which is NOK 105 million more than in 2005. In 2005, Norway Post had non-recurring costs of NOK 574 million linked to its withdrawal from the Norwegian Public Service Fund (SPK). After taking into account the effect of the transition to a new pension scheme, the EBIT figure is NOK 469 million less in 2006 than in 2005. The EBIT margin came to 5.5 per cent in 2006, compared with 6.0 per cent in 2005.

The Post Segment accounted for 71 per cent of these earnings. The Express and Logistics Segments' earnings from existing operations increased and new companies were acquired and integrated. The capacity shortages relating to materials and drivers resulted in rising costs and a pressure on the margins for the general cargo and thermo transport operations. The traditional parcel operations made the largest contribution to the Express Segment's increase in earnings. A strong ICT market and acquisitions led to growth for the ErgoGroup, at the same time as this company achieved higher margins by extracting synergies and implementing other improvement measures in its operations.

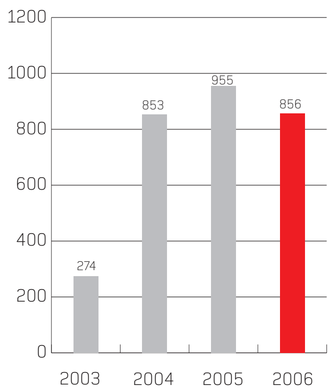
In 2006, the group had net financial expenses of NOK 101 million, compared with a net financial income of NOK 45 million in 2005, and this led to the income before taxes in 2006 being NOK 1 200 million, which is NOK 55 million less than in 2005.

As at 31 December 2006, the group had total assets of NOK 15 769 million, an increase from NOK 13 171 million in 2005. This is mainly related to goodwill, which rose by NOK 1 650 million compared with 2005. The receivable due from the Norwegian Public Service Fund following Norway Post's withdrawal from this in 2005 was partly settled in 2006, but there was a remaining net receivable of NOK 288 million at the year-end. The Board believes it is unfortunate that this matter has not been concluded, more than a year after Norway Post's withdrawal. When paying the provisional final settlement in 2006, the Ministry of Government Administration and Reform chose to withhold the amount of NOK 330 million, equal to an estimated share of the pension assets related to contractually agreed early retirement (AFP) pensions when the company was formed in 1996. These assets formed part of the contribution in kind made when the company was established. The Board assumes that this receivable will be paid to Norway

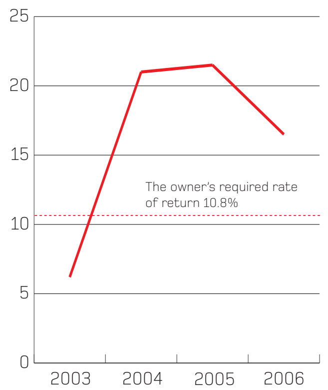
DEVELOPMENT IN NUMBER OF EMPLOYEES



NET INCOME
in MNOK



RETURN ON EQUITY AFTER TAX
in %



Post. Should this not be the case, this must be treated as dividend.

Norway Post's book equity was NOK 5 604 million at 31 December 2006, compared with NOK 4 752 million the year before. The group's return on equity was 16.5 per cent in 2006, compared with 21 per cent in 2005. This is due to the income developments in 2006 combined with the increase in equity.

The return on invested capital (ROIC) was 21.5 per cent in 2006, compared with 29.7 per cent in 2005.

The cash flow from operations was NOK 2 065 million, a decline from NOK 2 707 million in 2005. The interest-bearing liabilities came to NOK 2 693 million at the end of 2006. The company has good liquidity and freedom of action, with total liquid reserves of around NOK 6.7 billion, including unused drawing rights. Norway Post's total investments in 2006 related to acquisitions, building projects and operations came to NOK 2 932 million. This is NOK 1 673 million more than in 2005.

FINANCIAL RISK

Risk analysis and risk management are key to Norway Post's corporate governance. When developing strategies, business plans and goals, arrangements are made for value creation by growth goals being balanced against profitability goals and other risks in Norway Post's operations.

As part of its corporate governance activities, the Board conducts an annual risk assessment. This risk analysis is an extensive process that involves all divisions and companies within the group. The results of this process are consolidated into an evaluation of the main strategic, financial and operational risks to which Norway Post is exposed. This evaluation is followed up by measures and recommendations for managing and controlling the individual risk factors and avoiding incidents that may be negative to the group's operations and reputation in the market. Financial instruments are used to manage the risks linked to changes in interest rates, exchange rates and energy prices. Norway Post actively monitors its risk exposure, with a focus on areas such as strategic acquisitions or sales of companies, regulatory factors, competition factors, the execution of major projects, available expertise and resources, sickness absence rates and developments in the numbers of those incapacitated for work.

The Board confirms that the going concern assumption forms the basis for the annual financial statements and that the prerequisites for this assumption exist.

ALLOCATIONS

Posten Norway AS made a net income of NOK 673 million in 2006. Of this, the Board proposes allocating NOK 471 million to dividend and transferring NOK 202 million to other equity.

In 2006, it was decided to transfer NOK 568 million from the share premium reserve to other equity. The distributable reserves after dividend were NOK 783 million at 31 December 2006.

INCREASE IN VALUE

A valuation conducted by Danske Markets for the Ministry of Transport and Communications determined Norway Post's equity to be worth NOK 12.5 billion in 2006, an increase of five percentage points compared with the NOK 12.0 billion in the 2005 valuation. The value of the parent company was assessed to be NOK 5.75 billion, a reduction of 29 per cent compared with the NOK 8.1 billion valuation in 2005. This was due to the reduction in earnings from banking services and lower government procurements. ErgoGroup was valued at NOK 2.7 billion in 2006, up from NOK 2.1 billion in 2005. Nor-Cargo was valued at NOK 2.55 billion in 2006, twice the NOK 1.25 billion valuation in 2005, due to its acquisitions and increase in earnings. Norway Post will have a new valuation carried out in 2007.

PEOPLE, EXPERTISE AND THE WORKING ENVIRONMENT

One of Norway Post's four main goals is to have attractive jobs and a good working environment. A number of measures were implemented in 2006.

Norway Post's annual organisation survey is a mapping of the working environment that includes both physical and psychosocial factors. In 2006, this survey showed an increase in the employees' overall satisfaction, pride, wellbeing and desire to continue working for Norway Post. Ninety per cent of the employees responded to the survey.

The sickness absence rate has fallen for the past three years and ended up at 8.1 per cent in 2006, compared with 8.7 per cent in 2005. This reduction was due to a lower sickness absence rate in subsidiaries and acquired companies. The sickness absence rate in the parent company remained unchanged in 2006 at 9.6 per cent. The sickness absence rate is in general higher among women than among men. In the parent company, the sickness absence rate is 11 per cent among women and 8.5 per cent among men. Compared withwith 2005, the sickness absence rate for men fell by 0.2 percentage points while the rate for women rose by 0.2 percentage points.

The number of full-time equivalents in the parent company who became incapacitated for work in 2006 was 294, compared with 333 in 2005 - a reduction of 12 per cent. During the 2002-2004 period, 2.5-2.7 per cent of the parent company staff were incapacitated for work. This figure declined in 2005 and 2006 and had fallen to 1.9 per cent by the end of 2006. The reduction in those receiving disability pensions helped to meet one of the part-goals of the Inclusive Working Life agreement, in that the actual retirement age has increased.

The number of lost-time injuries rose from 428 in 2005 to 470 in 2006. This resulted in the injury frequency rate (the number of lost-time injuries per one million hours worked) increasing to 13.5 in 2006, compared with 12.8 in 2005. In total, 1 582 unwanted incidents were reported. Falling on ice was the most common cause of accidents and the reason for most lost-time injuries. In 2006, one employee died in a car accident. Norway Post's goal is to develop a working environment that promotes health and where no one is injured or becomes ill as a result of his/her work. Increased reporting of unwanted incidents is important for learning and preventing injuries and accidents.

In 2006, Norway Post strengthened its systematic, long-term efforts to ensure a good working environment. Plans have been established to considerably improve the results in the working environment area by 2011. The goal is to create safe managers and employees.

The Board is involved in this through, among other things, its continuous focus on HSE trends and annual review of measures to develop the organisation and management. Over the past few years, Norway Post has focused on management development in order to improve its managers' expertise, make its management more professional and develop a common, business-oriented culture within the company. This programme was continued in 2006. In 2007, the management programmes will be revised and there will be an extra focus on basic training, HSE and the development of expertise.

At the end of 2006, Norway Post had 22 272 full-time equivalents, compared with 20 541 full-time equivalents at the end of 2005. After adjusting for acquisitions, the number of full-time equivalents fell by 281 in 2006.

Women make up 50 per cent of Norway Post's board and group management. Among Norway Post's just over 1 600 managers, 31 per cent were female in 2006, around the same as in the two previous years. In the group as a whole, the percentage of female staff was 41.5 in 2006, a reduction compared with the 44.2 per cent in 2005. In the parent company, the percentage of female staff was stable at 47 per cent, compared with 48 per cent the year before. Of the part-time employees, 61 per cent were female in both the group and parent company in 2006, compared with 62 per cent in 2005. Norway Post's recruitment policy and collective wage 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 focuses on equality at all levels and has therefore examined the pay differences between men and women in the Norwegian part of the organisation. It has not found any significant pay differences that can be attributed to gender.

Norway Post was subject to one robbery in 2006. This took place on a rural postal route. There have been some episodes involving a «white powder» that has proven not to be dangerous. Apart from this, Norway Post has not experienced any incidents that have created a serious fear of terrorism. Norway Post keeps itself continuously up to date regarding the threat of terrorism, among other things through information from the police, security authorities and other countries' mail companies. Measures are considered according to the information received. Norway Post has good security systems and routines, and is at the cutting edge when it comes to implementing modern security equipment. Its security systems are maintained and improved regularly throughout the organisation. There is a focus on emergency preparedness and training exercises which ensures a high level of attention and good follow-up from the management and HSE system.

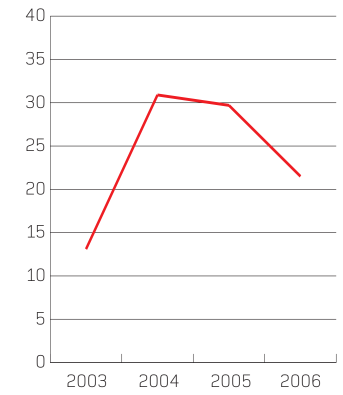
The Board of Directors would like to thank all the employees, whose great efforts and willingness to cooperate have contributed to the development of Norway Post.

NATURAL ENVIRONMENT

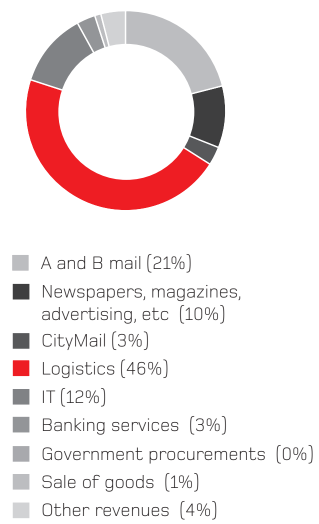
Norway Post strives to reduce its effect on the environment and increase its environmental efficiency throughout its value chain by preventing and reducing its emissions, waste and use of resources. The greatest environmental challenge facing the group is related to transport, which is the group's main product.

The environmental accounts for 2006 show that the group's transport work and CO2 emissions increased compared with 2005. This is related to the acquisition of companies and to an actual increase in production. Changes in the sorting-centre, logistics and production systems in 2006 led to a change in the percentages of the various means of transport used. The volume of leased transport by car and ship increased considerably in 2006, while rail

RETURN ON INVESTED CAPITAL
in %



DISTRIBUTION OF REVENUES
in %



REPORT OF THE BOARD OF DIRECTORS

THE BOARD OF NORWAY POST

ELI ARNSTAD SIGBJØRN MOLVIK INGEBORG ANNE SÆTRE ARVID MOSS (CHAIRMAN) LIV STETTE (VICE-CHAIRMAN) TERJE CHRISTOFFERSEN JUDITH OLAFSEN PAUL MAGNUS GAMLEMSHAUG GRY MØLLESKOG THORE STRØM (ALTERNATE)* ELISABETH ANGELL (ALTERNATE)

* Odd Christian Øverland was not present when this picture was taken.

transport was at the same level as in 2005 and less air freight was used. The effect of Norway Post establishing its own airfreight system in the autumn of 2006 had a minimal effect on the environmental accounts for 2006. In 2006, Norway Post has, among other things, continued to focus on providing training in environmentally efficient driving and started a trial project involving the use of biodiesel in heavy transport operations.

The environmental work in 2007 will focus on reducing CO2 emissions from the transport operations. The transport solutions are to be developed with the aim of improving their environmental efficiency and reducing their CO2 emissions. Norway Post's environmental report and environmental accounts are presented on pages 38-39.

THE BOARD OF DIRECTORS

At the Annual General Meeting in 2006, Eli Arnstad and Sigbjørn Molvik were elected to Norway Post's board, replacing Nina Iversen and Asbjørn Birkeland. Judith Olafsen was elected as an employee director, replacing Jacqueline Hopkinson.

The Board evaluates its own work each year. In addition to being a decision-making and controlling body, the Board wishes to be a valuable discussion partner for the company's management and owner, based on its good insight into Norway Post's strategies, value chain and processes combined with its diversity of external expertise. The Board is very pleased with Norway Post's developments and results over the past few years and has prepared a new, aggressive group strategy for the 2007-2011 period.

In 2006, the Board dealt with the issue of corporate governance and agreed on a declaration regarding this. The objective of this declaration is to contribute to those around Norway Post having faith in the company's governance system. Norway Post's corporate governance declaration is published on the company's website: www.posten.no. Norway Post's corporate governance is described in further detail on pages 30-33.

OUTLOOK

The group's strategy plan for 2007-2011 aims to develop a world-class integrated postal and logistics group. The Nordic region is Norway Post's domestic market and the strategy plan aims to produce a competitive increase in value through profitable growth and the continued efficiency enhancement and industrialisation of Norway Post's production processes.

In order to ensure continued profitability and retain and develop its strong market positions, Norway Post must actively participate in the comprehensive changes that are taking place in Norway Post's markets. Its customers are becoming international, the Nordic region is becoming one market, and large global players are making the competition tougher. The liberalisation of the postal markets, combined with increasing internationalisation and privatisation, is leading to a restructuring and consolidation of the postal and logistics industries in Europe. Large global players are actively positioning themselves through organic growth and the acquisition of new companies.

The competition in the postal market is increasing, even though the date for the possible liberalisation of Norway Post's remaining monopoly right has been postponed in order to take place in line with the EU. When it implements new EU rules in 2009, Norway Post is concerned about new framework conditions ensuring a good range of postal services throughout Norway and enabling the best possible range of services throughout the Nordic region. Norway Post is well equipped to face the competition in Norway and to continue to carry out its mandatory tasks in a market in which there is full competition.

The Logistics Segment's strategy is to establish a strong position as a total supplier of logistics services in the Nordic region. Through the acquisition of the Swedish company Transflex in March 2007, the Nordic operations have been extended from thermo transport and express services to also include consignment loads and general cargo transport. Transflex is an important starting point for developing an international network that ensures greater volumes entering the national networks.

ErgoGroup's acquisition of Allianse in 2006 provided a good basis for building a leading IT company in the Nordic region within the SME market. The coordination of operations and the development of new service concepts make ErgoGroup a total supplier of ICT operations and solutions in the Nordic market.

The group's future profit developments will continue to be challenged by the decline in the volume of A and B mail and banking transactions, the change in the portfolio towards products with lower margins, and increasing competition. In addition, there is now less potential for further efficiency-enhancement gains.

Norway Post's most important task in the short term is to improve its delivery quality. The measures implemented are having an effect but it will take time to improve the quality to a satisfactory level. The most important prerequisite for further improving the delivery quality in the longer term is the creation of the new modern South Eastern Norway mail sorting centre at Robsrud in Lørenskog. Norway Post must also appear to be an attractive workplace in order to attract and retain skilled employees at all levels. The focus on developing the expertise of the operations employees will increase in 2007.

Calculations show that around half of the post offices do not have an economic basis for maintaining their operations. The reasons for this are the decline in the volume of banking transactions, the lower level of activity and the reduction in the number of customers using post offices. Norway Post has therefore proposed to the Ministry of Transport and Communications that it turn more self-run post offices into Post in Shops, or alternatively that the increased deficit be covered by the Norwegian state. The Ministry of Transport and Communications is expected to clarify this matter, among others, in its Owner Report regarding Norway Post's operations that it will present to the Norwegian parliament in the spring of 2007.

The increased focus on HR/HSE is taking place on the basis that the employees are Norway Post's most important resource. Return-to-work strategies and a reduction in the sickness absence and lost-time injury rates are important goals for the 2007-2011 period. As from 2007, all managers will be given annual HSE training.

The Board is optimistic about Norway Post's future prospects. The group is facing demanding challenges in a market characterised by major changes. An increased presence in the Nordic region, positive market outlooks and an aggressive group strategy lay a good foundation for continued good results.

OSLO, 22 MARCH 2007

Arvid Moss (chairman) Liv Stette (vice-chairman) Eli Arnstad Terje Christoffersen Sigbjørn Molvik Gry Mølleskog

Odd Christian Øverland Judith Olafsen Ingeborg Anne Sætre Paul Magnus Gamlemshaug Dag Mejdell (CEO)

KEY FIGURES

Amounts in MNOK

NORWAY POST GROUP

		2006	2005	2004
RESULTS				
Operating revenues	MNOK	23 668	19 995	17 959
Earnings before interest and taxes (EBIT)	MNOK	1 313	1 208	1 257
Earnings before taxes	MNOK	1 200	1 255	1 252
PROFITABILITY AND RETURN				
Calculated key figures, including non-recurring items:				
EBIT margin 1)	%	5.5	6.0	7.0
Profit margin 2)	%	5.1	6.3	7.0
Return on invested capital 3)	%	21.5	29.7	30.9
Return on capital employed 4)	%	20.2	23.9	23.2
Return on equity after tax 5)	%	16.9	21.0	21.0
Calculated key figures excl. non-recurring items:				
Earnings (EBIT) before non-recurring items 6)	MNOK	1 288	1 893	1 492
EBIT margin	%	5.4	9.5	8.3
Profit margin	%	5.0	9.7	8.3
Return on invested capital	%	21.1	44.9	36.7
Return on capital employed	%	19.9	34.3	29.1
CAPITAL AND LIQUIDITY				
Cash flow from operations	MNOK	2 065	2 707	2 217
Investments excl. acquisitions	MNOK	1 262	958	610
Equity ratio 7)	%	35.5	36.1	42.3
Net debt ratio 8)	%	0.1	(0.1)	0.1

Some of the comparable figures for 2005 have been adjusted to take into account the correction of an error in a previous year's accounts linked to the calculation of the final settlement from the Norwegian Public Service Fund. Refer also to note 19.

DEFINITIONS
1) EBIT margin: EBIT/operating revenues
2) Profit margin: Earnings 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 capital employed: (EBIT + financial income)/average capital employed
Capital employed: Equity + interest-bearing liabilities
5) Return on equity after tax: Net income/average equity
6) EBIT before non-recurring items: EBIT excl. gains/losses on the sale of fixed assets/ subsidiaries, restructuring costs and the costs of transferring to a new pension scheme
7) Equity ratio: Equity/total assets
8) Net debt ratio: (Interest-bearing liabilities - liquid assets)/total equity

FINANCIAL STATEMENTS

INCOME STATEMENT

Amounts in MNOK

POSTEN NORGE AS					NORWAY POST GROUP		
2004	2005	2006		Note	2006	2005	2004
12 648	12 755	12 275	Operating revenues	1	23 668	19 995	17 959
			Operating expenses				
1 555	1 644	1 774	Cost of goods and services		8 764	5 972	4 573
6 307	6 237	6 262	Payroll expenses	2	9 253	8 370	8 118
427	428	398	Depreciation	9,10	754	745	802
2	32	25	Impairments	9,10	59	56	117
			Negative goodwill taken to income	9	(64)		
3 057	2 897	2 935	Other operating expenses	4	3 614	2 959	2 857
(12)	(70)	(5)	(Gain) on sale of fixed assets/subsidiaries, etc	6	(17)	(80)	(43)
17	32	1	Loss on sale of fixed assets/subsidiaries, etc	6	1	33	22
164	55	13	Reorganisation expenses	5	13	158	256
	574	8	Costs (income) of transfer to new pension scheme	3	(22)	574	
1 131	**926**	**864**	**Earnings before interest and taxes**		**1 313**	**1 208**	**1 257**
			Share of net income (losses) of associates	12	(12)	2	(2)
266	238	493	Financial income	7	262	265	170
168	200	456	Financial expenses	7	363	220	173
1 229	**964**	**901**	**Earnings before taxes**		**1 200**	**1 255**	**1 252**
398	276	228	Taxes	8	344	300	399
831	**688**	**673**	**Net income (loss)**		**856**	**955**	853
			Net income (loss) attributable to majority interests		862	919	849
			Net income (loss) attributable to minority interests		(6)	36	4
			Transfers and allocations				
(466)		(471)	Provisions for dividend				
(365)	(688)	(202)	Transferred (to)/from equity				
(831)	**(688)**	**(673)**	**Total transfers and allocations**				

BALANCE SHEET

Amounts in MNOK

POSTEN NORGE AS 2004	2005	2006		Note	NORWAY POST GROUP 2006	2005	2004
			Assets				
111	285	474	Intangible assets	9	4 445	2 496	2 015
54	545	475	Deferred tax assets	8	637	597	80
2 777	2 895	2 322	Tangible fixed assets	10	3 624	3 475	3 382
		60	Investment property	11	60		
1 870	2 409	3 851	Investments in shares	12,23	27	51	90
			Investments in associates	12	22	18	11
722	557	2 112	Interest-bearing long-term receivables	13	81	91	106
916	15	13	Other long-term receivables	14	24	20	795
6 450	**6 706**	**9 307**	**Fixed assets**		**8 920**	**6 748**	**6 479**
60	58	43	Inventories	15	55	63	67
1 493	1 455	1 613	Interest-free short-term receivables	16	4 036	2 848	2 475
538	1 761	929	Interest-bearing short-term receivables	13	316	1 451	12
1 024	1 899	1 838	Cash and cash equivalents	17	2 306	2 040	1 276
3 115	**5 173**	**4 423**	**Current assets**		**6 713**	**6 402**	**3 830**
	16	143	Assets held for sale	18	136	21	5
9 565	11 895	13 873	Total assets		15 769	13 171	10 314
			Equity and liabilities				
3 120	3 120	3 120	Share capital		3 120	3 120	3 120
1 560	1 560	992	Share premium account		992	1 560	1 560
(149)	3	1 258	Other equity		1 476	31	(341)
	13	3	Other reserves		1	28	
			Minority interests		15	13	24
4 531	**4 696**	**5 373**	**Total equity**	19	**5 604**	**4 752**	**4 363**
228	1 699	1 626	Total liabilities	20	1 902	1 942	330
1 407	1 336	2 523	Interest-bearing long-term liabilities	21	2 633	1 446	1 527
	8	18	Interest-free long-term liabilities	22	28	20	7
1 407	**1 344**	**2 541**	**Total long-term liabilities**		**2 661**	**1 466**	**1 534**
542	564	722	Interest-bearing short-term liabilities	21	61	73	252
2 857	3 014	3 462	Interest-free short-term liabilities	22	5 305	4 324	3 827
	578	149	Tax payable	8	213	614	8
3 399	**4 156**	**4 333**	**Total short-term liabilities**		**5 579**	**5 011**	**4 087**
			Liabilities held for sale	18	23		
9 565	11 895	13 873	Total equity and liabilities		15 769	13 171	10 314
			Guarantees/mortgages	26			

OSLO, 22 MARCH 2007

Arvid Moss (Chairman)

Liv Stette (Vice Chairman)

Eli Arnstad

Terje Christoffersen

Sigbjørn Molvik

Gry Mølleskog

Odd Christian Øverland

Judith Olafsen

Ingeborg Anne Sætre

Paul Magnus Gamlemshaug

Dag Mejdell
(CEO)

CASH FLOW STATEMENT

Amounts in MNOK

POSTEN NORGE AS 2004	2005	2006			NORWAY POST GROUP 2006	2005	2004
				Cash flow from operational activities			
1 661	1 303	732		Provided by operations *)	1 220	1 910	2 171
(285)	(1 162)	1 057		Change in working capital	987	(1 488)	267
(215)	2 272	(106)		Change in other receivables and provisions	(142)	2 285	(221)
1 161	**2 413**	**1 683**		**Net cash flow from operational activities**	**2 065**	**2 707**	**2 217**
				Cash flow from investing activities			
(920)	(381)	(965)		Investments in subsidiaries, excl. cash holdings on acquisition date	(1 685)	(290)	(879)
(248)	(777)	(658)		Investments in tangible fixed assets/IT development, etc	(1 247)	(958)	(610)
				Investments in associates		(11)	
	79			Sales of subsidiaries, excl. cash holdings on acquisition date		149	
28	8	22		Sales of tangible fixed assets	57	49	85
81	171	(1 330)		Changes in other fixed assets	26	(105)	(355)
(1 059)	**(900)**	**(2 931)**		**Net cash flow from investing activities**	**(2 849)**	**(1 166)**	**(1 759)**
				Cash flow from financing activities			
522		1 187		New long-term and short-term debt raised	1 192		582
(124)	(252)			Repayment of long-term and short-term debt	(18)	(260)	(214)
207	130			Group contributions/dividends received			
(242)	(516)			Group contributions/dividends paid	(124)	(517)	(242)
363	**(638)**	**1 187**		**Net cash flow from financing activities**	**1 050**	**(777)**	**126**
465	**875**	**(61)**		**Total change in cash and cash equivalents**	**266**	**764**	**584**
559	1 024	1 899		Cash and cash equivalents at start of period	2 040	1 276	692
1 024	**1 899**	**1 838**		**Cash and cash equivalents at end of period**	**2 306**	**2 040**	**1 276**
				*) Generated as follows:			
1 229	1 006	901		Earnings before taxes	1 200	1 297	1 252
429	460	423	+	Depreciation/write-downs 1)	750	801	919
			+/-	Share of net income (losses) of associates	12		
	13	3	+-	Unrealised financial items	(78)	5	2
5	42		+/-	Net interest expenses/income	56	66	34
	(180)	(590)	-	Tax paid	(658)	(188)	(7)
45	67	90	+	Interest received	42	44	15
(52)	(62)	(90)	-	Interest paid	(88)	(53)	(52)
5	(43)	(5)	-	Loss/(gain) from sale of fixed assets 1)	(16)	(62)	8
1 661	**1 303**	**732**	=	**Provided by operations**	**1 220**	**1 910**	**2 171**

1) In the cash flow statement, depreciation, write-downs and gains/losses from sale of assets also include shares, etc.

STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

POSTEN NORGE AS

	Share capital	Share premium account	Other equity	Other reserves	Total equity
Equity as at 1 January 2004	3 120	1 560	(739)		3 941
Dividend paid			(241)		(241)
Net income for the period			831		831
Equity as at 31 December 2004	**3 120**	**1 560**	**(149)**	**0**	**4 531**
Equity as at 1 January 2005	**3 120**	**1 560**	**(176)**	**14**	**4 518**
Cash flow hedges:					
Changes in value/transferred to income				4	4
Tax on changes in value				(1)	(1)
Available for sale investments:					
Gains/losses from fair valuations				(4)	(4)
Dividend paid			(516)		(516)
Net income for the period			688		688
Other equity transactions			7		7
Equity as at 31 December 2005	**3 120**	**1 560**	**3**	**13**	**4 696**
Equity as at 1 January 2006	**3 120**	**1 560**	**3**	**13**	**4 696**
Cash flow hedges:					
Changes in value/transferred to income				(12)	(12)
Tax on changes in value				3	3
Available for sale investments:					
Gains/losses from fair valuations				(1)	(1)
Net income for the period			673		673
Tax effect of demerger receivables			14		14
Transferred from share premium account to distributable equity		(568)	568		
Equity as at 31 December 2006	**3 120**	**992**	**1 258**	**3**	**5 373**

STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

NORWAY POST GROUP

	Share capital	Share premium account	Other equity	Other reserves	Minority interests	Total equity
Equity as at 1 January 2004	**3 120**	**1 560**	**(932)**		**18**	**3 766**
Translation differences			3			3
Dividend paid			(242)			(242)
Net income for the period			853		4	857
Other equity transactions			(23)		2	(21)
Equity as at 31 December 2004	**3 120**	**1 560**	**(341)**	**0**	**24**	**4 363**
Equity as at 1 January 2005	**3 120**	**1 560**	**(370)**	**34**	**24**	**4 368**
Translation differences			(2)			(2)
Cash flow hedges:						
Changes in value/transferred to income				4		4
Tax on changes in value				(1)		(1)
Available for sale investments:						
Gains/losses from fair valuations				(9)		(9)
Dividend paid			(517)			(517)
Net income for the period			919		36	955
Other equity transactions					(47)	(47)
Equity as at 31 December 2005	**3 120**	**1 560**	**31**	**28**	**13**	**4 752**
Equity as at 1 January 2006	**3 120**	**1 560**	**31**	**28**	**13**	**4 752**
Translation differences			33			33
Cash flow hedges:						
Changes in value/transferred to income				(15)		(15)
Tax on changes in value				4		4
Available for sale investments:						
Gains/losses from fair valuations				(16)		(16)
Dividend paid					(2)	(2)
Net income for the period			862		(6)	856
Transferred from share premium account to distributable equity		(568)	568			
Other equity transactions			(18)		10	(8)
Equity as at 31 December 2006	**3 120**	**992**	**1 476**	**1**	**15**	**5 604**

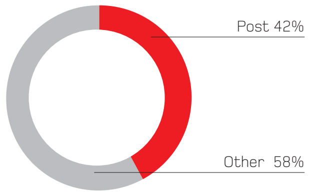
Notes
The notes are an integral part of the annual accounts and are shown on pages 42 - 88.

POST SEGMENT

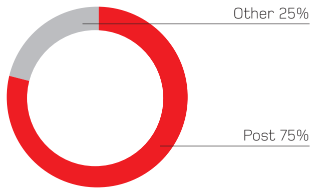
POST

THE POST SEGMENT consists of letter, advertising and communication products, parcels (consumer market), banking services and the sale of goods through its sales and service network, and information logistics. This segment comprises the Post Division, including its subsidiary CityMail, and the Distribution Network Division.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES



SHARE OF GROUP EMPLOYEES



EMPLOYEES

2006	18 392
2005	18 905
2004	20 212

REVENUE FROM EXTERNAL PARTIES IN MNOK

2006	9 965
2005	10 393
2004	10 443

EARNINGS BEFORE INTEREST AND TAXES IN MNOK

2006	927
2005	1 276
2004	1 187

PHYSICAL DISPATCHES IN MILLION UNITS

2006	2 752
2005	2 654
2004	2 586

SUBSIDIARIES

CityMail Sweden AB, NorwegianMail International AB, Talk2me AS and Posten Eiendom AS

THE ONLY SCANDINAVIAN MAIL COMPANY

With its distribution network in Norway and CityMail concept in Sweden and Denmark, Norway Post is the only Nordic mail company offering Scandinavian services.

The basis for Norway Post's operations is the company's licence obligation to provide good quality and reasonably priced postal services throughout Norway. Norway's postal services are world class, with mail being delivered six days a week to every household and company in the country. That gives Norway Post a strong competitive advantage.

THE NORDIC REGION AS ITS HOME MARKET

The postal market is becoming more and more international. Large customers are becoming international and demanding Nordic solutions. Norway Post has accepted the consequences of this and established the Nordic region as its domestic market for addressed, industrial mail, addressed advertisements, magazines, small goods and cross-border mail. Through CityMail, Norway Post has a presence in both Sweden and Denmark, distributing industrial mail and advertisements cost-efficiently and with a high rate of precision. CityMail will distribute mail to around 40 per cent of the households in Scandinavia in 2007.

«Covering the entire Nordic market in a cost-efficient manner is crucial for us to be able to win large, intra-Nordic contracts. If we succeed in capturing customers in the Nordic region and obtaining a large enough share of the Nordic market, this will also be very important for our ability to develop our postal services in Norway,» says Lars Tendal, senior vice president of the Post Division.

As from 1 January 2007, the Communication and Consumer Divisions were merged to form the Post Division. The objective was to focus the organisation, improve its sales ability and ensure simpler, more efficient interaction.

The new division has the overall responsibility for product development and sales of letter products and market communication, including Norway Post's sales and service network, which consists of post offices, Post in Shops, Company Centres and customer service operations. The SME market (small and medium-sized enterprises) is an area on which this division focuses. Its goal is to improve its sales ability and develop products and services that are adapted to suit its customers. Through one of Norway's largest sales and service networks, customers have good access to postal and banking services throughout the country.

«The Post Division has improved its sales ability and expanded its contact with customers and users through better coordination between product development and the sales network. This means that we will be better able to develop our products and services in line with our customers' requirements. We will pick up on and respond to customer reactions more quickly,» says Tendal.

Norway Post delivers mail to 99.96 per cent of Norway's population six days a week. The daily collection of mail from 35 000 points and delivery to 1.9 million households require an enormous system. From when the letter or parcel leaves the sender until it ends up in the recipient's letter box, Norway Post must have control over the entire value chain. Norway Post's goal is to be more cost-effective and deliver better quality than its competitors. In order to achieve optimal operations, Norway Post has enhanced the efficiency and industrialisation of its mail production work. During the past few years, its terminals have become larger and fewer in number and machinery has to a large extent replaced manual sorting.

Two extensive development projects will start in 2007: the Supply Chain project is intended to lead to further optimisation and specialisation of the flows of goods, and a new sorting terminal for South East Norway will be built at Robsrud in Lørenskog, outside Oslo.

The new South East Norway terminal will not only be the flagship of the terminal structure. When it is finished in 2010, it will be a symbol of the postal industry of the future. New technology is also being implemented. Norway Post is the first in the world to multisort, i.e., to have sorting machines that sort letters, parcels, batches of mail and bundles and make these processes easier, quicker and more cost-effective.

«Our ambition is to provide world class logistics operations. We must be dependable and deliver as agreed,» says senior vice president Aniela Gjøs. She is the head of the Distribution Network Division, which has 15 000 postal employees.

DELIVERY PROBLEMS IN 2006

The mail delivery quality in Norway, measured as the percentage of A-priority mail delivered overnight, was 82.4 per cent in 2006. This is lower than the licence requirement of 85 per cent and was due to delivery problems in the fourth quarter, when the delivery quality equalled 74.4 per cent. The reason for the low quality was the changeover from scheduled airlines to Norway Post's own airfreight network, the installation of new machinery, and staffing challenges in the tight labour market in the largest towns. A number of measures have been implemented with the aim of complying with the licence requirement by the end of the first quarter 2007.

THE POST DIVISION CONSISTS OF SIX BUSINESS UNITS:

Advertising – develops, markets, sells and delivers services to the advertising market in the Nordic region. Norway Post's wholly owned subsidiary Talk2me helps enterprises to develop and implement loyalty programmes and customer-oriented activities. Talk2me strengthens Norway Post's position as a Nordic player in the market for CRM systems and loyalty programmes.

Administrative Mail – provides all-round solutions and the distribution of administrative mail and small goods in the Nordic market.

Private/SME – supplies products and office mail solutions for the private and SME markets in Norway.

Sales and service network – is responsible for Norway Post's nationwide sales network, with contact points for customers at post offices, Post in Shops, Company Centres and Norway Post's customer service operations.

Information logistics – offers companies in the Nordic region electronic and physical solutions for cost-effective, value-increasing document handling.

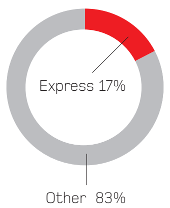
CityMail AB – is specialised in industrial mail, i.e., addressed mail from corporate customers. CityMail AB consists of the companies CityMail Sweden, which now covers around 40 per cent of the Swedish market, and CityMail Denmark, which started to deliver mail in the Greater Copenhagen Area at the start of 2007. CityMail International takes care of international mail. Distribution takes place via the partners in each country.

THE EXPRESS AND LOGISTICS SEGMENTS

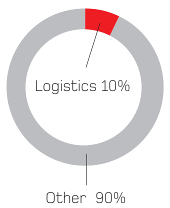
EXPRESS AND LOGISTICS

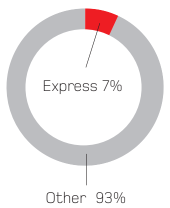
THESE SEGMENTS CONSISTS OF (Logistics) general cargo, thermo transport, air and sea transport, special and heavy transport, third party logistics and stevedoring operations; (Express) national and international parcels, courier cars in the Nordic region and express-related logistics solutions.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES



SHARE OF GROUP EMPLOYEES





EMPLOYEES	LOGISTICS	EXPRESS
2006	2 449	1 639
2005	1 693	1 652
2004	1 045	1 592

REVENUES FROM EXTERNAL PARTIES IN MNOK		
2006	6 856	4 108
2005	4 023	3 677
2004	2 310	3 523

EARNINGS BEFORE INTEREST AND TAXES IN MNOK		
2006	178	320
2005	134	143
2004	87	136

NO. OF PARCELS (MILLION)	
2006	30.7
2005	31.3
2004	29.2

SUBSIDIARIES

Box Group AS and its subsidiaries, Box Solutions AS and its subsidiaries, PNL AB, Nor-Cargo AS and its subsidiaries, Nettlast Hadeland AS, and FSD HolCo AB and its subsidiaries.

WORLD-CLASS LOGISTICS IN THE NORDIC REGION

The group aims to be a world-class logistics company in its home market, the Nordic region. It has adapted to meet the needs of its globalised customers, which want fewer suppliers.

Norway Post aims to be the market's leading logistics integrator in the Nordic region.

«In line with globalisation, our customers are increasingly asking for total solutions, with as few suppliers as possible involved. They want partners that cover large geographical areas,» says senior vice president Arne Bjørndahl of Norway Post's Logistics Division.

ONE STOP SHOPPING

Our customers want choices regarding delivery speed, product range, delivery time and location, among other things. Norway Post is expanding its logistics services by developing its own operations and through acquisitions and mergers. Being a turnkey supplier in the Nordic region means being able to arrange for and/or carry out the transport of parcels, express goods, general cargo and thermo products, third party logistics and transport by air and sea in the Nordic region.

«Through our total range of services, we are able to integrate our services into parts or all of the customer's value chain,» says Bjørndahl.

STIFF COMPETITION

Competition in the logistics market is stiff and the most important companies are Deutsche Post/DHL, Schenker BTL, Sweden Post/Tollpost Globe and Netherlands Post /TNT.

Norway Post is looking for an international network that has sufficient commercial strength and capacity to secure for Norway Post's customers competitive logistics solutions outside Norway too. This is an important part of Norway Post's strategy of becoming the first choice as a distribution and logistics partner.

«Our goal is to build a strong Norwegian logistics player that can be a good Norwegian alternative in competition with international companies. Our ambition is to achieve continued growth in both Norway and the Nordic region. Our desire to have an international business partner without its own land transport network in the Nordic region will also ensure Norway Post has freight volumes coming into the Nordic region,» says Bjørndahl.

In the logistics industry, it is very important to have low unit costs and good geographical coverage. This has led to Norway Post focusing on growth, both organic and through acquisitions.

«The larger we are, the fuller our vehicles are. Capacity utilization is important and is good for the environment, our customers and Norway Post,» says Bjørndahl.

ONLINE SHOPPING – A GROWTH AREA

Norway Post aims to be e-business companies' first choice as a distribution and logistics partner in Norway.

«E-business companies make other demands on logistics suppliers than traditional customers do. Norway Post will continue its targeted work of developing a competitive, complete range of advisory services, project management services and online shop and payment solutions,» says Bjørndahl.

THE LOGISTICS MARKET:

LOGISTICS

Logistics is divided into: consignment loads/general cargo, thermo transport, third party logistics and air and sea operations.

Consignment loads consist of full loads, while general cargo is goods weighing more than 35 kg.

Thermo transport comprises the transport and/or storage of goods that require temperature regulation.

Third party logistics is the management of logistics activities for other parties, such as companies that have chosen to outsource this work. Norway Post makes efforts to ensure that companies obtain as effective a value chain as possible. Third party logistics includes the management of goods storage facilities, warehouses, order reception, selection and shipment, and loading and unloading operations.

Air and sea operations involve shipment to overseas markets, services which make it easier to import and export from and to all continents. The sea transport and airfreight services are offered both separately and in combination with each other.

EXPRESS

Express is divided into: parcels and express logistics.

Parcels are goods weighing less than 35 kg.

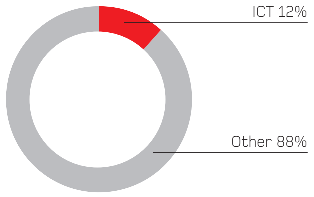
Express logistics entails deliveries for which time is critical. These may be documents or parcels, but may also include consignment loads and general cargo.

ICT SEGMENT

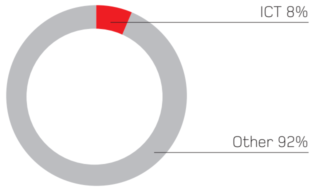
ICT

THE ICT SEGMENT consists of ICT operations and outsourcing, application management, consulting and integration services, contents services and SME solutions. The ICT Segment comprises ErgoGroup AS with its underlying subsidiaries, including SYSteam AB.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES



SHARE OF GROUP EMPLOYEES



EMPLOYEES

2006	1 843
2005	1 522
2004	1 487

REVENUE FROM EXTERNAL PARTIES IN MNOK

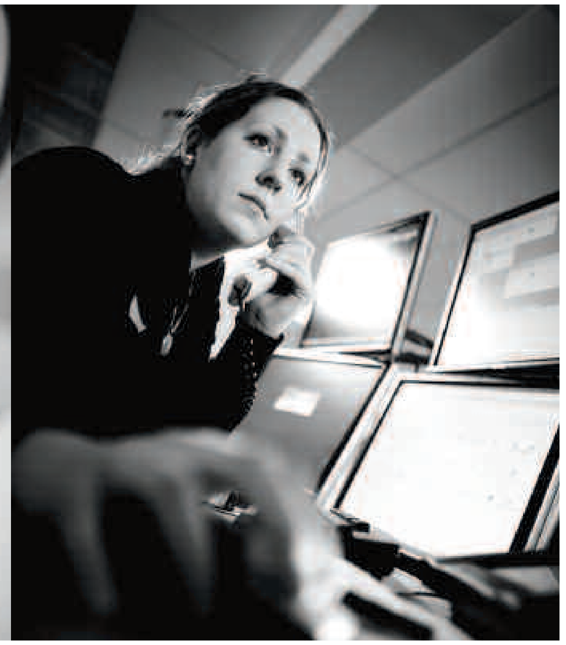
2006	2 752
2005	1 898
2004	1 673

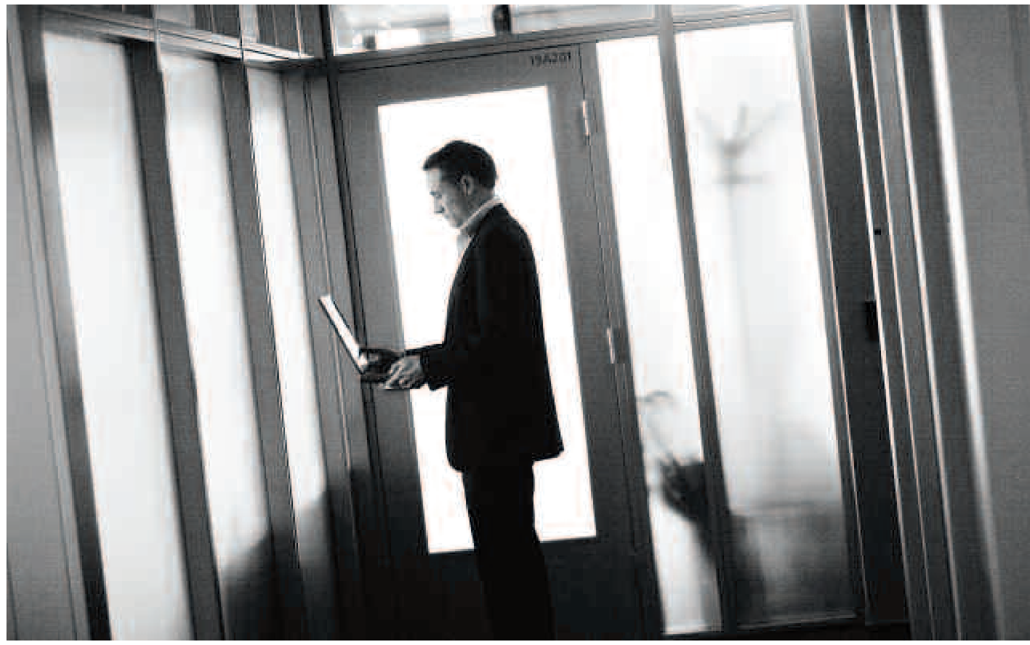
EARNINGS BEFORE INTEREST AND TAXES IN MNOK

2006	223
2005	82
2004	(35)

SUBSIDIARIES

ErgoGroup AB, Eiendomsverdi AS, Objectware Transport AB, Eye-Share ASA, Global Office AS, Allianse Drift AS, among others.





ERGOGROUP IS POSITIONING ITSELF

ErgoGroup helps customers achieve their ambitions and simplifies complex issues. It has reinforced its presence in the Nordic region and position as an SME market leader.

ErgoGroup combines business knowledge, technological expertise and a thorough knowledge of its individual customers in order to develop, supply and operate integrated ICT solutions.

«In 2006, we clarified and strengthened our focus on selected market segments. This particularly applies to the SME market where, through two major acquisitions, we have taken a major step towards being the number one total supplier to the Nordic SME market,» says Terje Mjøs, ErgoGroup's Managing Director.

ErgoGroup currently has a leading position in the field of operations and infrastructures for small and medium-sized enterprises. It is a market leader in services and solutions adapted to suit the SME market and is playing a leading role in digitising the public sector. ErgoGroup also provides market-leading solutions through professional expertise environments that service niches in both large and medium-sized customers.

GOOD GROWTH

ErgoGroup achieved revenues of NOK 3 620 million in 2006, an increase of 29 per cent compared with the year before, and a total organic growth rate of 11 per cent. Its earnings before interest and taxes came to NOK 253 million, an increase of NOK 169 million compared with 2005. Norway Post's share of ErgoGroup's revenues equalled 22% in 2006, 10 percentage points less than in 2005. The growth related to customers outside Norway Post came to 48%. This solid growth rate comes mainly from an increased number of new contracts and the successful integration of acquired companies.

A lot of new contracts were entered into in 2006. These were worth a total of NOK 3.49 billion. During the year, ErgoGroup entered into almost 1 800 contracts, several of which were major operational contracts.

FIVE ACQUISITIONS IN 2006

ErgoGroup made a total of five acquisitions in 2006. At the end of March, ErgoGroup bought Fujitsu Services in Norway, a company with 14 employees. Through this acquisition, ErgoGroup became Fujitsu Services' business partner for outsourcing IT services in Norway. With a number of customers in the retail trade and service sectors, this acquisition also helped to strengthen ErgoGroup's focus on the retail industry.

In the second quarter, ErgoGroup bought Allianse ASA, a listed company with just over 450 employees. With this purchase, ErgoGroup has reinforced its position in the south-west of Norway and inland Norway and become the leading Norwegian IT company in the SME market. Allianse merged with ErgoGroup in the autumn of 2006. At the year-end, ErgoGroup further strengthened its regional supply system by buying Nor-Cargo Data in Tromsø, a company that will act as a bridgehead for ErgoGroup's increased focus on the north of Norway.

2006 was also the year when ErgoGroup reinforced its position in Sweden, initially with the acquisition of AddIQ, a Swedish consultancy firm with 35 employees. At the end of 2006, ErgoGroup made its biggest acquisition ever by buying Swedish-based SYSteam, a company with 1 030 employees and revenue of approximately SEK 1.4 billion in 2006.

«SYSteam's strong position in the Swedish SME market and its offices in Norway and Finland help to make ErgoGroup a market leader in the Nordic SME market,» says Mjøs.

STRENGTHENED POSITIONS

The outlook for the IT market is still regarded as being good. ErgoGroup will focus on reinforcing and securing its positions by prioritising markets and industries that are growing, both locally and in the Nordic region. Customers want service delivered outside Norway as they are themselves expanding into our neighbouring countries. ErgoGroup wants to utilise its strong position in Norway and Sweden, along with its new company in Finland, to bring its own products and solutions out to a larger market. At the same time, growth through acquisitions will be important for obtaining references and positions that can be used to create security for our customers. The acquisition of the SYSteam IT company is an important part of this work.

ERGOGROUP'S OPERATIONS ARE DIVIDED INTO FIVE BUSINESS AREAS:

SME Solutions:
this area comprises messaging, information databases, hybrid services and security services.

Business Solutions:
this area comprises value-chain integration, business management, integrated solutions for logistics-intensive enterprises and advisory services.

Public Solutions:
this area comprises case and document handling, finance and business management, enterprise portals and election and democracy solutions.

ICT Operational Services:
this area comprises telecommunications and datacommunications, application management, server operations and outsourcing.

ErgoGroup's head office is in Nydalen in Oslo. The company has offices from Alta in the north of Norway to Kristiansand in the south, in addition to offices in Sweden.

Nordic Region
SYSteam forms a new business area in ErgoGroup, together with the subsidiaries ErgoGroup AB and Transware. ErgoGroup AB delivers outsourcing, it-operational and consultancy services to large and medium sized campanies.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

GOOD CORPORATE GOVERNANCE

Norway Post's main goals are satisfied customers, leading market positions, profitable growth, a competitive increase in value, attractive jobs and a good working environment.

To Norway Post, good corporate governance is the goals and main principles according to which the group is managed and controlled, as well as the structures that regulate the interaction between the governing bodies and the rest of the company's interest groups.

THE FOUNDATION

As in previous years, the issue of corporate governance has been discussed by Norway Post's board of directors and group management. The board has in 2006 provided a declaration to the market regarding the company's fundamental corporate governance principles. The objective of the corporate governance declaration is to increase confidence in the company's management system among those dealing with Norway Post. Confidence is necessary for a good reputation and a competitive growth in value. Norway Post's owner has also signed this declaration. The declaration and other information on the company's management are available on Norway Post's website: www.posten.no

Norway Post complies with Norwegian recommendations regarding corporate governance to the extent that these are appropriate for Norway Post's form of organisation and ownership. The reasons for any deviations from the recommendations are that Norway Post is not a listed company (deviations relating to the equal treatment of shareholders and free negotiability) and that the Norwegian state, represented by the Ministry of Transport and Communications, is the company's sole owner (deviations relating to the general meeting and nomination committee). The company and its employees have also agreed that the company is not to have a corporate assembly. As a private limited company that is wholly owned by the state, Norway Post also complies with the Government's 10 principles of governance.

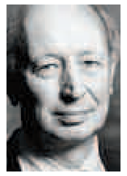
CORPORATE GOVERNANCE

THE BOARD OF NORWAY POST

ARVID MOSS
Chairman of the Board
Born: 1958
Director of Norsk Hydro, Corporate Portfolio Strategy
Education: Master of Business Economics degree, Norwegian School of Economics and Business Administration (NHH)

LIV STETTE
Vice Chairman
Born: 1958
Member of Ålesund Municipality's senior management team
Education: BA in education, psychology and political science/ public administration
Offices: Director of Nexus Knowledge Solutions AS and Teatret Vårt as

ELI ARNSTAD
Director
Born: 1962
CEO of Enova
Education: BA
Offices: Director of the Norwegian Savings Bank Association and the Centre for Economic Research at the Norwegian University of Science and Technology, vice chairman of the board of Sparebank 1 Midt-Norge



TERJE CHRISTOFFERSEN
Director
Born: 1952
Executive vice president, business area Mobility Services, TeliaSonera Group
Education: MBA, Cologne University 1978
Offices: Vice chairman of Netcom AS, director of Chess AS, Eesti Telekom and Eesti Mobil Telecom

SIGBJØRN MOLVIK
Director
Born: 1950
Teacher. MP representing the Socialist Left (SV) Party 2001-2005
Offices: Director of the Rikshospital-Radiumhospital Medical Centre, member of the Norwegian Broadcasting Council

In 2006, Norway Post initiated a review and revision of its governing documents. This process will be completed in 2007.

VALUE BASE

Norway Post's four fundamental values are integrity, respect, innovation and interaction. These fundamental values are to characterise the corporate culture and, together with Norway Post's vision, business concept, overall goals and strategies, form the foundation for Norway Post's management model.

Ethics form the basis for Norway Post's fundamental values but, in line with general trends in society and best practices, more detailed ethical guidelines are currently being prepared and will apply to all the group's employees.

OPERATIONS

Norway Post's operations are defined in the company's articles of association. These articles of association are shown below and are published on Norway Post's website. The company's objective is to carry out postal and logistics operations based on both physical and electronic solutions and other operations that are directly related to these. The management principles are adapted to suit Norway Post's operations.

The Ministry of Transport and Communications awarded Norway Post a new licence in 2006. This licence applies to some of Norway Post's operations and is authorised by the Postal Services Act and supplementary rules in the Postal Services Regulations. The licence is valid from 1 January 2007 to 31 December 2010.

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

Norway Post's board consists of ten directors. Six of these represent the owner while four represent the employees. The shareholder-elected directors have one alternate director while the employee-elected directors each have their own alternate director. The shareholder-elected directors are elected for a period of two years. Continuity is ensured by only half of the directors being up for election at the same time.

«Norway Post's instructions to the board» regulates the board's and CEO's liabilities 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. The board's main tasks include strategy, control and organisational assignments.

The board evaluates its work processes each year and assesses the contents of the instructions to the board as required. One board committee has been established, the compensation committee (see below). The board has decided on a mandate for this committee.

The board held 12 meetings in 2006.

REMUNERATION TO THE BOARD AND SENIOR EMPLOYEES

The directors' fees are set by the Annual General Meeting. The remuneration to the directors in 2006 is stated in note 2.

The board has appointed a compensation committee which consists of four of Norway Post's directors and is chaired by the chairman of the board. This committee is to assess and suggest conditions applicable to the CEO and any adjustment to these, give the CEO feedback on his assessments of the rest of the group management, and prepare materials prior to board discussions of the principles of the company's bonus schemes.

The remuneration to senior employees in 2006 is stated in note 2.

INFORMATION AND COMMUNICATION

Norway Post has an open, proactive information strategy that is based on Norway Post's goals, vision and values. In addition, guidelines have been established to ensure that Norway Post acts professionally and uniformly with regard to the media. Norway Post aims to be accessible and provide rapid feedback.

The company makes efforts to comply with the rules, requirements and standards for 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 on the Internet in Norwegian and English.

RISK MANAGEMENT

As stated in Norway Post's corporate governance declaration, an overall assessment of the group's risk is conducted annually.

As in previous years, the risk analysis for 2006 was based on the units' strategy, business plans and targets, and was an extensive process in which all the group's divisions and companies were involved. The aim is to map risks of a strategic, financial, operational and reputational nature. 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 by measures to manage and control the individual risk factors and avoid incidents that may be negative to the group's operations and reputation in the market.

INTERNAL CONTROLS

It is the company's board and group management that ensure the necessary control over the company's operations. This is done by such things as internal controls, external audits, legal quality assurance work, quarterly strategic and business reviews, continuous risk assessments and an annual assessment of the company's management. These processes are intended to ensure that the operations are sufficiently reviewed and controlled so that the responsibilities which the board and group management have under the prevailing legislation and the principles for good corporate governance are fulfilled.

Norway Post has also established a number of measures that help to ensure a good control environment for ethical values, management philosophy, personnel and expertise management, responsibilities, authority, quality and standardisation, as well as information and follow-up.

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

AUDITOR

The company's auditor attends the board meeting that examines the annual financial statements. At this meeting or at a separate meeting, the auditor reports on the audit and on his/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 that are naturally related to the audit. Norway Post's policy is to use the same firm of auditors for all the group companies.

ARTICLES OF ASSOCIATION OF POSTEN NORGE AS

Revised at the ordinary general meeting on 15.06.2006

§ 1 The name of the company is Posten Norge AS.

§ 2 The company's registered office is in Oslo.

§ 3 The company is to engage in postal and logistics activities based on physical and electronic solutions and other directly related activities. The activities may be carried out by the company itself, by wholly owned subsidiaries or through other companies in which the company holds interests or with which the company cooperates.

The company is to perform public tasks in accordance with legislation and its licence.

§ 4 The company's share capital is NOK 3 120 000 000, divided into 3 120 000 shares each with a nominal value of NOK 1 000.

§ 5 The company's board is to consist of from seven to ten directors as determined by the general meeting. Five, or possibly six, directors, including the board's chairman and vice chairman, are to be elected by the general meeting. The directors' term of office is two years.

§ 6 Two, or possibly three, directors and alternate directors are to be elected directly by and from among the employees according to the provisions relating to employees' board representation in the Norwegian Private Limited Companies Act ("Aksjeloven) and the regulations issued pursuant to this Act. To the extent it has been agreed that no corporate assembly should be set up, cf section 6-35, second subsection, of the Norwegian Private Limited Companies Act, the employees are to elect one director and an alternate director or two observers with deputies in addition to the representation stipulated by the last sentence, cf section 6-4, third subsection, of the Norwegian Private Limited Companies Act.

§ 7 The chairman of the board and one director acting jointly are authorised to sign on behalf of the Company.

§ 8 The board shall employ the company's general manager and determine the terms and conditions of his/her employment.

§ 9 The ordinary general meeting is to be held annually by the end of June. The ordinary general meeting is to consider and decide on the following issues:

1. Adoption of the annual financial statements and directors' report, including the distribution of dividend.
2. Other issues which, according to the law or the company's articles of association, are the business of the general meeting.

§ 10 The board is to submit to the Minister of Transport and Communications all issues assumed to be of social or fundamental significance.

Every year, the board shall submit to the Minister of Transport and Communications a plan for the company and its subsidiaries that includes the following factors:

1. The Group's main activities during the next few years, including major reorganisations, the further development of existing activities and the development of new ones. The same applies to major changes in the services offered.
2. The Group's financial developments.
3. Major investments, with financing plans for these.

The board is to submit to the Minister of Transport and Communications significant changes in any such plans that have previously been submitted to the Minister of Transport and Communications.

§ 11 The principles of the Languages Act («Mållova») are to be observed to the extent that this is possible without constituting any significant disadvantage in relation to private competitors.

THE BOARD OF NORWAY POST

GRY MØLLESKOG
Director
Born: 1962
Korn/Ferry International – Senior Client Partner
Offices: vice chairman of Hurtigruten Group ASA, chairman of Oslo Sporvognsdrift AS, director of DnBNOR Finans

ODD CHRISTIAN ØVERLAND
Employee director
Born: 1957
General Secretary of the Norwegian Postal and Communications Workers' Union (Postkom)
Employee of Norway Post since 1979

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

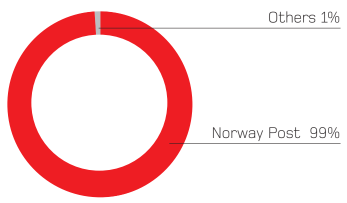
PAUL MAGNUS GAMLEMSHAUG
Employee director
Born: 1953
Distribution Network Division's representative in Postkom. Member of the executive committee of the Norwegian Postal and Communications Workers' Union (Postkom). Employee of Norway Post since 1974

JUDITH OLAFSEN
Employee director
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

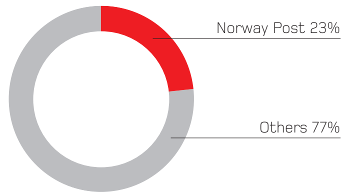
MARKET REPORT

MARKET REPORT

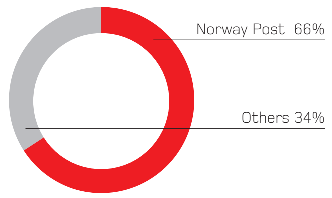
THE MARKET FOR OFFICE MAIL AND PRIVATE LETTERS IN NORWAY



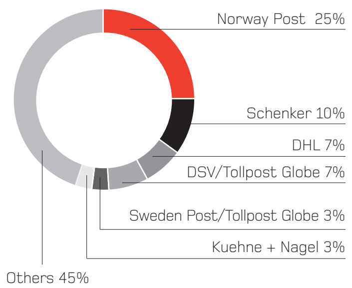
THE MARKET FOR NEWSPAPER DISTRIBUTION IN NORWAY



THE MARKET FOR UNADDRESSED MAIL ADVERTISING IN NORWAY



THE MARKET FOR LOGISTICS SERVICES IN NORWAY



STRONG MARKET GROWTH

Norway Post has four main business areas – Post, Logistics, Express and ICT. All have been characterised by strong growth in 2006.

The favourable economic conditions in Europe and the Nordic region, combined with structural changes, are driving this market growth, which is particularly strong in relation to logistics, parcels and ICT.

DEVELOPING POSTAL MARKETS

The postal markets in Europe are still led by the national mail companies, but competition is becoming fiercer as a result of market liberalisation. The EU's Postal Directive aims to end the national monopoly areas by 2009 at the latest. Full market liberalisation has been implemented in several countries, such as Sweden, Finland and the UK. Important markets such as the Netherlands and Germany are to be liberalised at the end of 2007. Over the past year, several players have intensified their network developments and positioning efforts in order to best prepare for market liberalisation.

Competition is becoming fiercer as a result of market liberalisation

Along with market liberalisation, more and more of the national mail companies in Europe are expected to be privatised. Deutsche Post, Österreichische Post and Dutch TNT are listed companies. Post Denmark and La Poste in Belgium have been partly privatised through sales to private investment companies. In addition, Finland, Italy, Switzerland, Poland, the Czech Republic, Macedonia and Hungary have given notice that there will be some privatisation of the state-owned mail companies leading up to 2009. Common to the privatised companies is that they invest heavily in new business areas, primarily in the fields of logistics and express services but also in postal activities in other countries. The privatisation of the national mail companies in several countries may lead to a restructuring phase, with the creation of new, large, cross-border constellations.

In the Nordic region, Norway Post is the only national mail company to establish physical distribution operations outside its native country. However, several of the mail companies have grown across national boundaries. Finland Post is represented in Norway, Sweden and Denmark through the Itella brand and offers services relating to information logistics and logistics. Following the acquisition of Strålfors in 2006, Sweden Post has printing operations in all the Nordic countries and a focus on parcel distribution throughout the Nordic region.

We are seeing more and more internationalisation of the postal market and customers often demand solutions that cater to the areas covered by their business operations. This is also true in the Nordic region. In addition, large customers are seeking solutions that include both printing and distribution. Nordic turnkey solutions are becoming necessary in order for a company to be competitive. This internationalisation means that cross-border mail is becoming an attractive market, and the competition will increase. It will be especially important for the mail companies to secure a large percentage of the imported letters for distribution in their own networks.

The composition of mail volumes is changing and electronic channels are leading to a reduction in the volumes of administrative mass mail and individual letters. On the other hand, the volume of advertising is increasing, led by a strong growth in unaddressed mail. In order to ensure that the mailbox remains an attractive channel, it is important that mail companies can demonstrate that they can carry out physical shipments efficiently and offer services that increase the value of letters. Experience has shown that electronic and physical communication channels often do not compete but rather complement each other. Norway Post wants to be a partner and adviser to help customers make efficient use of various channels.

GROWTH AND GLOBALISATION

The increase in international trade, transfer of manufacturing operations to low-cost countries in Eastern Europe and Asia, and a greater willingness to outsource parts of the value chain to third parties are leading to larger market volumes and increasing cross-border flows of goods to Europe and the Nordic region.

The volumes generated globally do not land directly in Norway but are brought into the land-transport networks via European ports and airports. Large global players such as DHL, TNT,

UPS, FedEx and Kuehne + Nagel have invested heavily in developing their international networks and European aircraft hubs in 2006. Several parcel and express companies, such as GLS and TNT, have invested in their own airline, while DHL has bought 49% of Polar Air Cargo. There is also a focus on securing access to ports. For example, the Chinese logistics company China Ocean Shipping Co has shown interest in buying parts of Greece's Piraeus Port Authority.

Regional positioning is an important tool for developing market strength and ensuring access to volumes. This is one of the main driving forces behind the rapid consolidation of the players in this field in the Nordic region. In a short space of time, the competition situation has changed from one involving mainly local companies to one dominated by a few large international companies. Schenker's (Deutsche Bahn) acquisition and recent rebranding of Linjegods is one example of this.

The national mail companies are active in the fight for the Nordic region. Itella Logistics (Finland Post) positioned itself as a Nordic general cargo company in 2006 by acquisitions in both Norway and Sweden. Posten AB, which owns 50% of TollpostGlobe in Norway, has spun off its logistics operations in a separate company, invested in new parcel-sorting centres in Denmark and Finland, built delivery networks for B2C parcels in Norway and established a hub in Hamburg. Post Denmark is extending its logistics services through the acquisition of Transportgruppen. Norway Post is also investing in the development of strong Nordic positions in the fields of cross-border parcel distribution, national and Nordic express services and thermo/frozen transport logistics.

The changes in corporate structures and sharp rise in online shopping are leading to strong growth in the parcel markets. The fight for market positions in the Nordic region is becoming tougher and the mail companies are subject to more intense competition.

GROWTH IN THE ICT MARKET

The Nordic ICT market is growing and is characterised by economies of scale and relatively good margins. More and more companies are choosing to outsource the operation and maintenance of their infrastructures and ICT systems.

In order to utilise economies of scale in relation to adapted solutions, more and more players in the consultant and integration market are focusing on selected sectors. The hunt for economies of scale led to a number of acquisitions in the ICT industry in 2006. Companies are becoming more Nordic and the large international players are strengthening their market positions in the Nordic arena.

More of the ICT customers are also becoming Nordic and international and the demand for Nordic solutions is growing. Only a few players have the capacity to compete with the large international companies in the Nordic arena. National companies in the Enterprise segment are being sold to international players.

Differentiation by offering value-increasing services is an important tool for utilising the potential in the market and ensuring profitability. The demand for outsourcing services in the SME market is growing faster than in other markets. The trend is towards standardised solutions adapted to suit the individual industry. Unlike other segments, SME customers require a geographical presence. This gives national and regional companies a competitive advantage.

COMMUNITY REPORT

POST OFFICE NETWORK – NUMBER OF LOCATIONS

	2004	2005	2006
Post offices	328	327	327
Post in Shops	1 201	1 196	1 184
Total	**1 529**	**1 523**	**1 501**

TAXES AND CHARGES

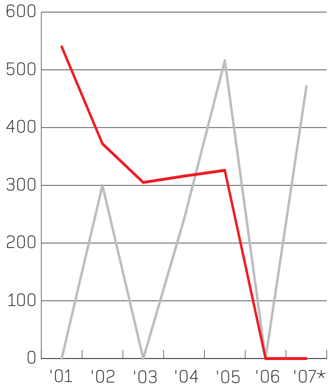
In NOK billion	2004	2005	2006
Value added tax	1 608	1 667	1 668
Employers' national insurance contributions	798	732	747
Taxes	1 498	1 398	1 416
Corporation tax	0	181	590
Total	**3 904**	**3 977**	**4 441**

DELIVERY QUALITY A MAIL IN 2006

per quarter in %	1.	2.	3.	4.	Total
Overnight delivery :					
Licence requirement: 85%	83.9	87.2	85.2	74.4	**82,4**
Delivery within 3 days :					
Licence requirement: 97%	99.2	99.6	99.1	98.3	**99,0**

GOVERNMENT PROCUREMENTS AND SHARE DIVIDEND

In MNOK



Government procurements

Share Dividend (Distributed for the previous financial year)

* The Board's recommendation to the Annual General Meeting in 2007 for the 2006 financial year.

TAKING SOCIAL RESPONSIBILITY SERIOUSLY

The group expresses its social responsibility by complying with its licence requirements, creating value, not wasting resources in its operations and focusing on the environment and HSE.

The group's social responsibility is reflected in how Norway Post carries out its tasks.

LICENCE

Good postal services are important for society and business and ensure links throughout Norway and between different countries. The licence-regulated part of Norway Post's tasks is to provide high quality postal services at reasonable prices throughout Norway – six days a week. The mandatory postal services and basic banking services must be available in a nationwide sales network that has at least one post outlet (post office or Post in Shop) in each municipality.

FINANCIAL RESPONSIBILITIES

The group's main goal is to create value for its owner. The Ministry of Transport and Communications stipulates that we must have profitable operations, be competitive, provide a return on invested capital and as much value creation as possible over time. There is a clear link between the creation of financial value and our relationship with our customers, employees and other interest groups in society.

The group is to be perceived as a positive contributor to society

ENVIRONMENTAL RESPONSIBILITIES

The group contributes to sustainable developments through having environmentally efficient operations. We take environmental consequences into consideration in all our value chains. By making environmental demands of our suppliers and choosing environmentally correct solutions in our operations, we minimise the volume of resources used, waste and emissions. All our employees must help to safeguard nature and our surroundings by including environmental considerations in their day-to-day work.

HEALTH, SAFETY AND THE ENVIRONMENT

The group is to be perceived as a positive contributor to society. We strive to have a dialogue with relevant interest groups and to be open about the social consequences of our operations. The group is to be an attractive workplace, with a diverse and including environment characterised by integrity, respect, innovation and interaction. We aim to promote a healthy working environment and prevent work-related illnesses and sickness absenteeism. We work systematically to reduce sickness absences and work-related injuries.

Our goal is to have well trained and safety-conscious employees. Norway Post makes efforts to create the best possible safety conditions and emergency preparedness prosesses.

MANDATORY TASKS

Norway Post's mandatory tasks relate to requirements regarding its product portfolio, availability and delivery time and apply to the entire population of Norway. In 2006, Norway Post met the licence requirements as to mandatory postal services and basic banking services, with the exception of the delivery quality. Norway Post's delivery quality, measured as the volume of A mail delivered overnight, was 82.4 per cent, which is below the licence requirement of 85 per cent.

Mail is collected from post boxes in around 26 000 locations. 10 500 postmen and postwomen and 4 750 drivers service the country's 2.3 million households and 420 000 enterprises, distributing mail six days a week. Delivery takes place to more than 2 165,000 mailboxes or post office boxes.

Norway Post makes efforts to ensure that as many people as possible have their mail delivered six days a week, and has no plans to reduce its mail deliveries to five days a week – as is the minimum requirement in the EU. Exceptions from the daily mail deliveries are due to special geographical conditions which make it impossible or unreasonably expensive to deliver mail every day. In 2006, 792 households, or 0.03 per cent, did not have mail deliveries six days a week. This means that 99.97 per cent of all households have mail delivered six days a week.

Norway Post's sales and service network consists of 303 post offices, 24 company centres, 1 184 Post in Shops and 1 762 rural postal routes. Together with the online channel, www.posten.no, and customer service telephones, this ensures good accessibility throughout Norway. In 2006, the overall hours of business were further extended, and nine out of 10 locations are open for more than eight hours a day from Monday to Friday. A total of 66 per cent of the shops that have Post in Shops are open for more than 10 hours a day from Monday to Friday.

The requirements relating to basic banking services were met through Norway Post's cooperation agreement with DnBNOR/Postbanken. This bank offers to arrange accounts, deposits, withdrawals and payment services through the post office network. Norway Post is thus a sales channel for Postbanken, while it is DnBNOR/Postbanken that owns the products and determines all the product conditions, including interest rates and charges.

GOVERNMENT PROCUREMENTS

Norway Post's licence requirements lead it to incur to additional costs. These additional costs are to be covered by any profits on the monopoly services and by the government's purchases of unprofitable postal services. In 2006, the Norwegian government did not grant an amount for government procurements to cover the net loss Norway Post made by providing unprofitable services, which was calculated as being NOK 253 million. Nor has any amount been allocated for government procurements in 2007. Norway Post expects a clarification of this in the Owner Report which will be submitted to the Norwegian parliament in 2007.

SHARE DIVIDEND

Norway Post pays a dividend to its owner when it makes a profit and has distributable equity. For 2006, the Board has proposed to the Annual Shareholder Meeting to pay NOK 471 million in dividend.

ENVIRONMENTAL REPORT

ENVIRONMENTAL REPORT

INPUT FACTORS

ENERGY CONSUMPTION	UNIT	2005**	2006**
Electricity	kWh	127 975 726	250 059 153
District heating	kWh	10 368 457	10 461 844
Fuel oil	kWh	3 387 308	4 190 987
Total energy consumption	kWh	141 731 491	264 711 984

NORWAY POST'S OWN VEHICLES		*	
Vehicles	No.	6 164	6 185
Lorries ≥ Euro2	%	92	98
Lorries ≥ Euro3	%	55	69
Lorries ≥ Euro4	%	-	11
Km driven	Km	127 388 582	144 630 728

* incl. subsidiaries

** Norway Post Group, incl. subsidiaries

INPUT FACTORS

HIRED TRANSPORT SERVICES		2005	2006
Vehicles	Tonnekm	1 201 396 019	3 304 416 409
Aircraft	Tonnekm	56 768 977	26 570 577
Trains***	Tonnekm	566 219 640	571 544 978
Ship transport	Tonnekm	67 619 431	1 208 825 160

CONSUMPTION OF MATERIALS, ENERGY			
Petrol	Litre	4 765 065	4 291 238
Diesel	Litre	29 275 570	20 479 392
Fuel oil	Litre	277 592	352 989
Biodiesel, 100%	Litre	-	14 569

*** Using electrically run trains, approx. 81% in 2003, approx. 79% in 2004, approx. 90% in 2005, 89% in 2006

EMISSIONS TO AIR

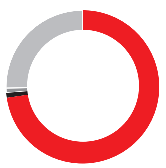
FOSSIL FUELS IN TONNES	CO_2	NO_x
TOTAL EMISSIONS 2004*	296 716	1 718
TOTAL EMISSIONS 2005*	409 765	1 809
TOTAL EMISSIONS 2006*	625 856	3 960

*The emissions in 2004, 2005 and 2006 are for the whole group

DISTRIBUTION OF CO_2 EMISSIONS

- Vehicle transport 81 %
- Railway transport 1 %
- Airfreight 11 %
- Ship transport 7 %
- Fuel oil 0.2 %

DISTRIBUTION OF NO_x EMISSIONS



- Vehicle transport 72 %
- Railway transport 1 %
- Airfreight 1 %
- Ship transport 25 %
- Fuel oil 0.02 %

ENVIRONMENTAL AMBITIONS

Norway Post focuses on the environment throughout its value chain by preventing and reducing consumption, emissions and waste. Transport is its greatest environmental challenge.

Norway Post recognises the huge global climate challenges the world is facing and has adopted «climate neutrality» as the ambition for its environmental work from now and until 2011.

TARGET FOR THE EXTERNAL ENVIRONMENT

During the 2007-2011 period, Norway Post will pay a great deal of attention to CO2 emissions from its transport operations. The group's transport solutions are to be developed with a focus on environmental efficiency. Norway Post will place emphasis on CO2 emissions when choosing vehicles/means of transport, increase its use of climate-neutral fuels, optimise its logistics operations, make environmental demands on its subcontractors and take CO2 emissions into account when arranging business trips.

Developments in the group's units are to be followed up by a CO2 measurement indicator and the group's CO2 status is to be expressed via Norway Post's Climate Index. The Climate Index and sebsequent goals will be defined and developed in the spring of 2007. The reporting routines and data quality of our own and outsourced transport services will be improved upon.

ENVIRONMENTAL ACCOUNTS 2006

The environmental accounts for 2006 cover the entire group. The volume of reported transport work has increased considerably compared with 2005. This is due in part to an actual increase in production and in part to new companies joining Norway Post in 2006.

Changes to the sorting-centre, logistics and production systems in 2006 led to a change in the proportions of the various means of transport used. In 2006, the volume of leased transport vehicles and ships increased considerably, the volume of railway transport remained almost the same as in 2005 while the volume of air transport fell. In the late autumn of 2006, Norway Post established its own airfreight network in order to improve the quality of its mail deliveries and its compliance with the licence requirements. The use of its own aircraft had a minimal effect on the 2006 environmental accounts.

The total CO2 emissions from Norway Post's own and leased transport rose considerably in 2006. More than 99% of Norway Post's CO2 emissions are transport-related and are divided as follows: 81% from vehicle transport, 11% from airfreight, 1% from railway transport and 7% from ship transport.

IMPROVING ENVIRONMENTAL KNOWLEDGE

In 2006, 359 out of a total of 1 600 managers in Norway Post underwent environmental training as part of the Employer's Role management programme. From the autumn of 2007 onwards, annual HSE training with an environmental module will be established for all Norway Post managers.

> 1 000 drivers learned to drive economically and environmentally efficiently in 2006

As positive experience from a year of cooperation was the primary reason Norway Post entered into a new, three-year cooperation agreement with GRIP (a foundation working to ensure sustainable production and consumption) in the autumn of 2006 called the Green Alliance. Hamar Post Terminal was certified as an Eco champion in 2006. Norway Post now has two sorting centres that are certified as Eco «Champions». Vestfold Post Terminal is to be recertified in 2007.

Norway Post continued its work of improving its waste system and waste routines in 2006. The share of residual waste in the group fell from around 35% in 2005 to approximately 33% in 2006.

PUBLIC TRANSPORTATION

In 2006, the Ministry of the Environment finally granted Norway Post a permit to build a new South East Norway mail sorting centre at Robsrud in Lørenskog, outside Oslo. The Ministry has stipulated as a requirement that at least 50% of the journeys to work by the approximately 3,000 employees must take place using public transportation and this is reflected in Norway Post's plans.

UTILISING CAPACITY

The new load-carrier system was implemented in 2006. The mail-sorting boxes are lighter than the old ones, allow mail to be packed tighter and provide a better utilisation of the vehicle capacity by reducing the number of trips made without a load and return trips. The new mail-sorting boxes are made from recycled materials from the previous generation of load carriers. A higher level of coordination has also led to better utilisation of Norway Post's fleet of vehicles. The routes will be optimised using the GeoRoute tool in 2007.

Spare capacity in Norway Post's airfreight network is filled with other cargo, such as fresh goods for Svalbard.

ENVIRONMENTALLY EFFICIENT DRIVING

The average age of Norway Post's fleet of vehicles is now about 5.2 years. In 2006, the parent company's fleet of vehicles was upgraded with 730 vans and 108 lorries, all with Euro 4 engines which meet the EU requirements. In 2007, an additional 2 300 vans with particle filters, among other things, will be purchased. Around two thirds of the vans bought in 2006 and 2007 can run on biodiesel. Electric mopeds have been tested with good results and more will be purchased in 2007.

By the end of 2006, around 1 000 of the group's drivers had received training in environmentally efficient, economical driving. The subsequent reduction in fuel consumption will be measured in 2007. The goal is to achieve a 5% reduction in the fuel consumption of heavy vehicles and all the remaining drivers of heavy vehicles will undergo training in 2007.

BIOFUEL

Norway Post's conference to discuss the usage of renewable fuels in transportation resulted in the creation of a joint project with fuel supplier YX Energi, Ikea and GRIP, among others, regarding the use of biodiesel. A one-year pilot project was started in July 2006 and covers four of Norway Post's lorries that transport goods for Ikea. The effect on the vehicles and the drivers' experiences will be evaluated in the summer of 2007. The aim is to increase the use of biodiesel if the experiences from the pilot project are positive.

Box Delivery in Sweden started to use four lorries that run on biogas in 2006 and will start to use an additional 32 biogas-run lorries in 2007.

THE GLASS BEAR ENVIRONMENTAL AWARD

In 2006, the group was awarded the Glass Bear, a national environmental award, for Norway Post's Energy Programme. This energy-savings programme, which ran from 2002 to 2005, produced extremely good results. It resulted in savings of more than 20 GWh, equal to the annual energy consumption of around 800 residential homes. The annual consumption of fuel oil at the mail sorting centres fell by more than 80%, equal to an annual reduction in CO2 emissions of around 1 300 tonnes.

WASTE

	UNIT	2005**	2006**
Residual and unsorted waste	Tonne	4 596	5 021
Paper and cardboard	Tonne	5 971	7 174
Plastic	Tonne	181	246
Wood	Tonne	2 068	2 161
Other waste	Tonne	284	496
TOTAL *	**TONNE**	**13 100**	**15 098**
Share of residual waste	Tonne	35	33

* The volume of waste is estimated for large parts of leased areas

** The volume of waste for the entire group

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IN GENERAL
Posten Norge was established as a statutory company, Posten Norge BA, on 1 December 1996 and converted into a limited company, Posten Norge AS, on 1 July 2002, with the Norwegian state, via the Ministry of Transport and Communications, as its sole shareholder. Accounting and taxation continuity was maintained during the transition to a limited company.

HISTORICAL DEVELOPMENTS
The formation of the company and of the group
Posten Norge BA was established with an equity of NOK 1 720 million on 1 December 1996. The Norway Post Group was established on the same date, with a subsidiary called Posten SDS (later ErgoGroup) and an associate called Billettservice AS (50%) (sold in 2001).

Posten Norge BA was converted into a limited company on 1 July 2002. It received NOK 2 060 million in contributed capital, of which NOK 400 million was a conversion into equity of a subordinated loan. The severance pay obligations, which amounted to NOK 121 million, were debited to other equity, so that the net equity contributed was NOK 1 939 million.

Regulatory factors/ changes to the licence:
The licence granted to Norway Post in connection with the formation of the company and which was valid as from 1 January 1997 contained the following main provisions:
- Norway Post must ensure efficient nationwide postal deliveries in Norway (basic services)
- The financing of the additional costs of maintaining a statutory service level in excess of that which is profitable from a commercial point of view shall take place through a contribution from the profit on the monopoly (licensed) area and a grant from the Norwegian state through the purchase of postal services.
- Norway Post must present product accounts documenting, among other things, that there is no illegal cross-subsidising between the monopoly products and the products exposed to competition.

Changes in the licence terms after 1 January 1997:
1999:
- A requirement that 85 per cent of the priority mail is to be delivered the day after it is handed in.
- The monopoly on delivering sealed, addressed mail of up to 350 grams is restricted in that books, catalogues and magazines no longer are covered by this right.
- A requirement of at least one permanent sales outlet (post office) in each municipality.

2001:
- Unaddressed post is no longer included in the delivery obligation.
- A duty to notify the Norwegian Post and Telecommunications Authority of any changes in the prices of statutory services or of any changes in the sales network, rural postal distribution system or post boxes for mail collection.
- A clearer definition of cross-subsidisation.

2003:
- The monopoly is restricted by the weight limit being changed from 350 grams to 100 grams/three times the basic price for domestic priority mail.
- Letters to foreign countries are subject to full competition.

2006:
- The monopoly is restricted by the weight limit being changed from 100 grams to 50 grams/2.5 times the basic price as from 1 January 2006.
- The Norwegian parliament decided on 9 June 2006 to cancel the 2005 parliamentary resolution to open the Norwegian letter market up for full competition as from 1 January 2007.
- On 18 October, the EU Commission presented proposals regarding a new EU Directive governing postal services. These proposals entail full liberalisation in the EU/EEA area in 2009.

2007:
A new licence applies from 1 January 2007 to 31 December 2010 and contains the following changes:
- A maximum-price system is introduced for mandatory postal services (excl. mass sendings)
- Requirement introduced that Norway Post must strive for universal design in order to ensure good access for persons with disabilities 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.

Banking services
1999:
In connection with the conversion of Postbanken BA from a statutory company into a limited company, the Postal Company Act (an Act applicable only to Posten Norge BA) was amended to state that the company is to enter into an agreement with a financial institution that is to have an exclusive right and duty to offer basic banking services throughout Norway Post's sales network.

2002:
In connection with the conversion of Posten Norge BA into a limited company, a separate Act was introduced relating to the provision of basic banking services through Posten Norge AS's sales network. This Act ensures that, through an agreement with a financial institution, Norway Post is to offer basic banking services throughout its sales network.

The current agreement with DnB NOR is valid from 1 January 2006 to 31 December 2012.

Assessment of the sales network
2006:
Norway Post has conducted a broad assessment of its future channel strategy. The consequences for the sales network have been submitted to the Minister of Transport and Communications in accordance with §10 of Norway Post's articles of association (issues of societal/fundamental importance). The Ministry of Transport's assessments will be stated in the owner report on Norway Post which, according to plan, will be submitted to the Norwegian parliament in 2007.

Significant payments to/from the owner
Posten Norge BA was established with an equity of NOK 1 720 million. In addition, the Norwegian state provided a subordinated loan of NOK 400 million.

The Annual General Meeting agreed to pay extraordinary dividends of NOK 120 million in 2003 and NOK 50 million in 2004. The total dividend (ordinary/extraordinary) came to NOK 241 million in 2003 and NOK 516 million in 2004. No dividend was paid in 2005 due to the limitations on distributable reserves in the Norwegian companies Act. Governmental grants through purchase of postal services amounted to NOK 316 million in 2004 and NOK 326 million in 2005. No funds have been allocated for this in 2006 and 2007.

In 2003, Posten Norge AS paid NOK 1 475 million to cover the shortfall in the company's pension scheme with the Norwegian Public Service Fund and at the same time received additional equity of NOK 600 million from its owner. The board has decided to withdraw from the group pension scheme with the Norwegian Public Service Fund with effect from 31 December 2005, cf note 3.
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. In the 2005 accounts, a final settlement of NOK 1 480 million was assumed due to calculations provided by the Public Service Fund in statements a0s at 31 December 2005, which is later adjusted by NOK 42 million due to errors in the calculation of variable supplements (comparative information for 2005 is adjusted accordingly). The actual final settlement will be determined by the Ministry of Government Administration and Reform in 2007.

Divestment of operations
The cleaning services and canteen services were transferred to Posten Servicepartner AS in 1998 and 2000 respectively. Posten Servicepartner AS was sold to ISS Norge AS in 2002. In 1999, the financial services (payroll and accounts) were transferred to Posten Økonomitjenester AS, which was fully owned by SDS (later ErgoGroup). ErgoGroup sold the contents of this company to Adviso AS in 2001. Posten Norge AS transferred its HSE operations to a newly established company, HMS Norge AS, in 2004. Norway Post and Telenor each owned 50 per cent of the shares in this company, which was sold to Hjelp 24 AS in 2005.

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.

Acquisitions and establishment of operations from 1996 to 2003 that have been continued in the group's various segments in 2006:

Post Segment:
2002: Posten Norge AS strengthened its market position in Sweden by acquiring 57 per cent of the shares in CityMail Sweden AB.

Express Segment:
1997: Posten Norge BA acquired 25 per cent of the shares in NordPack AB which changed its name to Pan Nordic Logistics AB (PNL) in 1998.
1999: Posten Norge BA acquired 40 per cent of the shares in Transport Systems International AS (later BoxGroup).
2001: Transport Systems International (later BoxGroup AS) acquired De Grønne Bude AS in Denmark.
2002: Posten Sverige AB (Sweden Post) sold its 33.3 per cent shareholding in Pan Nordic Logistics (PNL) and Post Danmark (Denmark Post) and Posten Norge AS increased their shares in this company to 50 per cent each. PNL bought 99.78 per cent of AB Expressgods dag och natt. Posten Norge AS increased its stake in Transport Systems International (later BoxGroup AS) from 79.47 per cent to 100 per cent.

Logistics Segment:
2000: Posten Norge BA acquired the following companies: Oslo Container Stevedor AS (100 per cent) (later BoxSolutions AS), Wajens AS (100 per cent), Nettlast AS (100 per cent), and Nettlast Hadeland AS (100 per cent).
2003: Oslo Container Stevedor AS (later BoxSolutions AS) bought the logistics operations of Fellestransport AS and Wajens AS bought Arntsen Tungtransport.

ICT Segment:
1999: Parts of the operations of Posten SDS (later ErgoGroup) merged with Ephorma AS, in which SDS has a 50 per cent stake.
2000: Posten SDS AS (later ErgoGroup) bought 40 per cent of the shares in Transware AB.
2001: Posten SDS AS changed its name to ErgoGroup AS and established ZebSign AS together with Telenor, with each company holding a 50 per cent share. In cooperation with Norsk Tipping AS, ErgoGroup established Buypass AS.
2002: ErgoGroup bought the operations in Runit AS, which were continued in a new company called ErgoRunit AS. ErgoGroup increased its stake in Objectware AB from 40 per cent to 70 per cent.

In 2004-2006, the following companies were established, merged, bought or sold in the group's various segments:

Post Segment:
2005: Norway Post sold its internal company postal services business area to ISS with effect from May 2005.
The Group bought the remaining 43 per cent of the shares in Citymail AB with effect from 31 December 2005.
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. With effect from November 2006, Norway Post bought all the shares in Talk2me AS in order to strengthen Norway Post's operations relating to CRM systems and loyalty programmes.

Express Segment:
2005: Box Delivery Norge AS bought 100 per cent of the shares in Gardermoens Distribusjons Service AS (GDS) with effect from July 2005.
BoxGroup bought 100 per cent of the shares in the Finnish company Fillarilähetit OY with effect from September 2005.

Logistics Segment:
2004: Posten Norge AS bought Nor-Cargo Holding ASA with effect from 1 June 2004. On 1 October 2004, Nor-Cargo Holding ASA bought the remaining 50 per cent of the shares in Nor-Cargo Haugesund AS, which was merged with Nor-Cargo AS. The remaining 50 per cent of the shares in Nor-Cargo Danmark AS were bought with effect from 1 December 2004. Nettlast Helgeland AS merged with Nettlast Hadeland AS. The shares in KortProsess AS were sold.
2005: Nor-Cargo Holding AS bought the shares in Nor-Cargo Tromsø AS with effect from 1 January 2005.
In addition, Nor-Cargo Holding AS bought all the shares in Eurodynamic AS and HSD Transport AS with effect from July and November 2005 respectively.
In 2005, Nor-Cargo Bedriftspakke AS and Nor-Cargo Airfreight AS merged. In addition, Nor-Cargo Tromsø merged with Nor-Cargo Skjervøy and Nor-Cargo Narvik. Oslo Container Stevedor AS changed its name to Box Solutions AS in August 2005.
2006: Posten Norge AS acquired all the shares in Frigoscandia (FSD HoldCo AB) with effect from January 2006. From the same date, Nor-Cargo Holding AS and the Johs Lunde Group agreed to merge their thermo-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.
BoxSolutions AS merged with Wajens AS with effect from January 2006 and bought all the shares in Grenland Transport and Industriservice AS on 1 November 2006.
During the year, Nor-Cargo bought all the shares in the following companies: Holmskau Transport AS with effect from July 2006, Blomquist Transport og Spedisjon AS from September 2006 and Scanex BV from October 2006.
In order to simplify Nor-Cargo's communication with customers and 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.

ICT Segment:
2004: ErgoIntegration AB was established as a fully owned company in ErgoGroup AS. The ownership shares in Transware AB and Interprice Consulting Norge AS were increased to 100 per cent. Runit Raufoss Industripartner merged with ErgoRunit AS. The shares in Adviso AS and Laycan Solutions AS were sold.

2005: ErgoSolutions AS, ErgoIntegration AS, Ergo Ephorma AS and Electric Farm AS merged with ErgoGroup AS. In October, ErgoGroup entered into a contract with Ementor ASA to buy Ementor's outsourcing operations in Norway and Sweden. ErgoGroup AS bought all the shares in Serve ASA and Løsningsarkitektene AS in November/December. ErgoGroup and Telenor ASA sold their shares in ZebSign AS to Bankenes BetalingsSentral AS (BBS).
2006: ErgoRunit merged with ErgoGroup AS with effect from 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 AS were purchased from Nor-Cargo in 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: ErgoGroup bought all the shares in Sweden's SYSteam AB in February 2007.

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 statement 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.

Transition to IFRS

The board of Norway Post decided to report the consolidated financial statements in accordance with IFRS as from 2005. Norway Post prepared an IFRS opening balance sheet for the date of the transition to IFRS, which was 1 January 2004. In addition, the income statement and balance sheet for 2004 have been restated to comply with IFRS. Refer to the 2005 financial statements for further information on the transition to IFRS and the effects of the transition.

The group made use of the opportunity to postpone the implementation of the financial instrument standards (IAS 32 and 39) until 1 January 2005. Comparable figures for financial instruments in 2004 are thus presented in accordance with Norwegian generally accepted accounting principles (NGAAP).

Adopted standards that have not come into force

The standards and statements listed below have been issued but have not yet entered into force. Norway Post has chosen not to apply these in this year's financial statements. The new standards will affect the information requirements relating to financial instruments as from 2007 and segment reporting as from 2009.
- IFRS 4 Insurance contracts (changes to the guidance regarding IFRS 4 implementation)
- IFRS 7 Financial instruments: disclosures
- IFRS 8 Segment reporting
- IAS 1 Presentation of financial statements (minor changes)
- IFRIC 7 - Applying the restatement approach under IAS 29
- IFRIC 8 - Scope of IFRS 2
- IFRIC 9 - Reassessment of Embedded Derivatives
- IFRIC 10 Interim financial reporting and impairment
- IFRIC 11 IFRS 2 - Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements

Estimates

The financial statements have been prepared in accordance with IFRS. This means that the management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities. Areas in which such estimates are significant include pensions, goodwill, trademarks, other intangible assets, tangible fixed assets and provisions for liabilities and charges.
This particularly applies to the assessment of pension liabilities and reserves relating to the withdrawal from the Norwegian Public Service Fund and to uncertainty related to the defined benefit pension schemes (refer to note 3).

There is uncertainty linked to the assessment of the recorded values for goodwill, trademarks and other intangible assets in connection with the estimation of future cash flows when evaluating impairment and the choice of discount rate when calculating the present value of the cash flows (refer to note 9). Future events may lead to the estimates changing. The changes will be recognised when a new estimate is determined. The same applies to impairment assessments for tangible fixed assets.

The 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 18). If a foreign subsidiary is sold, the accumulated translation differences linked to the subsidiary are recognised in the income statement.

At the transition to IFRS as at 1 January 2004, the accumulated translation differences related to foreign subsidiaries were reclassified to other equity in accordance with the option allowed in IFRS 1.

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 important 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 aquired during the year are incorporated in the financial statements as from their acquisition date, while companies that are sold are included in the financial statements until the date of sale.

Added value from the purchase of enterprises is allocated to identifiable asset and liability items on the acquisition date. Added value that is not allocated to assets and liabilities 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 liabilities is reassessed. Negative goodwill that arises following this reassessment is taken to income.

The minority interests' share of the equity is shown as a separate line item in the group's equity. The minority interests include the minority interests' share of the balance sheet value of subsidiaries, including its 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 proportionate consolidation method, ie, the shares of incomes, expenses, assets and liabilities are consolidated line by line in the consolidated financial statements.

An associate is defined as a company in which the group has a considerable influence. A significant influence normally exists when the group owns 20-50 per cent of the voting capital. Shares in associates are recognised according to the equity method and the group's share of the associate's net income for the year is offset against the cost price for 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.
The segments' accounting principles are the same as those used to prepare and present the consolidated financial statements.

Revenues

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.

– The Post segment

Revenues from the sale of goods and services are recognised on the date when the products or services are delivered to the customer, the risk is transferred and an account receivable has been established in relation to the customer. The sale of postage stamps is regarded as prepayment for the sale of postal services. Government payments for unprofitable operations are taken to income when the amounts granted are received.
Remuneration for banking services is taken to income on the basis of the banking transactions that have been carried out, the sales of savings products and the disbursed loans that have been arranged by Norway Post.

– The Express and Logistics Segments

Revenues from the sale of goods and services are recognised on the date when the products or services are delivered to the customer, the risk is transferred and an account receivable has been established in relation to the customer.

– The ICT Segment

Revenues from the sale of goods and services are recognised on the date when the products or services are delivered to the customer, the risk has been transferred and an account receivable has been established in relation to the customer. Service and maintenance 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.

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, less the contributions from employees and estimated yield on the pension assets. The premium for the defined contribution pension schemes is charged to expenses as it arises.

Prepaid pensions correspond to the difference between the estimated pension scheme assets and the present value of estimated pension liabilities, less 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 added 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 charged to expenses immediately. Changes in the 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 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.

Taxes

Taxes include taxes payable for the period and changes in deferred taxes/tax assets. Taxes payable are calculated on the basis of the earnings before tax. The net deferred tax/tax asset is calculated on the basis of temporary differences between accounting and tax values and tax losses carried forward at the end of the financial year, with the exception of:
- deferred tax which arises as a result of goodwill impairments 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. 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 useful 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 useful life. Depreciation starts from the date when the tangible fixed asset is put into ordinary operations. Depreciation takes the fixed asset's residual value into account. Both the remaining useful life and the residual value are evaluated annually. Assets 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 land and buildings that are rented out, are purely investment objects or whose future use has not yet been determined. These assets are not used in the company's operations. In accordance with IAS 40 Investment Property, investment assets are assessed according to the cost model and valued in accordance with the requirements stated in IAS 16 Tangible Fixed Assets.

Intangible assets
Intangible assets are capitalised if probable future economic benefits can be proven and attributed to the asset and the asset's cost price can be estimated reliably. Intangible assets with a finite useful life are capitalised at their acquisition cost after deducting accumulated amortisation and write-down amounts. Intangible assets with an indefinite useful life are not amortised but are evaluated to see if they should be written down each year. Refer to the more detailed description under impairment of assets. Intangible assets that have not been taken into use are also tested to see if they should be written down.

– research expenses
Research expenses are expensed as they are incurred. Research is an internal process which does not give rise to independent intangible assets that generate future economic benefits.

– 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 capitalised 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 capitalised. Otherwise, the costs will be expensed as they arise.

– 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 capitalised. Trademarks with a finite useful life are amortised over this useful life, while trademarks with an indefinite useful life are not amortised but tested to see if they should be written down.

– goodwill
Added value from the acquisition of an enterprise that cannot be allocated to assets or liabilities on the acquisition date is classified as goodwill in the balance sheet. In the case of investments in associates, 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 group implemented IAS 39, Financial Instruments: Recognition and Measurement on 1 January 2005.

The initial valuation of financial instruments is based on their fair value on the settlement date, normally the transaction price. Financial instruments are classified in the following categories: fair value through profit or loss, available for sale, and loans/receivables.
- Financial assets and liabilities that are held with the intention of making money on short-term fluctuations in price (held for trading purposes) or which are recognised according to the fair value option are classified as fair value through profit or loss.
- All other financial assets apart from loans and receivables originally issued by the company are classified as available for sale.
- All other financial liabilities are classified as other liabilities and recognised at their amortised cost.

Gains or losses resulting from changes in the fair value of financial investments classified as available for sale are recognised directly in equity until the investment has actually been sold. The accumulated gain or loss on the financial instrument that was previously recognised in equity will then be reversed and the gain or loss will be recognised with 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 beome a party to the instrument's contractual provision. 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.

– fair value hedges
Derivatives that form part of fair value hedges are recorded 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 abovementioned requirements for hedges.

– cash flow hedges
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 prospectively. 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 of a net investment in a foreign entity
The company takes positions in various currencies in order to hedge its net investment in foreign entities. Changes in the currency derivatives that are dedicated for hedging purposes are reported as translation differences in the group's equity until any sale of the investment, after 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 recorded 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
– goodwill
Goodwill is not subject to amortisation but is tested at least once a year for any reduction 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 impairment test is carried out if there are any indications of a reduction in value.

– financial instruments
Financial instruments are evaluated for any reduction in value on each balance sheet date.

Financial assets which are recorded 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 was recorded. 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 for which there is objective information on the reduction 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 previous 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.

– other assets
The write-down of other assets with a finite useful life is 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 book value of an assessment entity exceeds its recoverable amount. The recoverable amount 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 stating that the need to write-down no longer exists or is no longer as great. However, reversal will only take place to the extent that the recognised value does not exceed what the recognised value would have been if normal depreciation/amortisation periods had been used.

Inventories
Inventories are recognised at the lower of cost price and net sales price. The net sales price is the market price under 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. Given 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
– 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) 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.

– 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.

– 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.

– costs relating to equity transactions
Transaction costs related to an equity transaction are recognised directly in equity after deductions for tax. Only transaction costs directly linked to the equity transaction are recognised directly in equity.

Provisions
Provisions are recognised when the company has a prevailing liability (legal or assumed) as a result of an event that has taken place and it can be proven probable (more probable than not) that there will be a financial settlement as a result of the liability and when the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. In the case of a considerable time effect, the liability is recognised at the present value of future liabilities.

Uncertain liabilities assumed through the acquisition of a company are capitalised at their fair value even if the liability is not a probable one. The evaluation of probability and fair value are carried out continuously. Changes in fair value are recognised in the income statement.

– 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 for restructuring are expensed when the programme is adapted 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.

– severance pay
Severance pay is paid to redundant government employees until they get a new job. This applies only to those dismissed prior to 31 December 2004. The severance pay liability is calculated according to best estimates, based on the rules applicable at 31 December 2004.

Contingent liabilities and assets
Contingent liabilities include:
(i) possible liabilities resulting from previous events where the liability's existence depends on future events
(ii) liabilities that have not been recognised because it is not probable that they will lead to payment
(iii) 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 with the exception of contingent liabilities where the likelihood of the liability arising is remote.

A contingent asset is not recognised in the annual financial statements but it is disclosed if it is probable that a benefit will accrue to the group.

Leasing
Leases are treated 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 from 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 fixed assets. The monthly rental amount is divided into an interest rate element and a repayment element.

In the case of operational leases, rental amounts 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, with the difference between the net funds and the redemption value being recognised in the income statement over the term of the loan.

Public subsidies
Subsidies from public authorities are not recognised until it is reasonably certain that the company will meet the conditions set for receiving the subsidies and that the subsidies will be received. The recognition of a subsidy is postponed until, and amortised over, the period when the costs relating to that which the subsidies are intended for arise. Subsidies are recognised as a deduction from the cost that the subsidy is meant to cover. Subsidies received for the purchase of fixed assets are capitalised.

Foreign currencies
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 exchange-rate changes are presented as financial income or financial expence.

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, including liquid assets related to the sales network.

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

NOTE 1 SEGMENTS

The Group's primary reporting format is based on activity. The various segments are as follows:

Post: letters and communication products, banking services, sale of goods and document management. This segment comprises the activities of the Communication, Consumer and Distribution Network Divisions.
As from 1 January 2007, the Communication and Consumer Divisions in Norway Post were merged to form a new Post Division.

Express: domestic and international parcels, courier services in the Nordic region and logistics solutions. This segment comprises part of the Logistics Division and includes the parent company's activities within this division as well as the BoxGroup AS and PNL AB subsidiaries.

Logistics: general cargo, thermo transport, air, sea, special and heavy goods transport and third-party logistics. This segment comprises the activity of part of the Logistics Division but also includes the activities of the following Norway Post subsidiaries: Nor-Cargo Holding AS, Nettlast Hadeland AS, Box Solutions AS and Frigoscandia AB.

ICT: infrastructure services, administrative and electronic solutions. This segment comprises the operations of the subsidiary group ErgoGroup.

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, international alliances and group information.

Norway Post's secondary reporting format is based on geography, with a division between Norway and other countries depending on where the revenue is generated.

BREAKDOWN BY ACTIVITY

2006	Post	Express	Logistics	ICT	Other/ eliminations	Group
External revenues	9 965	4 108	6 856	2 752	(13)	23 668
Internal revenues	1 859	137	59	868	(2 923)	
Total operating revenues	**11 824**	**4 245**	**6 916**	**3 620**	**(2 937)**	**23 668**
Earnings before interest and taxes	**927**	**320**	**178**	**223**	**(335)**	**1 313**
Net financial items	(25)	(11)	(17)	(29)	(19)	(101)
Income from investments in associates	(13)		1			(12)
Taxes						344
Net income						**856**
2005						
External revenues	10 393	3 677	4 023	1 898	3	19 995
Internal revenues	1 896	110	39	901	(2 946)	
Total operating revenues	**12 289**	**3 787**	**4 062**	**2 799**	**(2 942)**	**19 995**
Earnings before interest and taxes	**1 276**	**143**	**134**	**82**	**(427)**	**1 208**
Net financial items	29	(2)	23	(13)	8	45
Income from investments in associates			2			2
Taxes						300
Net income						**955**
2004						
External revenues	10 443	3 523	2 310	1 673	10	17 959
Internal revenues	1 757	34	23	950	(2 764)	
Total operating revenues	**12 201**	**3 556**	**2 333**	**2 622**	**(2 754)**	**17 959**
Earnings before interest and taxes	**1 187**	**136**	**87**	**(35)**	**(119)**	**1 257**
Net financial items	27	(11)	67	(21)	(65)	(3)
Income from investments in associates				(2)		(2)
Taxes						399
Net income						**853**

Internal revenues are revenues from transactions between Norway Post's segments. 'Other' includes group administration costs and common costs that are not defined as owner-function costs, as well as eliminations. Transactions with other segments are priced on the basis of normal commercial factors and as if the segments were independent parties.

NOTE 1 SEGMENTER

BREAKDOWN BY ACTIVITY

2006	Post	Express	Logistics	ICT	Other/ eliminations	Group
Segment assets	7 254	3 193	2 158	2 480	47	15 132
Unallocated assets						637
Total assets						**15 769**
Segment liabilities	5 936	2 135	1 452	1 023	(3 075)	7 472
Unallocated liabilities						2 693
Total liabilities						**10 165**
2005						
Segment assets	9 453	2 741	1 317	1 239	(2 177)	12 574
Unallocated assets						597
Total assets						**13 171**
Segment liabilities	5 499	1 900	911	805	(2 215)	6 900
Unallocated liabilities						1 519
Total liabilities						**8 419**
2004						
Segment assets	8 975	2 335	946	1 252	(3 274)	10 234
Unallocated assets						80
Total assets						**10 314**
Segment liabilities	3 952	1 019	725	544	(2 068)	4 172
Unallocated liabilities						1 779
Total liabilities						**5 951**

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

INVESTMENTS

2006	Post	Express	Logistics	ICT	Other/ eliminations	Group
IInvestments in fixed assets	527	152	146	331	91	1 247
Depreciation	361	68	81	226	18	754
Write-downs	35	5	(1)	(51)	7	(4)
2005						
Investments in fixed assets	671	94	41	85	66	957
Depreciation	372	73	49	231	20	745
Write-downs	4	18	5	4	25	56
2004						
Investments in fixed assets	111	116	53	223	107	610
Depreciation	373	75	36	301	17	802
Write-downs		1		78	38	117

Investments in fixed assets do not include the acquisition of enterprises or goodwill.

NOTE 1 SEGMENTS

GEOGRAPHICAL FIGURES — NORWAY POST GROUP

	2006	2005	2004
External revenues			
Norway	19 065	17 432	16 165
Abroad*	4 603	2 563	1 794
Total revenues	**23 668**	**19 995**	**17 959**
Assets			
Norway	14 164	12 709	9 966
Abroad*	1 605	462	348
Total assets	**15 769**	**13 171**	**10 314**
Investments during the period			
Norway	1 044	843	523
Abroad*	203	114	87
Total investments	**1 247**	**957**	**610**

* Abroad mainly comprises other Nordic countries.

NOTE 2 PAYROLL EXPENSES AND OTHER REMUNERATION

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
5 074	4 960	5 054	Salaries	7 356	6 600	6 451
719	716	734	National insurance contributions	1 173	1 022	990
372	411	302	Pension expenses	439	519	451
142	150	172	Other benefits	285	229	226
6 307	**6 237**	**6 262**	**Payroll expenses**	**9 253**	**8 370**	**8 118**
1 293	1 527	1 776	Board of Directors' fees	2 680	2 544	2 492
1 430	1 513	1 567	Fee for mandatory audit	8 774	6 583	6 470
794	200	89	Fee for extended financial audit	254	549	1 608
764	625	772	Fee for other attestation services	894	625	764
464	380	962	Fee for tax advisory services	1 436	1 565	464
1 501	696	364	Fee for other non-audit services	2 262	2 330	3 813
16 721	15 713	15 511	No. of full-time positions/full-time equivalents	22 273	20 541	21 373
20 351	19 008	18 319	Average no. of employees	24 478	23 926	24 471
26 281	26 193	18 472	No. in pensions scheme as at 31.12.	24 341	30 614	30 336

Remuneration and fees
The Board of Directors does not have any pension scheme or other schemes apart from fees. The remuneration to the Board shows the amount expensed. The General Meeting determines the remuneration to the Board of Directors of Posten Norge AS. This is as follows:

Chairman	NOK 300 000
Vice-Chairman	NOK 180 000
Director	NOK 150 000
Alternate director (per meeting)	NOK 7 000

The directors' fees were last adjusted in June 2005.

Key personnel have received the following remuneration. Key personnel are defined as persons that are authorised and responsible for planning, executing and monitoring the enterprise's operations (the Group Management):

Short-term remuneration	16 827
Bonuses	2 577
Pension contributions	8 720

Key personnel have not received any payments after termination of employment, severance packages, share-based remuneration or any other long-term remuneration.

On 16 January 2006 Dag Mejdell began work as new chief executive officer (CEO) and has an annual salary of NOK 2 450 000. In 2006, other remuneration of NOK 194 000 was paid and the pension expenses equalled NOK 1 890 000. In case of resignation, the employment agreement includes six months' salary during the period of notice and nine months' salary after leaving the company, which may be reduced after three months if another salary is received. The CEO's pension contract stipulates a retirement age of 65 years, and that the total pension is to be 66 per cent of his salary. Other pension plans are described in further detail in note 3.

Posten Norge AS has a bonus scheme for the CEO and Group Management. This scheme means that they can achieve bonuses of up to 25 per cent of their salaries. If a bonus is payable according to the profit criterion, a bonus may also be paid based on individual goals. 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. For 2006, a total of NOK 3.6 million has been set aside for Group Management bonuses.

Bonus schemes exist for key management personnel, linked to the achievement of results, in the following subsidiaries: Posten Norge AS, ErgoGroup, CityMail Sweden, BoxGroup, Nettlast, Box Soutions, GTI, FrigoScandia and NMI. In the Posten Norge AS, ErgoGroup, CityMail Sweden and BoxGroup companies, sales personnel have bonus-based remuneration.

The fee paid to the auditing firm of Ernst & Young equals NOK 12.5 million, while the fee paid to other auditing firms equals NOK 1.1 million. The fee for other services apart from auditing ones is mainly for services related to due diligences in connection with acquisitions.

NOTE 3 PENSIONS

Posten Norge AS 2004	Posten Norge AS 2005	Posten Norge AS 2006		Norway Post Group 2006	Norway Post Group 2005	Norway Post Group 2004
			Defined contribution pension schemes			
		213	Contributions expensed	251	18	16
		18 472	No. of members	21 624	1 630	1 476
		4.5 - 8 %	Percentage of salary	2 - 10 %	1.3 - 8 %	1.3 - 8 %
			Defined benefit pension schemes			
			Net pension expenses:			
539	575	84	Present value of the pensions earned for the year	186	660	600
12	20	9	Administration costs	10	21	12
651	650	59	Interest expense on the pension liabilities	94	684	676
(733)	(763)	(3)	Estimated return on the pension assets	(34)	(793)	(755)
		2	Recognised changes in estimates and deviations	4	3	
			Recognised pension scheme changes	(2)		
469	**482**	**151**	**Gross pension expenses**	**259**	**575**	**533**
(107)	(103)	(7)	Employee contribution 2%	(12)	(103)	(107)
55	77	(49)	Interest element reclassified to financial item	(59)	77	53
417	**456**	**95**	**Net pension expenses**	**188**	**549**	**479**
	574	**8**	**Expense (income) of transition to a new pension scheme**	**(22)**	**574**	

NOTE 3 PENSIONS

Posten Norge AS 2004	Posten Norge AS 2005	Posten Norge AS 2006		Norway Post Group 2006	Norway Post Group 2005	Norway Post Group 2004
			Net pension liabilities:			
(13 198)	(1 395)	(1 332)	Estimated accrued insured pension liabilities	(2 158)	(2 250)	(13 788)
13 311	32	50	Estimated value of the pension assets	638	571	13 801
113	**(1 363)**	**(1 282)**	**Net estimated insured pension liabilities (-)/assets (+)**	**(1 521)**	**(1 679)**	**13**
(9)	(85)	(105)	Estimated accrued uninsured pension liabilities	(247)	(118)	(78)
104	**(1 448)**	**(1 387)**	**Net estimated pension liabilities (-)/assets(+)**	**(1 768)**	**(1 797)**	**(65)**
751	14	(17)	Unrecognised estimate changes and deviations	138	188	786
855	**(1 434)**	**(1 404)**	**Net book value of pension assets/(liabilities)**	**(1 630)**	**(1 609)**	**721**

An amount of NOK 83 million was reclassifed from insured to uninsured liabilities in 2005.

Posten Norge AS 2004	Posten Norge AS 2005	Posten Norge AS 2006		Norway Post Group 2006	Norway Post Group 2005	Norway Post Group 2004
			Changes in the pension liabilities:			
659	855	(1 434)	Net assets (liabilities) 01.01	(1 609)	721	572
(469)	(482)	(151)	Gross pension expenses	(259)	(575)	(533)
665	190	173	Premium payments	265	255	737
		7	Contributions from members of the pension scheme	6		
	(574)	(8)	Income (expenses) of transition to a new pension scheme	25	(532)	
	(1 438)		Estimated repayment of previously paid pension premiums	2	(1 480)	
	15	8	Accrued for salary compensation	8	15	
			Liabilities relating to new/sold companies during the year	(71)	(13)	(55)
	`	2	Benefits disbursed	3		
855	**(1 434)**	**(1 404)**	**Net pension assets (liabilities) 31.12**	**(1 630)**	**(1 609)**	**721**
			The main categories of pension assets at fair value:			
		36	Equity instruments (shares, bonds)	399		
		-	Debt instruments	67		
		5	Real estate	62		
		3	Other assets	23		
		44	**Total pension assets**	**550**		

The size of the contributions paid into the pension scheme in 2007 is expected to be on a level with this year's contributions (cf a 2% contribution from employees).

Actuarial assumptions
Posten Norge AS has complied with NRS(HU-V) when calculating the pension liabilities for 2006.
The following financial and actuarial assumptions are assumed as at 31.12:

Posten Norge AS 2004	Posten Norge AS 2005	Posten Norge AS 2006		Norway Post Group 2006	Norway Post Group 2005	Norway Post Group 2004
			Assumptions			
5.0 %	4.0 %	4.5 %	Discount rate in %	4.5 %	4.0 %	5.0 %
3.0 %	3.0 %	4.0 %	Salary increase in %	4.0 %	3.0 %	3.0 %
2.7 %	2.7 %	4.0 %	National Insuranse base amount (G) increase in %	4.0 %	2.7 %	2.7 %
2.7 %	2.7 %	1.5 %	Pension indexation in %	1.5 %	2.7 %	2.7 %
5.9 %	5.8 %	5.3 - 5.5%	Return on scheme assets in %	5.3 - 5.5%	5 % - 5.8%	6 % - 6.2%
8.0 %	8.0 %	8.0 %	Voluntary retirement (under 50 years of age) in %			
2.5 %	2.5 %	2.5 %	Voluntary retirement (over 50 years of age) in %			
300 %	300 %	300 %	Disability rate K 1963 increase in %			
50 %	50 %	50 %	Use of contractual pension (AFP) in %			

Pension schemes 2006
In 2006, the Group had defined contribution pension schemes for most of its employees in Norway, Sweden and Denmark. The Group implemented IAS 19 when recognising pensions in 2005. Some subsidiaries have used NRS 6 in their company accounts when recognising pensions in 2006.

Posten Norge AS
The actual return on pension scheme assets amounted to NOK 655 million in 2005 (2004: NOK 637 million). The actual return on pension scheme assets in 2006 will be finally confirmed by the actuary in May 2007.

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. The contribution rates are 4.5 per cent for salaries of between 2 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 salary, without paid-up policy earning. The child and dependants supplements to Norway Post's group life insurances replace the former spouse and child pensions with the Norwegian Public Service Fund. The earning period for a full pension from NAVO (Federation of Public Sector Employers) is 40 years, while it was 30 years with the Norwegian Public Service Fund. The increased earning period is compensated for by an endowment pension. The other covers provided by Norway Post's employee insurances are on the whole the same as in 2005.

Up to 31 December 2005, Posten Norge AS had a company pension scheme for its employees with the Norwegian Public Service Fund (SPK). This scheme included the following benefits pursuant to the Norwegian Public Service Fund Act:

Retirement pension - 66 per cent of the employee's final salary as of 70 years of age, with a right to retire as of 67 yars of age.
Disability pension - 66 per cent of the employee's salary on the disability date
Spouse pension - 9 per cent of the employee's final salary
Child pension - 15 per cent of the employee's final salary

Some groups of employees have retained their pension schemes with the Norwegian Public Service Fund and have not been transferred to the new pension scheme. When the reasons for them remaining in the Norwegian Public Service Fund no longer exist, these employees are to be transferred to the new pension scheme This applies to the following groups:
- employees who were off work on sick leave on the transition date
- employees who were receiving a pension benefit (partially incapacitated, retirement or contractually agreed early retirement (AFP) pensions) from the Norwegian Public Service Fund on the transition date but who are also partially working
- employees who are entitled to statutory redundancy pay due to complete or partial dismissal by Norway Post.

The board of Posten Norge AS decided to terminate the company pension scheme with the Norwegian Public Service Fund as of 31 December 2005. The non-recurring cost of terminating the pension scheme was estimated to be NOK 574 million. This cost was arrived at on the following basis:
- Recognised pension assets of NOK 560 million prior to the withdrawal from the Norwegian Public Service Fund
- Pension liabilities of NOK 1 353 million relating to a new contractually agreed (AFP) pension scheme with NAVO
- Reserves of NOK 99 million for payroll compensation, etc, in connection with the transition to a new pension scheme
- The repayment of NOK 1 438 million from the Norwegian Public Service Fund as previously paid-in pension assets.

The recognised pension assets and reserves for a new contractually agreed early retirement (AFP) pension scheme with NAVO are based on the above mentioned financial assumptions. The repayment of NOK 1 438 million in pension assets is based on a statement of account received from the Norwegian Public Service Fund. However; no final settlement with the Norwegian Public Service Fund has been reached. In 2006, Norway Post received NOK 1 150 million of the total claim of NOK 1 438 million. The remaining NOK 288 million is recorded as an interest-bearing receivable from the Norwegian Public Service Fund in the 2006 financial statements.
The costs of the new pension and insurance schemes are expected to be approximately the same as in previous years. The new schemes have been introduced in agreement with the employees' organisations and it has been agreed to provide the new pension and insurance schemes under the collective payroll agreement.

As at 31 December 2006, the net pension liabilities of NOK 1 390 million mainly relate to the contractually agreed early retirement (AFP) scheme, in addition to payroll compensation and a pension scheme for key personell with the Storebrand insurance company. The AFP rights are accrued from the date of employment. The existing pension schemes for the Group Management expire as from 1 January 2007. As from this date, these pension schemes are covered by operations.

IFRS
IFRS was implemented in Posten Norge AS's financial statements with effect from 1 January 2004. As at 31 December 2004, the company had recognised net pension assets of NOK 2 461 million prior to the transition to IFRS. The implementation of IFRS reduces the net pension assets to NOK 855 million as at 31 December 2004.

The reduction of NOK 1 561 million is due to:
- unrecognised pension scheme change of NOK 126 million and unrecognised deviations from estimates of NOK 1 465 million were recognised directly in equity as at 1 January 2004
- The net pension expense for 2004 was NOK 30 million less according to IFRS than according to NGAAP

Group
Various pension schemes exist within the Group. Some companies have defined benefit pension schemes which entitle their employees to specific future pension benefits. Other subsidiaries have defined contribution pension schemes where the premium is expensed as it is paid.

The subsidiaries mainly apply the same long-term financial assumptions as Posten Norge AS. The returns on the Group companies' pension schemes may deviate from that of the Posten Norge AS pension scheme due to the different composition of the pension-asset portfolios.

CityMail Sweden AB has a defined benefit pension scheme. However, this pension scheme is recognised in the accounts as a defined contribution pension scheme since there are no adequate professionally qualified calculations of the pension scheme, pension assets and pension liabilities available. Frigoscandia has a defined benefit pension scheme with individual country-specific pension assumptions for the operations in Norway, Sweden and Denmark. The Swedish operations in BoxGroup and Frigoscandia have pension schemes that, according to IAS 19, do not qualify for recognition in the balance sheet. In accordance with Swedish rules, the pension liability is covered via an endowment insurance. The amount is registered in the company's financial statements as a liability at the same amount as the amount due from the endowment insurance company. In the consolidated financial statement, these amounts are netted, so that the criteria stipulated in IAS 19 are met.

Nor-Cargo transferred to a defined contribution scheme in 2006. A non-recurring income of NOK 33 million was recognised in the income statement in 2006.

NOTE 4 OTHER OPERATING EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2004	2005	2006		2006	2005	2004
850	814	841	Costs of premises	1 308	1 084	1 072
131	139	166	Other rental expenses	237	189	181
78	59	72	Tools, fixtures, operating materials	114	88	106
72	66	71	Repair and maintenance of equipment	145	127	128
277	254	224	Accounting and payroll services	239	287	286
922	825	751	IT services	233	180	59
210	302	389	Other external services	682	430	341
68	51	61	Telephone expenses	73	53	56
85	88	96	Travel expenses	197	160	143
171	164	162	Marketing	232	212	214
72	50	28	Insurance, guarantee and service costs	66	66	89
121	85	74	Other expenses	88	83	182
3 057	**2 897**	**2 935**	**Operating expenses**	**3 614**	**2 959**	**2 857**

NOTE 5 RESTRUCTURING EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2004	2005	2006		2006	2005	2004
138	67	25	Restructuring	25	170	230
26	(12)	(12)	Severance pay	(12)	(12)	26
164	**55**	**13**	**Total restructuring expenses**	**13**	**158**	**256**

Restructuring and severance pay
Of the NOK 25 million increase in Posten Norge AS's restructuring expenses, NOK 14 million relate to human resources measures and NOK 11 million relate to premises. The reduction in the severance pay expenses relates to a reversal of previous years' reserves. The Group has written back the amount of NOK 12 million in previous years' restructuring reserves. Refer also to note 20.

NOTES

NOTE 6 GAIN/LOSS ON THE SALE OF FIXED ASSETS

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
	65		Gain on the sale of subsidiaries/operations, etc		71	24
12	5	5	Gain on the sale of fixed assets	17	9	19
12	**70**	**5**	**Total gain on the sale of fixed assets/subsidiaries**	**17**	**80**	**43**
17	32	1	Loss on the sale of fixed assets	1	33	22
17	**32**	**1**	**Total loss on the sale of fixed assets/subsidiaries**	**1**	**33**	**22**

Sale of subsidiaries/operations, etc
In 2005, Norway Post sold its business unit for internal corporate postal services at a gain of NOK 65 million. In addition, the shares in HMS Norge AS were sold at a gain of NOK 6 million.

NOTE 7 FINANCIAL INCOME AND FINANCIAL EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
30	24	71	Interest income from group companies			
73	114	29	Other interest income	47	125	77
	5		Gain on the sale of subsidiaries/operations, etc			
19	38	52	Exchange rate gains on financial investments	90	53	24
84	3	166	Group contributions and dividends received	2	16	4
	4		Gains on ineffective parts of hedging instruments		4	
4	30	76	Gains on derivatives	17	31	4
	17	85	Gains on "fair value through profit or loss" objects	85	17	
56	3	14	Other financial income	21	19	61
266	**238**	**493**	**Financial income**	**262**	**265**	**170**
6	9	18	Interest expenses from group companies			
3	3	2	Interest expenses on financial leases	4	3	3
53	97	129	Other interest expenses	151	105	58
12	32	41	Exchange rate losses on financial investments	74	49	14
	17	152	Loss on derivatives	15	17	
	17	85	Loss on "fair value through profit or loss" objects	85	17	
94	25	29	Other financial expenses	34	29	98
168	**200**	**456**	**Financial expenses**	**363**	**220**	**173**

Other interest expenses for 2006 includes interest expenses on net pension assets that have been reclassified from payroll expenses to financial expenses. The interest expenses for 2006 equal NOK 46 million for Posten Norge AS and NOK 58 million for the group. The remaining other interest expenses are primarily interest expenses linked to long-term financing.

Other interest income in 2004 and 2005 includes interest income on net pension assets that have been reclassified from payroll expenses to financial income. The interest income equals NOK 77 million for both Posten Norge AS and Norway Post Group in 2005, NOK 55 million for Posten Norge AS and NOK 53 million for Norway Post Group in 2004.

NOTE 8 TAXES

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
			INCOME TAXES			
180	578	173	Taxes payable	258	603	225
218	(302)	54	Changes in deferred taxes (tax assets)	86	(303)	174
398	**323**	**228**	**Taxes**	**344**	**300**	**399**
	758	173	Taxes payable for the year	253	782	45
180	(180)		Correction tax payable		(180)	180
			Too much/little paid in previous years	6	1	
180	**578**	**173**	**Taxes payable**	**258**	**603**	**225**
218	(302)	54	Deferred tax due to changes in temporary differences	99	(296)	174
			Loss carried forward not included earlier	(13)	(7)	
218	**(302)**	**54**	**Changes in deferred taxes (tax assets)**	**86**	**(303)**	**174**
32 %	**29 %**	**25 %**	**Effective tax rate**			
			Reconciliation of the effective tax rate with the Norwegian tax rate:			
1 229	964	901	Earnings before taxes			
344	270	252	28% taxes			
56	5	6	Non-deductible costs 28%			
(2)	(2)	(30)	Non-taxable income 28%			
	3		Other			
398	**276**	**228**	**Taxes**			
			DEFERRED TAXES/TAX ASSETS IN THE BALANCE SHEET			
(72)	(107)	(89)	Tangible fixed assets	(66)	(91)	(69)
(2)	(1)	(2)	Receivables	(7)	(5)	(13)
(3)			Foreign exchange		(1)	(1)
(3)	(2)	(2)	Inventories	(2)	(2)	(3)
	(402)	(394)	Pensions	(448)	(450)	
(95)	(63)	(21)	Reserves	(40)	(99)	(112)
	(16)		Group contributions		(16)	
	(12)	(15)	Other	(13)	(15)	(15)
(198)			Loss carried forward	(144)	(41)	(267)
(373)	**(603)**	**(522)**	**Deferred tax assets - gross**	**(719)**	**(720)**	**(480)**
70	56	41	Gains and losses account	62	79	99
		4	Foreign exchange	3		
239			Pensions			206
		2	Group contribution			
10	3		Other		17	30
319	**59**	**46**	**Deferred taxes - gross**	**65**	**96**	**335**
(54)	**(545)**	**(475)**	**Net deferred tax assets**	**(654)**	**(624)**	**(145)**
			Deferred tax asset not recognised in balance sheet	18	27	65
(54)	**(545)**	**(475)**	**Net recognised deferred tax assets**	**(637)**	**(597)**	**(80)**
			Deferred taxes recognised directly in equity			
13	13	13	The effect of introducing IAS 16	13	13	13
445	445	445	The effect of introducing IAS 19	456	456	456
	11	11	The effect of introducing IAS 39	11	11	
			Translation differences on the hedging of investments in foreign entities		(3)	
	(3)		Cash flow hedging		(3)	
		1	Other	1		
458	**466**	**470**	**Total**	**481**	**474**	**469**

Gross temporary differences that are not recognised in the balance sheet relate to losses carried forward. The group had a total of NOK 516 million in losses carried forward as at 31 December 2006. There is no time limit on these losses. The loss carried forward that has been recognised is expected to be utilised based on the expectations regarding future profits.

NOTE 8 TAXES

POSTEN NORGE AS

Changes in temporary differences	31.12.05	Demerger	Recognised in income statement	Recognised in equity	31.12.06
Tangible fixed assets	(381)	67	(2)		(316)
Gains and losses account	200		(54)		146
Receivables	(3)		(3)		(6)
Foreign exchange currency			14		14
Inventories	(6)				(6)
Pensions	(1 434)		28		(1 407)
Reserves	(224)		148		(76)
Group contributions	(58)		65		6
Other	(39)		0	(14)	(53)
Total	**(1 945)**	**67**	**195**	**(14)**	**(1 697)**

NORWAY POST GROUP

Changes in temporary differences	31.12.05	New companies acquired	Recognised in income statement	Recognised in equity	Other 1)	31.12.06
Tangible fixed assets	(326)	(31)	53		70	(235)
Gains and losses account	282	17	(79)			221
Receivables	(19)	(2)	(3)			(25)
Foreign exchange currency	(3)		14			11
Inventories	(6)	(2)	2			(6)
Pensions	(1 605)	(41)	46			(1 600)
Reserves	(353)	(27)	237			(142)
Group contributions	(58)				58	
Other	6	(7)	(38)	(15)	9	(45)
Loss carried forward	(147)	(413)	76		(32)	(516)
Total	**(2 229)**	**(506)**	**308**	**(15)**	**105**	**(2 337)**

1) Applies mainly to the reclassification of held for sale assets, losses carried forward that are not recognised in the balance sheet and translation differences.

NOTE 9 INTANGIBLE ASSETS

NORWAY POST GROUP	Internally generated intangible assets			Aquired intangible assets						
	IT developments	Facilities under construction	Total	IT dev, trade-marks, etc	Facilities under construction	Goodwill	Total	Total 2006	Total 2005	Total 2004
Acquisition cost:										
As at 1 January	535	4	539	488	232	2 335	3 055	3 594	3 059	2 044
Additions	22	23	45	166	161	15	342	387	282	366
Disposals	(16)		(16)	(18)		(8)	(26)	(42)	(137)	(62)
Additions through company acquisitions (note 28)				84	2	1 533	1 619	1 619	416	713
Adjustments to cost price						14	14	14	(10)	
Translation differences	1		1	4		56	60	61	(16)	(2)
Transfers from fac. under construction	4	(4)		99	(99)					
As at 31 December	**546**	**23**	**569**	**823**	**296**	**3 946**	**5 065**	**5 634**	**3 594**	**3 059**
Accumulated amortisation and impairments:										
Amortisation method	Straight-line									
Useful life	3-6 years									
As at 1 January	(425)		(425)	(231)		(442)	(673)	(1 098)	(1 044)	(754)
Amortisation for the year	(37)		(37)	(107)			(107)	(144)	(145)	(175)
Impairments for the year	(9)		(9)	(4)		(25)	(29)	(38)	(50)	(115)
Taking to income of negative goodwill						64	64	64		
Disposals	16		16	14			14	30	132	
Translation differences	(1)		(1)	(2)			(2)	(3)	9	
As at 31 December	**(456)**		**(456)**	**(330)**		**(403)**	**(733)**	**(1 189)**	**(1 098)**	**(1 044)**
Book value	**90**	**23**	**113**	**493**	**296**	**3 543**	**4 332**	**4 445**	**2 496**	**2 015**

POSTEN NORGE AS	IT developments	Facilities under construction	Total	IT dev, trade-marks, etc	Facilities under construction	Goodwill	Total	Total 2006	Total 2005	Total 2004
Acquisition cost:										
As at 1 January				158	235	15		408	210	113
Additions				99	158			257	227	97
Disposals				(10)				(10)	(29)	
Transfers from facilities under construction				99	(99)					
As at 31 December				**346**	**294**	**15**		**655**	**408**	**210**
Accumulated amortisation and impairments:										
Amortisation method				Straight-line						
Useful life				3-6 years						
As at 1 January				(118)				(122)	(99)	(80)
Amortisation for the year				(55)		(5)		(55)	(25)	(19)
Impairments for the year				(4)				(14)	(27)	
Disposals				10		(10)		10	29	
As at 31 December				**(166)**				**(181)**	**(122)**	**(99)**
Book value				**180**	**294**	**(15)**		**474**	**285**	**111**

NOTE 9 INTANGIBLE ASSETS

IT development, trademarks, etc
For intangible assets that have a specific economic life, the amortisation period is 2-6 years, depending on the useful life of each individual component based on an individual assessment. The amortisation for the year is presented in the income statement in the line for amortisation.

As at 31 December 2006, the intangible assets with an indefinite useful life amount to a total of NOK 113 million, all of which are trademarks acquired due to the acquisition of companies. Based on an evaluation of factors such as the products, markets, economy and competitors, the period during which there are expected to be net positive cash flows from the operations is regarded as being indefinite and the capitalised trademarks are therefore not amortised. An annual write-down test of the assets is conducted. The amount relates to the Nor-Cargo, Frigoscandia and Optimail trademarks, which are capitalised at the amounts of NOK 107 million, NOK 2 million and NOK 4 million respectively.

Research and development
In 2006, the Norway Post Group charged a total of NOK 27 million to expenses in relation to development projects that are not expected to generate any future financial benefits. In 2005, the corresponding amount was NOK 32 million.

Facilities under construction
Facilities under construction mainly comprise a new IT system for Norway Post's sales network which is expected to be completed in 2007. Costs relating to ICT software linked to hand terminals that are to be taken into use by Posten Norge and its subsidiaries Box Group and Nor-Cargo in the first half of 2007 have also been capitalised. In addition, costs linked to an order solution for large-volume mail that was put into production in February 2007 have been capitalised.

Impairment costs
Impairment costs are presented in the income statement in the line for impairments. In 2006, a total of NOK 13 million in capitalised IT-development costs was written down. Of this, NOK 9.5 million relates to ErgoGroup and is mainly a write-down of Transware AB due to changes in its customer portfolio and the replacement of the database architecture that forms the basis of the solution. NOK 3.5 million relates to an ICT system in the Logistics Division, where the lack of customer contracts means that its value cannot be justified so it has been written down completely. There were no reversals of write-down amounts in 2006.

Refer also to note 28 regarding purchasing obligations linked to intangible and tangible assets.

NORWAY POST GROUP

	Acquisition cost 01.01	Capitalised value 01.01	Translation differences	Additions 2006	Disposals 2006	Adjustments to cost prices 2006	Negative goodwill taken to income	Write-downs 2006	Capitalised value 31.12
Goodwill in the group:									
Nor-Cargo AS	568	566							566
FSD HoldCoAB			26	528		3			554
CityMail Sweden AB	182	166	10					(15)	165
BoxGroup AS	133	93							93
Box Solutions AS	123	75							75
Talk2me				51					51
Norwegian Mail International AB			3	46					49
Group adjustments	(1)	(1)						1	
Goodwill in the parent company and sub-group:									
Posten Norge AS	14	10						(10)	
ErgoGroup	795	571	7	747	(8)	15	63	(2)	1 394
Nor-Cargo Group	203	201		163			1		365
BoxGroup	245	169	8			(4)			173
CityMail Sweden AB	93	35	2						37
Wajens AS	6	6				(6)			
Box Solutions AS	3	2		13		6			21
Total goodwill in the group	**2 364**	**1 893**	**56**	**1 548**	**(8)**	**14**	**64**	**(25)**	**3 543**

Adjustment of cost prices
The main part of Wajens AS was merged with BoxSolutions in 2006, so the acquisition cost and capitalised value of BoxSolutions AS is equal to the sum of these two companies' figures as at 31 December 2005.

Posten Norge AS bought the remaining 43 per cent of the shares in CityMail Sweden AB in 2006, but this transaction was taken into account in 2005 when Posten Norge AS was obliged to buy the remainder of the company by the end of the first quarter 2006. The effect of the goodwill resulting from the acquisition was mainly taken into account in 2005, with a minor adjustment of around NOK 3 million in 2006.

The value of Box Group's goodwill has been reduced by the net amount of NOK 4 million, mainly as a result of earn-out agreements with former owners of two subsidiaries.

The value of ErgoGroup's goodwill was increased by NOK 15 million as a result of adjustments to the cost price linked to the acquisition of Ementor's outsourcing operations in Norway and Sweden in 2005.

Additions in 2006
In January, Posten Norge AS bought all the shares in Frigoscandia (FSD HoldCo AB), a Swedish third-party logistics and transport company that has a strong Nordic position in the thermo third-party logistics and transport market. This acquisition is an important contributor to Norway Post's further development of logistics operations in the Nordic region.

Through its wholly owned subsidiary Norwegian Mail International AB (NMI), the group bought all the shares in Optimail AB, a company that offers international logistics services to the same segment as the group's wholly owned Swedish subsidiary CityMail Sweden AB. CityMail carried out export activities (Nordic mail) but had no opportunity to do this under the CityMail trademark as from 1 January 2006, since Optimail owns this trademark for all use other than national mail distribution.

All of the shares in Talk2me AS, a leading company in the field of customer and loyalty programmes in Norway, were also acquired at the end of 2006. This purchase will strengthen the addressed advertising sector in both the parent company and the Swedish subsidiary CityMail Sweden AB.

Through acquisitions in 2006, ErgoGroup has capitalised a total of NOK 731 million in goodwill. Refer to further details regarding this in note 29.

In 2006, Nor-Cargo increased its goodwill by NOK 163 million, mainly through the purchase of the thermo transport companies in the Johs Lunde Group (NOK 110 million) and has, through this acquisition, become established as the largest Nordic company in the thermo transport market. The increase is also a result of the acquisitions of Blomquist Transport og Spedisjon AS (NOK 26 million), Scanex BV (NOK 13 million) and Holmskau Transport AS (NOK 14 million). The purchases of Blomquist and Holmskau were both intended to strengthen the logistics operations in Vestfold and Østfold counties respectively, as well as nationally and internationally. The acquisition of Scanex B.V, a Dutch-based logistics company, strengthens Norway Post's market position in the Netherlands relating to flows of goods to and from Norway and in the Nordic region.

Box Solutions' purchase of Grenland Transport & Industriservice AS led to goodwill of NOK 13 million being recognised in the balance sheet.

Negative goodwill taken to income
In connection with ErgoGroup's purchase of Fujitsu Services Norge AS, negative goodwill linked to a deferred tax asset on a loss carried forward for tax purposes of around NOK 63 million has been taken to income. In addition, Nor-Cargo has taken to income just under NOK 1 million linked to the acquisition of a subsidiary in the Johs Lunde Group.

Impairments
At the year-end, it is assessed whether there are any indications of a fall in the value of intangible assets and, if such indications exist, the asset's recoverable amount is estimated. The value of intangible assets with an indefinite life, intangible assets that are being developed and goodwill are subject to an annual impairment test. Impairment tests are conducted more frequently if there are indications of a reduction in value during the year.

Goodwill is allocated to cash-generating units in order to assess the need for a write-down. Allocation takes place based on an evaluation of the cash flows related to the operations to which the goodwill pertains. If the cash flows are independent of cash flows related 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 book value of an assessment entity including goodwill exceeds the recoverable amount.The recoverable amount is the higher of the fair value minus sales costs and the value in use, where the value in use is the present value of estimated cash flows related to future usage. Norway Post has calculated the future cash flows based on the estimated results (budgets and forecasts) that reflect the financial business plans approved by the management and which cover a five-year period. The esimated result has been adjusted to take account of depreciation, amortisation, investments and changes in the working capital. The extrapolation period contains a mechanical extrapolation of cash flows after the forecast period at a constant growth rate. The net present value of the cash flow is calculated using a weighted required rate of return on the total assets and is calculated before tax.

The amount of NOK 10 million has been written down in Posten Norge AS relating to Infolog, and this applies to the entire operations unit acquired from ErgoGroup in 2002. The underlying customer contract with Gjensidige NOR expired in 2006, and the positive cash flows in the specific cash generating unit can no longer be attributed to the purchase that this item derives from.

The goodwill in CityMail Sweden AB has been written down by almost NOK 15 million due to the recognition in the balance sheet of a deferred tax asset linked to a loss carried forward for tax purposes which now meets the IFRS criteria for separate recognition. According to the rules in IAS 12, the capitalised value of goodwill is to be reduced as if the deferred tax asset had been recognised as an identifiable asset from the date of its acquisition, and the reduction in goodwill is to be recognised as an expense.

Goodwill linked to Nor-Cargo Thermo and Box Delivery de Grønne Bude is sensitive to adjustments in the key assumptions of margins and required rates of return. The management's assessment of the goodwill linked to Allianse is based on a considerable improvement in profits compared with previous years. The cash flows and required rate of return assumed when calculating the recoverable amount for each of the items are all based on the management's best estimates.

The impairment amounts are presented in a separate line in the income statement.

NOTE 9 INTANGIBLE ASSETS

Overview of Cash Generating Units per segment, the associated amounts relating to goodwill and intangible assets with an indefinite useful life and key assumptions:

NORWAY POST GROUP

	Goodwill	Intangible assets with an indefinite useful life	The discount rate after tax (WACC)	Long-term growth rate
Post				
CityMail	202			
NMI	49	4		
Talk2me	51			
Total Post	302	4	9.4 %	2.0 %
Express				
BoxGroup	266			
Total Express	266		10.0 %	0.0 %
Logistics				
Frigoscandia	554	2		
NorCargo	931	107		
Box Solutions	96			
Total Logistics	1 581	109	9.4 %	0-2 %
ICT	1 394		10.4 %	2.7 %
Total Posten Norge AS	3 543	113		

NOTE 10 TANGIBLE FIXED ASSETS

NORWAY POST GROUP

Acquisition cost:	Machinery	Vehicles, fixtures and fittings	Buildings and property	Machinery under construction	Buildings under construction	2006 Total	2005 Total	2004 Total
As at 1 January	1 935	2 487	2 869	31	344	7 666	7 211	7 024
Additions	339	305	114	66	51	875	676	412
Disposals	(271)	(200)	(83)			(554)	(218)	(397)
Additions due to aquisitions (Note 29)	13	107	5	3		128	54	178
Translation differences	1	9				10	(6)	(1)
Transfers to/from held for sale			(326)			(326)	(51)	(5)
Transfers to/from investment property			(60)			(60)		
Transfers from under construction	24	5	332	(29)	(332)			
As at 31 December	2 041	2 713	2 851	71	63	7 739	7 666	7 211
Accumulated depreciation and write-downs:								
Depreciation method	Straight-line	Straight-line	Straight-line					
Useful life	4 - 8 year	3 - 10 year	15 - 40 year					
As at 1 January	(1 468)	(1 657)	(1 066)			(4 191)	(3 829)	(3 464)
Depreciation for the year	(174)	(337)	(99)			(610)	(600)	(627)
Impairments for the year	(8)	(12)	(1)			(21)	(6)	(2)
Disposals	261	183	39			483	205	264
Translation differences		(3)				(3)	3	
Transfers to/from held for sale			227			227	36	
Transfers to/from investment property								
As at 31 December	(1 389)	(1 826)	(900)			(4 115)	(4 191)	(3 829)
Book value	652	887	1 951	71	63	3 624	3 475	3 382

NOTE 10 TANGIBLE FIXED ASSETS

POSTEN NORGE AS

Acquisition cost:	Machinery	Vehicles, fixtures and fittings	Buildings and property	Machinery under construction	Buildings under construction	2006 Total	2005 Total	2004 Total
As at 1 January	1 038	1 970	2 615	31	344	5 997	5 732	5 897
Additions	186	71	73	60	11	401	550	151
Disposals	(21)	(139)	(582)			(742)	(234)	(316)
Transfers to/from held for sale							(51)	
Transfers to/from investment property			(60)			(60)		
Transfers from under construction	23	4	9	(27)	(332)	(323)		
As at 31 December	1 226	1 906	2 055	64	23	5 273	5 997	5 732
Accumulated depreciation and impairments:								
Depreciation method	Straight-line	Straight-line	Straight-line					
Useful life	4 - 8 year	3 - 10 year	15 - 40 year					
As at 1 January	(746)	(1 343)	(1 013)			(3 102)	(2 955)	(2 826)
Depreciation for the year	(72)	(207)	(64)			(343)	(403)	(408)
Impairments for the year	(7)	(3)	(1)			(11)	(4)	(2)
Disposals	21	135	349			505	225	282
Transfers to/from held for sale							36	
Transfers to/from investment property								
As at 31 December	(804)	(1 418)	(729)			(2 951)	(3 102)	(2 955)
Book value	422	488	1 326	64	23	2 322	2 895	2 777

In connection with the reorganisation of its real estate operations (see note 12), Norway Post established a private limited company, Posten Eiendom BG 14B AS. The property at Biskop Gunnerus gt 14B was transferred to this company.

Construction loan interest
Tangible fixed assets include construction loan interest relating to the building of certain assets. The capitalised construction loan interest amounted to NOK 18 million in 2006, NOK 20 million in 2005 and NOK 21 million in 2004.

Scrap values
Scrap values are taken into consideration in relation to depreciation.

Removal obligations
Due to the implementation of IFRS, the gross cost price of a plot of land has increased by NOK 13 million and a corresponding provision for liabilities is recognised related to the necessary work of cleaning polluted land.

Depreciation
Tangible fixed assets with a finite useful life are depreciated in a straight line over the useful life of each individual asset, based on an individual assessment. The depreciation for the year is presented in the income statement in the line for depreciation. The depreciation period is 4-8 years for machinery, 3-10 years for vehicles/fixtures and fittings, etc, and 15-40 years for buildings.
Information on assets held for sale and financially leased equipment 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		
2004	2005	2006		2006	2005	2004
			At 1 January			
		60	Additions	60		
		60	**At 31 December**	60		

Norway Post owns an undeveloped plot of land, the NRF plot, at Alnabru. This was purchased in 1999 as the location for a new letter terminal. It has later been decided to locate this at Robsrud. The future use of the NRF plot is therefore uncertain, and the plot has been reclassified as an investment property in accordance with the rules in IAS 40. The investment property is valued according to the acquisition model and is not subject to depreciation.

In December 2006 the property's net sales value was set at NOK 63 million. There are no restrictions on when the investment property can be sold or how the incomes and cash flow from the sale can be used. Nor are there any significant contractual obligations to buy, construct or develop the investment property.

NOTE 12 INVESTMENTS IN SHARES

POSTEN NORGE AS	Acquired/ established	Address	Main activity	Ownership share at 31.12.2006	Voting share at 31.12.2006	Book value at 31.12.2006
Subsidiaries						
ErgoGroup AS	01-12-96	Oslo	ICT	100 %	100 %	1 281
Nor-Cargo AS	10-06-04	Oslo	Transport	100 %	100 %	884
FSD HoldCo AB	20-01-06	Sweden	Transport	100 %	100 %	589
CityMail Sweden AB	01-05-02	Sweden	Post	100 %	100 %	301
Box Group AS	01-01-99	Oslo	Express	100 %	100 %	198
Box Solutions AS	12-04-00	Oslo	3P Logistics	100 %	100 %	143
Posten Eiendom Kanalveien AS	21-03-06	Oslo	Property	100 %	100 %	121
Posten Eiendom Robsrud AS	08-06-06	Oslo	Property	100 %	100 %	90
Posten Eiendom Espehaugen AS	08-06-06	Oslo	Property	100 %	100 %	10
Posten Eiendom AS	08-06-06	Oslo	Property	100 %	100 %	0
Norwegian Mail International AB	01-09-05	Sweden	Holding	100 %	100 %	90
Talk2me AS	01-11-06	Oslo	Customer relations	100 %	100 %	56
Nettlast Hadeland AS	15-11-00	Jaren	Transport	100 %	100 %	54
Posten Forbrukerkontakt AS	01-10-97	Oslo	None	100 %	100 %	3
Oss mennesker imellom AS	08-03-05	Oslo	None	100 %	100 %	0
Joint ventures						
Pan Nordic Logistics AB (PNL)	1999/2000	Sweden	Logistics	50 %	50 %	28
Other interests						
Minor shareholdings owned directly by Posten Norge AS						3
TOTAL						3 851

NORWAY POST GROUP						
Group investments in shares						
Atento AS	2001	Oslo			33 %	4
Gecko Industrisystemer AS	2002	Kristiansand			34 %	2
BuyInvest AS	2003	Oslo			28 %	1
Euroterminal	1998	Denmark			50 %	4
AdressPoint Intl AB	2002	Sweden			15 %	18
Materiallageret AS	2004	Longyearbyen			34 %	8
Nor-Cargo Vestfinnmark AS	2001	Hammerfest			50 %	1
Nor-Lines Kirkenes AS	2001	Kirkenes			33 %	1
Box Delivery Halmstad AB	2005	Sweden			25 %	1
Other stakes in companies						8
TOTAL						**49**

ErgoGroup AS received a capital contribution of NOK 500 million in December to strengthen its financial soundness as a result of major acquisitions (including Allianse in 2006 and SYSteam in 2007). The total investment in the subsidiary is now NOK 1 281 million.

In January, Posten Norge AS bought all the shares in Frigoscandia (FSD HoldCo AB), a Swedish company that has a strong Nordic position in the thermo third party logistics and transport market. This acquisition is an important contribution to Norway Post's further development of its logistics operations in the Nordic region.

Norway Post's subsidiary Nor-Cargo AS and the Johs Lunde Group entered into a contract to merge their thermo transport operations. This merger includes Nor-Cargo Thermo AS and the Johs Lunde Group's seven thermo-transport companies, and until December 2006 Nor-Cargo and the Johs Lunde Group each owned 50 per cent of the Nor-Cargo Thermo Holding AS company. In December 2006, Nor-Cargo bought the remaining 50 per cent of the shares in the holding company from the Lunde Group. Norway Post has thus established itself as the largest Nordic company in the thermo-transport market.

Nettlast AS was merged with Nettlast Hadeland AS with accounting effect as from 1 January 2006. Wajens' distribution department has been transferred to Box Delivery Norge AS and the rest of Wajens AS has been merged with Box Solutions with accounting effect as from 1 January.

NOTE 12 INVESTMENTS IN SHARES

Posten Norge AS bought the remaining 43 per cent of the shares in CityMail Sweden AB and, because it was subject to a duty to complete this acquisition, this was recorded in the financial statements as at 31 December 2005 with an estimated acquisition cost of NOK 160 million. The final purchase price was NOK 163 million and the adjustment of NOK 3 million was made in 2006.

Through its wholly owned subsidiary Norwegian Mail International AB (NMI), Norway Post bought all the shares in Optimail AB, a company that provides international logistics services. This acquisition was completed in January 2006 and Optimail was removed from the Stockholm Stock Exchange on 24 January 2006. NMI´s capital has also been increased by NOK 90 million.

On 1 November 2006, Posten Norge AS bought all the shares in Talk2me AS, a leading company in the field of CRM and loyalty programmes in Norway. This purchase will strengthen the addressed advertising sector in both the parent company and the Swedish subsidiary CityMail.

In 2006, Posten Norge AS established Posten Eiendom AS, Posten Eiendom Robsrud AS, Posten Eiendom Espehaugen AS, Posten Eiendom Kanalveien AS and Posten Eiendom BG 14B AS, each with a share capital of NOK 100 000. The objective is to optimise the Group's property values and financing structure. All the companies with the exception of Posten Eiendom AS have later been given additional capital in order to ensure the future running of the properties. Posten Eiendom BG 14B AS ("the Low Block") is classified as held for sale as at 31 December 2006. This company was sold in March 2007 to a third party and the accounting gain equals NOK 630 million for the Group and NOK 614 million for Posten Norge AS.

NOTE 12 JOINT VENTURES

Entity	Country	Activity	Ownership share
Pan Nordic Logistics (PNL)	Sweden	Logistics	50 %
BuyPass	Norway	ICT	45 %

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

	PNL			BUYPASS		
	2006	**2005**	**2004**	**2006**	**2005**	**2004**
Assets						
Current assets	151	105	99	50	40	26
Fixed assets	14	16	26	21	18	22
Liabilities						
Current liabilities	123	98	99	28	25	16
Long-term liabilities	30	28	32	24	29	29
Net Assets	**12**	**(5)**	**(6)**	**19**	**4**	**3**
Revenues	567	506	499	44	40	34
Expenses	548	501	498	38	39	34
Cash flow from:						
Operational activities	35	6	4	17	15	6
Financial activities				(5)		
Investment activities	(4)	(3)	(5)	(1)	(3)	(6)

NOTE 12 INVESTMENTS IN ASSOCIATES

Entity	Country	Ownership share	Book value 31.12.2005	Share of net income (loss) 2006	Book value 31.12.2006
Euroterminal	Denmark	50 %		0.3	4
Materiallageret AS	Svalbard	34 %	8	0.2	8
Nor-Cargo Vestfinnmark AS	Norway	50 %	2	(0.1)	1
Nor-Lines Kirkenes AS	Norway	33 %	1	0.1	1
Box Delivery Halmstad AB	Sweden	25 %	1	0.1	1
Atento AS	Norway	33 %	4	0.1	4
Gecko Industrisystemer AS	Norway	34 %	1	0.2	2
Interprice Consulting AS	Denmark	34 %	1		
Other					1
Write-down of shares in Traconi				(13.0)	
Total			**18**	**(12.0)**	**22**

None of the companies are listed so they have no listed share prices.

Summary of the financial information for the individual associates:

Entity	Assets	Liabilities	Equity	Revenue	Net income for the year
Euroterminal	18	11	7	1	0.6
Materiallageret AS	38	15	23	5	0.9
Nor-Cargo Vestfinnmark AS	7	5	2	18	
Nor-Lines Kirkenes AS	4	2	2	11	0.3
Box Delivery Halmstad AB	17	16	1	43	0.5
Atento AS	16	2	14	18	0.4
Gecko Industrisystemer AS	15	5	10	14	0.7
Traconi AS	5	1	4		(0.4)
Other	12	11	1	62	0.2
Total	**132**	**68**	**64**	**172**	**3.3**

Euroterminal joined the Group in 2006 due to the acquisition of FSD HoldCo AB.

Nor-Cargo sold its shares in Myre Frysteterminal AS in 2006. Otherwise, the Group has investments in Nor Logistics Services AS (50%), Norske Godslinjer Sogn og Fjordane (20%), Estore AS (49%) and Eiendomsverdi Næring AS (50%).

ErgoGroup entered into a contract to sell its shares in Interprice Consulting AS in January 2007. These are classified as held for sale as at 31 December 2006.

In 2006, the shares in the associate Traconi AB (taken into account in the category 'other') were written down by NOK 13 million since the value could not be justified by the company's actual and estimated results.

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

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
86	63	55	Other long-term receivables	81	91	106
637	493	2 057	Loans to group companies			
722	**557**	**2 112**	**Interest-bearing long-term receivables**	**81**	**91**	**106**
		266	Repayments 2008	4		
		245	Repayments 2009	5		
		238	Repayments 2010			
		175	Repayments 2011			
		1 187	Thereafter	72		
		2 112	**Interest-bearing long-term receivables**	**81**		
	1 442	312	Other short-term receivables	316	1 451	12
538	319	617	Loans to group companies			
538	**1 761**	**929**	**Interest-bearing short-term receivables**	**316**	**1 451**	**12**

In 2006, receivables linked to the repayment by the Norwegian Public Service Fund (SPK) of previously paid-in pension assets were reclassified from interest-free short-term receivables to interest-bearing short-term receivables. The comparable figures for 2005 were changed to correspond with this reclassification and to take into account the correction of an error in previous years' financial statements related to the calculation of the final settlement from SPK. See also note 19.

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

Norway Post's insurance account scheme contributes NOK 53 million (NOK 57 million in 2005 and NOK 74 million in 2004) to the other long-term receivables amount. Refer also to note 24.

Other short-term receivables mainly consist of the remaining receivable linked to the repayment by the Norwegian Public Service Fund (SPK) of previously paid in pension assets of NOK 288 million.

NOTE 14 OTHER LONG-TERM RECEIVABLES

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
855			Pension assets			722
7	6	4	Receivables from employees	7	6	12
	2	1	Long-term derivatives	1	2	
54	8	8	Other long-term receivables	17	12	61
916	**15**	**13**	**Interest free long-term receivables**	**24**	**20**	**795**

Receivables from employees include loans to employees of NOK 7 million with a repayment period of more than 12 months. These loans are interest-free and the employees' interest benefit on this is reported to the tax authorities.

The change in pension assets from 2004 to 2005 is explained in greater detail in note 3.

NOTE 15 INVENTORIES

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
70	64	49	Acquisition cost	63	69	77
(10)	(6)	(6)	Impairments	(8)	(6)	(10)
60	**58**	**43**	**Inventories**	**55**	**63**	**67**

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 172 million (NOK 182 million in 2005 and NOK 157 million in 2004), while the impairments for the period amounted to NOK 8 million (NOK 0 million in 2005 and NOK 6 million in 2004). The cost of goods for the group's subsidiaries amounted to NOK 139 million (NOK 17 million in 2005).

NOTE 16 INTEREST-FREE SHORT-TERM RECEIVABLES

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
879	889	917	Accounts receivable	2 810	2 048	1 855
1	2	1	Receivables from employees	4	3	1
184	54	159	Receivables from group companies			
42	22	36	Prepaid expenses	241	140	115
	13	13	Short-term derivatives	13	13	
386	475	487	Other receivables	969	644	504
1 493	**1 455**	**1 613**	**Interest-free short-term receivables**	**4 036**	**2 848**	**2 475**
20	12	11	Provisions for bad debts	37	30	40
17	7	8	Bad debts	18	5	36

In 2006, receivables linked to the repayment by the Norwegian Public Service Fund (SPK) of previously paid-in pension assets were reclassified from interest-free short-term receivables to interest-bearing short-term receivables. The comparable figures for 2005 have been restated correspondingly.

The accounts receivable have been reduced by provisions for bad debts.

The group has no major credit risk linked to one individual contracting party or several contracting parties that can 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 and that outstanding amounts do not exceed stipulated credit limits.
The book value of interest-free short-term receivables is approximately equal to their fair value due to the short periods left until maturity.

NOTE 17 LIQUID ASSETS

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
1 024	1 390	724	Cash and cash equivalents	1 191	1 530	1 276
	510	1 114	Short-term investments	1 115	510	
1 024	**1 899**	**1 838**	**Liquid assets in the balance sheet and cash flow**	**2 306**	**2 040**	**1 276**

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. The remuneration for these services is included in the operating revenues, while interest on the cash holding is recognised as financial income.

Posten Norge AS has obtained a bank guarantee with Nordea as security for advance tax payments of NOK 365 million for the employees.

In 2004, the Group changed its main bank to Nordea and established a group account system with Posten Norge AS as the group account holder. The banks can offset withdrawals 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		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
			Intangible assets	19		
	16		Buildings held for sale	114	21	5
		143	Shares held for sale	3		
	16	**143**	**Total assets held for sale**	**136**	**21**	**5**
			Current liabilities held for sale	23		
			Total liabilities held for sale	**23**		

The following assets were classified as held for sale as at 31 December 2006:

Posten Eiendom BG 14B AS
In connection with plans for moving Norway Post's letter centre to the new South Eastern Norway terminal at Robsrud in Lørenskog, outside Oslo, it was decided to sell the current location at Biskop Gunnerus gate 14. Norway Post established a private limited company, Posten Eiendom BG 14B AS, in June and the property was transferred to this company (refer also to note 10). This company was put up for sale in November 2006 and Posten Norge AS's shareholding was reclassified as held for sale. Both the assets and liabilities in Posten Eiendom BG 14 were reclassified in the consolidated financial statements to separate held for sale items.

In March 2007, Posten Eiendom BG 14B AS was sold for NOK 757 million. This produced a gain of NOK 614 million on the sale for the Parent Company and NOK 630 million for the Group. This company forms part of the Post Segment in note 1.

Bonds
In the Frigoscandia subsidiary, bonds to a value of NOK 2 million are classified as held for sale as at 31 December 2006 since the prerequisites for retaining these are no longer present. These bonds were sold in January 2007 at a price equal to their book value.

Shares in associates
In ErgoGroup, shares in Interprise Consulting DK, an associate, are classified as held for sale as at 31 December 2006 since this company is not regarded as a strategic investment. These shares were sold in January 2007 at a loss of NOK 0.1 million.

The following assets were classified as held for sale and sold during the year:

Sortland Terminal
In connection with the fact that Nor-Cargo AS no longer had a maritime forwarding agent in the Sortland area, it was decided to sell the Sortland Terminal property in June 2004. This sale was carried out in December 2006 at a sales price of NOK 10 million, which produced a gain on the sale of NOK 5 million.

Narvik Postgård property
Since Norway Post is no longer to own post office premises, it was decided to sell the Narvik Postgård property in March 2005. The sales contract was signed in January 2006 and the sale was carried out in March. The sales price equalled the property's book value.

NOTE 19 EQUITY

POSTEN NORGE AS	Share capital	Share premium account	Hedging reserve	Fair value reserve	Other equity	Total
Equity as at 1 January 2004	**3 120**	**1 560**			**(739)**	**3 941**
Net income for the year					831	831
Extraordinary dividend					(120)	(120)
Ordinary dividend					(121)	(121)
Equity as at 31 December 2004	**3 120**	**1 560**			**(149)**	**4 531**
Effect of implementing IAS 39			6	8	(27)	(13)
Equity as at 1 January 2005	**3 120**	**1 560**	**6**	**8**	**(176)**	**4 518**
Cash-flow hedging:						
- Changes in value/transferred to income			4			4
- Tax on changes in value			(1)			(1)
Available for sale investments						
- Change in fair value				(4)		(4)
Dividend distributed					(516)	(516)
Net income for the year					688	688
Other changes in equity					7	7
Equity as at 31 December 2005	**3 120**	**1 560**	**9**	**4**	**3**	**4 696**
Equity as at 1 January 2006	**3 120**	**1 560**	**9**	**4**	**3**	**4 696**
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)
Net income for the year					673	673
Tax effect of demerger receivables					14	14
Transferred from the share premium account to distributable reserves		(568)			568	
Equity as at 31 December 2006	**3 120**	**992**		**3**	**1 258**	**5 373**

Distributable reserves:	**2006**	**2005**
Other equity	1 261	16
Restricted reserves	(3)	(13)
Capitalised goodwill		(10)
Deferred tax assets	(475)	(545)
Distributable reserves after dividend	**783**	**(552)**

NOTE 19 EQUITY

NORWAY POST GROUP	Share capital	Share premium account	Hedging reserve	Fair value reserve	Translation differences	Other equity	Minority interests	Total
Equity as at 1 January 2004	3 120	1 560				(932)	18	3 766
Translation differences for the year					3			3
Net income for the year (Group)						853	4	857
Extraordinary dividend						(120)		(120)
Ordinary dividend						(122)		(122)
Other changes in equity						(23)	2	(21)
Equity as at 31 December 2004	3 120	1 560			3	(344)	24	4 363
Effect of implementing IAS 39			6	28		(29)		5
Equity as at 1 January 2005	3 120	1 560	6	28	3	(373)	24	4 368
Translation differences for the year					(2)			(2)
Cash-flow hedging:								
- Changes in value/transferred to income			4					4
- Tax on changes in value			(1)					(1)
Available for sale investments:								
- Change in fair value				(9)				(9)
Net income for the year (Group)						919	36	955
Dividend distributed						(517)		(517)
Other changes in equity							(47)	(47)
Equity as at 31 December 2005	3 120	1 560	9	19	1	30	13	4 752
Equity as at 1 January 2006	3 120	1 560	9	19	1	30	13	4 752
Translation differences for the year					33			33
Cash-flow hedging:								
- Changes in value/transferred to income			(15)					(15)
- Tax on changes in value			4					4
Available for sale investments:								
- Change in fair value				(16)				(16)
Net income for the year (Group)						862	(6)	856
Dividend distributed							(2)	(2)
Other changes in equity						(18)	10	(8)
Transferred from share premium account to distributable reserves		(568)				568		
Equity as at 31 December 2006	3 120	992	(2)	3	34	1 442	15	5 604

As at 31 December 2006, 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 dividend must not lead to an equity ratio of less than 10 per cent and that the company must not distribute more than that which is compatible with prudent and generally accepted business practices have been complied with. No dividend was paid in 2006. In 2005, a total of NOK 516 million was paid in dividend to the Ministry of Transport and Communications, including an extraordinary dividend of NOK 50 million. NOK 471 million of the net income for 2006 has been allocated to dividend for distribution in 2007.

The equity has been adjusted by the net amount of NOK 30 million due to an error in the basis for calculating pensions used in the estimated final settlement with the Norwegian Public Service Fund (SPK) in 2005. The basis for calculating the pensions contained errors in variable supplements due to defective reporting in previous periods. This adjustment was carried out by changing comparable figures for 2005.

The minority´s share of the equity as at 31 December 2006 amounted to NOK 15 million (NOK 13 million in 2005 and NOK 24 million in 2004). In connection with the acquisition of the remaining 43 per cent of CityMail as at 31 December 2005, the minority´s share was adjusted by NOK 47 million.

NOTE 20 PROVISIONS FOR LIABILITIES AND CHARGES

POSTEN NORGE AS	Restructuring	Severance pay	Pension	Other	Total
Balance sheet as at 31 December 2004	122	216		13	351
Provisions allocated during the year	70			88	158
Reversal of previous year's provisions	(3)	(12)			(15)
Provisions utilised during the year	(113)	(36)			(149)
Change in pension liabilities during the year			1 434		1 434
Balance sheet as at 31 December 2005	76	168	1 434	101	1 779
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)
Balance sheet as at 31 December 2006	41	128	1 404	101	1 674
Short-term part of the provisions	23	25			48
Long-term part of the provisions	18	103	1 404	101	1 626

NORWAY POST GROUP	Restructuring	Severance pay	Pension	Other	Total
Balance sheet as at 31 December 2004	145	216		122	483
Provisions allocated during the year	173			108	281
Reversal of previous years' provisions	(10)	(12)		(4)	(26)
Provisions utilised during the year	(143)	(36)		(85)	(264)
Change in pension liabilities during the year			1 609		1 609
Balance sheet as at 31 December 2005	165	168	1 609	141	2 083
Provisions allocated during the year	36			82	118
Reversal of previous years' provisions	(11)	(12)		(1)	(24)
Provisions utilised during the year	(124)	(28)		(7)	(159)
Change in pension liabilities during the year			31		31
Balance sheet as at 31 December 2006	66	128	1 640	215	2 049
Short-term part of the provisions	44	25		78	147
Long-term part of the provisions	22	103	1 640	137	1 902

Restructuring
The parent-company provisions of NOK 25 million are related to:
Human resource measures NOK 14 million
Rent for vacated premises NOK 11 million

The total provisions in the parent company as at 31 December 2006 were NOK 41 million and are expected to be used as follows:
Human resource measures NOK 16 million
Rent for vacated premises NOK 25 million

Most of the payments will take place in 2007-2008. The provisions relating to human resource measures refer to the costs of downsizing decided upon in 2005-2006 in connection with the closure of four terminals, as well as downsizing at post offices and distribution units.
Other provisions for restructuring costs in the Group as at 31 December 2006 refer to ErgoGroup, Nor-Cargo and Frigoscandia and are expected to be used as follows:
Human resource measures NOK 17 million (will mainly be paid in 2007)
Rent of empty premises NOK 7 million (will be paid in 2007-2010)
Other measures NOK 1 million

These provisions agree with the estimated liabilities and have been discounted. The provisions are related partly to specific projects where the number of redundancies have been clarified, and partly to rent for empty premises. The amounts set aside are therefore not expected to deviate significantly from the actual payments.
The provisions related to human resource measures are mainly made on the basis of agreements regarding severance pay, endowment pensions and commuter funding. As at 31 December 2006, any uncertainty linked to the number of employees that will accept severance pay offers is minimal.

Severance pay
Severance pay is paid to redundant state employees for a period until they get a new job. For employees of Posten Norge AS, the arrangement applies to dismissals 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 dismissals made between 1 July 2002 and 31 December 2004. In 2006, the amount disbursed has been NOK 28 million. Provisions as at 31 December 2006 are NOK 128 million. The disbursements will take place up to 15 years into the future and are dependent on the extent which those receiving severance pay get new permanent or temporary jobs. There is therefore some uncertainty related to the size of the provision, which has been determined on the basis of our experience in making such payments from 2003-2006. The provision is discounted.

Other
Long-term provisions for liabilities include NOK 13 million for cleaning-up obligations linked to a plot of land and obligations to buy IT-related technology for NOK 19 million.

Pensions are described in further detail in note 3.

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

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
			Secured debt			
400	400	400	Debt to credit institutions	400	400	400
400	**400**	**400**	**Total secured debt**	**400**	**400**	**400**
			Unsecured debt			
692	810	1 925	Debt to credit institutions	1 950	837	720
223			Foreign currency loan SEK			237
11			Foreign currency loan DKK			11
81	126	198	Other long-term liabilities	283	195	145
			Subordinated loan		14	14
1 007	**936**	**2 123**	**Total unsecured long-term liabilities**	**2 233**	**1 046**	**1 127**
1 407	**1 336**	**2 523**	**Interest-bearing long-term liabilities**	**2 633**	**1 446**	**1 527**
		3	Repayments 2008	22		
		3	Repayments 2009	13		
		4	Repayments 2010	11		
		572	Repayments 2011	578		
		1 941	Thereafter	2 009		
		2 523	**Long-term liabilities**	**2 633**		
		1 930	Debt to credit institutions	1 948		
		11	Other long-term liabilities	61		
		1 941	**Liabilites maturing after five years**	**2 009**		
238	57	3	First year´s repayment on long-term liabilities	37	73	238
304	507	719	Debt to Group Companies			
			Other short-term liabilities	24		14
542	**564**	**722**	**Interest-bearing short-term liabilities**	**61**	**73**	**252**

The effective interest rate on Norway Post's loans from credit institutions is 3.55 per cent. The effective interest rate is a calculated, weighted average. As at 31 December 2006, fixed interest rate agreements had been entered into for loans of NOK 400 million at an interest rate of 3.8 per cent, valid until 24 February 2012. The effective interest rate on Nor Cargo's loans from credit institutions is 5.4 per cent.

Other long-term liabilities comprise liabilities relating to Posten Norge AS's and the Group's financial leases of NOK 24 million and NOK 95 million respectively, interest/currency swaps linked to a private placement loan and NIB (Nordic Investment Bank) loan equal to a total of NOK 174 million.

Other short-term liabilities consist of Frigoscandia's net interest-bearing account with IKEA.

Liabilities linked to financial leases are reduced by regular payments of loan instalments. The weighted average effective interest rate on these loans is 4.6 per cent for Posten Norge AS and 4.4 per cent for the Group. Refer also to note 27.

Norway Post had three private placement loans totalling NOK 915 million as at 31 December 2006. 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 loans - refer also to note 23.

Debt to credit institutions includes a certificate loan of NOK 1 200 million which is within the framework of established overdraft facilities and is thus classified as long-term financing.

In October 2005, Norway Post obtained a new Euro 500 million overdraft facility as a way of refinancing its existing facilities, obtained in 1998 and 2003. The objective of this was to achieve better conditions in the form of a longer term to maturity, lower costs and greater freedom of action. As at 31 December 2006, the total unused drawing rights equalled NOK 745 million in current drawing rights and Euro 500 million which are available until 19 October 2012.

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

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
1 517	1 512	1 580	Provisions for payroll expenses and public charges	2 161	1 942	1 929
247	411	510	Provisions for accrued expenses	1 109	690	435
332	258	291	Pre-paid income	363	303	393
320	309	326	Accounts payable	1 389	776	765
252	241	645	Debts to group companies			
123	80	48	Restructuring and severance pay, short-term	69	139	175
	6	24	Short-term derivatives	26	6	
66	197	38	Other liabilities	188	468	130
2 857	**3 014**	**3 462**	**Interest-free short-term liabilities**	**5 305**	**4 324**	**3 827**
	7	17	Long-term derivatives	17	7	
	1	1	Other interest-free long-term liabilities	11	13	7
	8	**18**	**Interest-free long-term liabilities**	**28**	**20**	**7**

As at 31 December 2005, Posten Norge AS's other liabilities included a liability of NOK 160 million linked to the purchase of the remaining 43 per cent of the shares in the CityMail Sweden AB subsidiary. This purchase was carried out in 2006. Refer also to note 12.

NOTE 23 FINANCIAL INSTRUMENTS

1. 'Available for sale' financial assets:

POSTEN NORGE AS			NORWAY POST GROUP	
2005	**2006**		**2006**	**2005**
20	3	Investments in shares	3	51
20	**3**	**Total**	**3**	**51**

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

As at 31 December 2005, the Group owned a total of 20 per cent of the shares in Optimail, in that Posten Norge AS owned 8 per cent and CityMail Sweden AB owned 12 per cent. These shares were bought in 2004 and 2002 respectively, with the intention of starting a long-term business relationship. As at 31 December 2005, the group's wholly owned subsidiary, Norwegian Mail International AB, had offered to buy shares from Optimail AB's shareholders at SEK 18.75 per share, so the fair value of these shares in Posten Norge AS (NOK 17 million) and CityMail AB (NOK 26 million) was assessed at the shares' sales price. The sale was carried out in January 2006 at book value. The change in the value of these shares in 2005 came to a total of NOK 9 million (NOK 4 million for Posten Norge AS) and has been recognised in equity.

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

With regard to the other NOK 24 million in shares that are classified as available for sale, their fair value has been assessed to be their 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 the revised IAS 39 for loans with associated derivatives that have previously been recognised as a fair value hedge. In line with the transitional provision stated in IAS 39, the change was implemented with effect from 1 January 2005. This change had no net accounting effect on the income statement or balance sheet.

Norway Post has three loans which are classified as fair value through profit or loss under the fair value option as at 31 December 2006. In 2003 and 2004, Norway Post entered into three long-term loans with three different Japanese annuity companies for JPY 6.4 billion, JPY 5.0 billion and 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 as these loan agreements were entered into, combined currency and interest-rate swap agreements were entered into which, combined with the loans, effectively provide loans in NOK with the interest rates set every third month.

The value of the loans in NOK when the agreements were entered into was NOK 400 million, NOK 330 million and NOK 185 million - a total of NOK 915 million. As at 31 December 2006, these loans are recognised at a total value of NOK 725 million (NOK 809 million as at 31 December 2005) and the interest-rate and currency swap agreements are recognised at NOK 190 million (NOK 106 million as at 31 December 2005). The change in the swap agreements' fair value in 2006 totalled NOK 85 million (NOK 17 million in 2005).

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.

3. Derivatives

Derivatives capitalised at their fair value as at 31 December:

POSTEN NORGE AS 2006			NORWAY POST GROUP 2006	
Assets	Liabilities		Assets	Liabilities
		Cash flow hedging		
17		Interest-rate swaps	17	
	16	Forward exchange contracts SEK		16
3		Forward exchange contracts EURO	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	Interest-rate/currency swaps 1)		190
1	3	Forward exchange contracts 2)	1	3
6		Inflation swaps 3)	6	
32	230	Total	32	233

POSTEN NORGE AS 2005			NORWAY POST GROUP 2005	
Assets	Liabilities		Assets	Liabilities
		Cash flow hedging		
	1	Interest-rate swaps		1
	7	Forward exchange contracts SEK		7
7		Forward exchange contracts EURO	7	
6		Forward contracts electricity purchases	6	
		Fair value hedging		
2		Currency swaps	2	
		Not hedging		
	106	Interest-rate/currency swaps 1)		106
	6	Forward exchange contracts 2)		6
15	120	Total	**15**	**120**

The total contractual amount (MNOK) for interest-rate swaps and forward contracts capitalised as at 31 December 2006:

NORWAY POST GROUP	Remaining period			Total contractual amount	
	Less than 1 year	1 - 5 years	More than 5 years	2006	2005
Interest-rate swaps - cash flow hedging		400		400	400
Forward exchange contracts - cash flow hedging	166	123		289	191
Forward contracts electricity purchases - cash flow hedging	68	30		98	44
Forward contracts jet fuel - cash flow hedging	29			29	
Forward contracts diesel - cash flow hedging	65			65	
Currency swaps - fair value hedging	127	29		156	275
Forward exchange contracts - hedging of investments in foreign entities	1 137			1 137	334
Interest-rate/currency swaps 1)		214	730	944	944
Forward exchange contracts 2)	104			104	1612
Inflation swaps 3)			1 000	1 000	
Total	1 696	796	1 730	4 222	3 800

1) Interest-rate/currency swaps related 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 control the risk relating to some Euro incomes and diesel costs.

3) Inflation-indexed interest-swap agreement classified at 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 over a contractual period of 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) on which the interest is determined every six months. In order to ensure fixed interest-rate conditions, interest-rate swaps for NOK 400 million have been entered into so that Norway Post pays a fixed net interest rate on the hedged loan. The hedged loan and interest-rate swap have the same main conditions.

Currency hedging – EURO revenues
Norway Post expects revenues of Euro 50 million for distributing post from abroad in both 2007 and 2008. 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 Euro revenues earned are credited the income statement each month.

Electricity price hedging
Norway Post buys the equivalent of 230 million kWh of electricity each year. The electricity price is hedged by buying forward contracts. The change in value of the forward contracts that are effective hedging instruments is recognised in equity. The cash flows in the form of incurred electricity costs are charged to the income statement each month.

Diesel/jet fuel hedging
Norway Post buys diesel and jet fuel for NOK 80 million and NOK 30 million respectively each year (before taxes). These prices are hedged by buying forward contracts. Any change in the value of forward contracts that are effective hedging instruments is recognised in equity. The cash flows in the form of incurred diesel and jet fuel costs are charged to the income statement each month.

Fair value hedging

National Logistics project
Norway Post has decided to buy machinery worth Euro 20 million for the National Logistics project during the 2007-2008 period. The exchange-rate risk related 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 capitalised until the investments are recognised in the accounts.

4. Hedging of investments in foreign entities:

	2006	2005	2004
Foreign currency loans			123
Forward exchange contracts	1 137	334	
Total	**1 137**	**334**	**123**

In 2004, Norway Post used foreign currency loans in Swedish kroner (SEK) to hedge investments in foreign subsidiaries. These loans were settled as at 31 December 2005 and forward exchange contracts were entered into for the same purpose. Norway Post has invested SEK 335 million in CityMail Sweden AB and SEK 65 million in Box Delivery Sverige, SEK 675 million in FSH HoldCo AB (Frigoscandia) and SEK 180 million in Optimail AB. The exchange-rate risk on these investments is hedged by selling a total of SEK 1 255 million in revolving forward exchange contracts. 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 fund in equity (see note 18) divided between interest-rate swaps and forward exchange contracts:

NORWAY POST GROUP	Interest-rate swaps	Forward (exch) contracts	Total hedging reserves
Introduction of IAS 39 on 1 Jan 2005:			
Gain/loss on measurements at fair value	2	6	8
Deferred taxes	(1)	(2)	(2)
Balance sheet as at 1 January 2005	**1**	**4**	**6**
Changes in value/transfers to income statement	(3)	7	4
Associated deferred taxes	1	(2)	(1)
Balance sheet as at 31 December 2005	**(1)**	**9**	**9**
Changes in value/transfers to income statement	18	(33)	(15)
Associated deferred taxes	(5)	9	4
Balance sheet as at 31 December 2006	**12**	**(15)**	**(2)**

Of the total movement of NOK 11 million in the hedging reserve in 2006, NOK 9 million relates to Posten Norge AS and NOK 2 million relates to Frigoscandia.

NOTES

NOTE 24 FINANCIAL RISK

Financial instruments
Posten Norge AS employs financial instruments to manage its exposure to changes in foreign exchange rates, interest rates and electricity prices.

Agreements regarding financial instruments are entered into to reduce the risk of financial exposure and are therefore mainly recognised as hedges when there is a clear link with underlying assets or liabilities.

Guidelines and routines for handling the group's financial risk exposure are stipulated in policies agreed to by the board. Financial hedges must always be assessed on the basis of a group persepective and the group must avoid transactions that are not based on underlying activities. The main criterion for entering into a financial hedge is that the transaction or transactions to be hedged may have a significant effect on the group's results.

The group's head office finance department has the overall responsibility for this work, including:
- responsibility for continuously assessing the hedge from a group perspective
- carrying out all the group's financial hedging business
- providing guidance in connection with financial risks
- responsibility for following up and providing guidance in connection with the establishment of internal routines in divisions/subsidiaries.

Norway Post's financial lending ability is governed by debt covenants, among other things, and the goal is for investments not to increase the group's net interest-bearing debt by more than 3.5* EBITDA. This is also a covenant in the company's largest loan facility. As at 31 December 2006, this debt is 0.19 of the EBITDA.

(a) Credit risk
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 the credit risk.

The group has guidelines to ensure that sales are only made to customers that have not had any serious problems in making payments previously, and that outstanding amounts do not exceed the stipulated credit limits.

The group has not guaranteed for any third party's debts.

The maximum risk exposure is represented by the book value of the financial assets, including derivatives, in the balance sheet. Since the contracting party in a derivative trade is normally a bank, the credit risk relating to derivatives is considered to be remote. The group therefore regards its maximum risk exposure to be the book value of its accounts receivable and other current assets (see note 16).

(b) Interest-rate risk
The interest-bearing debt has been borrowed at floating interest rates, which means that Posten Norge AS is exposed to an interest-rate risk as at 31 December 2006. Posten Norge AS has fixed interest-rate agreements for NOK 400 million which are valid until 24 August 2011 and make up 15 per cent of the company's total interest-bearing liabilities as at 31 December 2006 (see note 21).

The Group's Finance Policy stipulates a requirement that the net interest-rate risk must be hedged.The group makes use of interest-rate derivatives to hedge against fluctuations in its net income due to changes in the interest-rate level. It makes use of interest-rate swaps both to hedge against fair value exposure and as cash-flow hedges for loans (see note 23).

In connection with the introduction of IAS 39, the group has appointed some of its interest-rate swaps as cash-flow hedging instruments. All interest-rate swaps are recognised at their fair value.

The interest-rate sensitivity is measured by taking the net interest-bearing debt (adjusted for duration) and assessing the effects of a 1 per cent increase in the interest rate. As at 31 December 2006, the net interest-bearing debt is NOK 388 million. As at 31 December 2006, a 1 per cent change in the interest rate will affect the net income by NOK 3.9 million.

(c) Liquidity risk
In order to ensure that the group has financial freedom, liquidity reserve and loan reserve targets have been defined. The liquidity reserve, which consists of bank deposits and unused drawing rights, must equal at least 15 per cent of the group's operating revenues. The loan reserve, which consists of unused drawing rights minus loans that fall due within 360 days, must equal at least 10 per cent of the group's operating revenues.

Unused credit opportunities are discussed in note 21.

(d) Exchange-rate risk
The group is exposed to an exchange-rate risk in that it makes purchases and sales in several different countries. The group enters into forward exchange contracts in order to reduce the exchange-rate risk in cash flows nominated in foreign currencies. The exchange-rate risk is calculated for each foreign currency and takes into account assets and liabilities, liabilities not recognised in the balance sheet and very probable purchases and sales in the currency in question.

The effect of forward exchange contracts that are effective hedging instruments is recognised together with the transaction the contract is intended to hedge, while any ineffectiveness in the hedge is recognised as a financial expense (see note 7).

As at 31 December 2006, forward exchange contracts to hedge the exchange-rate risk relating to revenues that will be settled in foreign currencies have been entered into for around 75 per cent of the budgeted foreign revenues. Forward exchange contracts have also been entered into in connection with large, future purchases from foreign suppliers.

As a result of the group implementing IAS 39 in 2005, all the forward exchange contracts are recognised at their fair value (see note 23).

The group has also entered into forward exchange contracts to hedge net investments in foreign subsidiaries.

(e) Energy
The group has costs relating to electricity and fuel. As at 31 December 2006, Posten Norge AS has hedged 95 per cent of its electricity and fuel prices in 2007 by entering into fixed price (forward) contracts.

As a result of the group implementing IAS 39 in 2005, all the forward contracts are recognised at their fair value (see note 23).

(f) Market risk
Norway Post has little financial exposure to market risks due to its considerable hedging of its foreign currency revenues, its fixed-interest-rate agreements and its fixed electricity and fuel prices.

(g) Fair value
The fair value of financial assets classified as "available for sale" is set at the stock-exchange price on the balance sheet date provided the asset is listed. For unlisted assets, the fair value is not considered to be significantly different from the historical cost.

The fair value of forward exchange contracts is determined by using the forward exchange rate on the balance sheet date. The fair value of currency swaps is calculated by taking the present value of future cash flows. The fair value of all derivatives is confirmed by the financial institution with which the company has entered into the agreements.

The following of the company's financial instruments have not been valued at their fair value: cash and cash equivalents, accounts receivable, other short-term receivables, other interest-bearing long-term receivables, overdraft facilities, parts of long-term liabilities, accounts payable and other short-term liabilities.

The book value of cash, cash equivalents and overdrafts is approximately equivalent to their fair value since these instruments fall due within a short period. Correspondingly, the book value of accounts receivable and accounts payable is approximately equivalent to their fair value since they are entered into on commercial terms.

The fair value of long-term liabilities is calculated by using listed market prices or the interest-rate conditions for liabilities with similar terms to maturity and credit risks.

The fair value of financial assets and liabilities recognised at their amortised cost is calculated as the present value of estimated cash flows discounted using the interest rate applicable to corresponding liabilities and assets on the balance sheet date. Regarding the fair value of long-term liabilities recognised at their amortised cost, see note 21.

No financial assets have been reclassified in such a way that the valuation method has been changed from amortised cost to fair value or vice versa.

The fair value of derivatives selected as hedging instruments is recognised as other short-term receivables/liabilities or other long-term receivables/liabilities depending on the date when the associated hedged object falls due.

Insurance schemes

The company has insured important parts of its operations and tangible assets under traditional insurance schemes. The company has only taken out statutory third-party insurance for its vehicles. The company itself covers any accidental damage to its own vehicles.

As a policyholder, the company is entitled to manage agreed parts of its risk exposure under the insurance companies' insurance licence. The financial and risk aspects of this insurance activity are handled separately from the insurance company's remaining activity by the company using a separate account to handle these risks. Since December 1996, Posten Norge AS has made use of an accounts solution for certain selected insurance covers. As from 2006, the account solution is limited to only apply to the liability coverage.

The loss ratio for the insurance policies covered by the accounts system has been positive. This account is in the process of being reduced to a lower level. The balance of the account as at 31 December 2006 was NOK 53 million. See also note 13.

NOTE 25 FOREIGN EXCHANGE RATES

	Exchange rates 1 January 2006	Average exchange rate 2006	Exchange rate 31 December 2006
SEK	0.8505	0.8698	0.9112
DKK	1.0703	1.0787	1.1049
Euro	7.9850	8.0465	8.2380

NOTE 26 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 December):

POSTEN NORGE AS				NORWAY POST GROUP		
2004	2005	2006		2006	2005	2004
99	173	121	Guarantees for group companies' liabilities	783	231	173
150	150	256	Commercial guarantees	274	230	150
	1		Other guarantees	97	1	1
249	324	377	Total guarantees	1 154	462	324

Norway Post has also provided a guarantee for the subsidiary Posten Eiendom Robsrud AS` commitments regarding the development of the new South Eastern Norway letter terminal.
Some of Norway Post's loan agreements contain negative pledge clauses and commit the group to maintain defined levels for key financial ratios. At the end of 2006, the group was well within the defined limits.

In addition, a group guarantee has been provided to Nordea for withholding tax. As at 31 December 2006, this guarantee amounted to NOK 365 million.

NOTE 27 LEASES

1. Lessee
1.1. Financial leases

POSTEN NORGE AS				NORWAY POST GROUP		
2004	2005	2006		2006	2005	2004
164	164	68	Buildings	153	249	249
			Machinery, equipment and vehicles	73	41	
164	164	68	Gross book value	226	290	249
56	58	63	Accumulated depreciation 1 January	109	90	60
		(38)	Depreciation - disposals	(38)		
2	5	7	Depreciation during the year	37	19	30
106	101	36	Net book value	118	181	159
84	77	27	Commitments, buildings	80	133	144
			Commitments, machinery, equipment and vehicles	40	39	

Overview of future minimum rents:

2006		2006
3	Next 12 months	23
17	1 to 5 years	45
7	After 5 years	44
27	Future minimum rents	112
4.9 %	Interest rate	4.0 %
19	Present value of future minimum rents	87
	Of which:	
3	short-term liabilities	22
16	long-term liabilities	65

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 2006, Posten Norge AS has financial leases for Skien Post Terminal and the Odda Postgård building. The lease for Odda Postgård expires on 1 October 2012. Norway Post is entitled to extend this lease or to buy the section leased during the contractual 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.

The lease for Troms Post Terminal was terminated on 15 September 2006 and the building was bought for NOK 46 million, which equalled the remaining liability on the purchase date. The building's book value of NOK 59 million was reclassified as tangible fixed assets (see note 10).

ErgoGroup has a financial lease for Fjellhallen at Gjøvik. The company is entitled to take over this building at any time at a price equal to the nominal value of the residual debt, or at no charge at all in 2023.
ErgoGroup also has entered into leases for computer equipment. The longest lease expires on 31 December 2009. The company is entitled to buy the equipment at a price equal to 1 month's rent at the expiry of the lease.

The group's other financial leases belong to Frigoscandia, Grenland Transport og Industriservice and Nor-Cargo and relate to vehicles. The longest lease expires on 29 August 2012.

1.2. Operational leases

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
106	112	133	Ordinary rent, vehicles	162	150	177
503	527	595	Ordinary rent, buildings	914	750	704
			Ordinary rent, computer equipment	29	18	67
15	16	17	Ordinary rent, other	106	13	0
		(7)	Subletting income	(55)		
624	**655**	**738**	**Total rents paid**	**1 156**	**931**	**948**

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

		571	Within 1 year	1 012		
		950	1 to 5 years	2 150		
		357	After 5 years	2 073		
		1 878	Total	5 235		

Posten Norge AS has entered into around 1 400 leases for various types of property, including offices and sorting premises, terminals, post offices and parking facilities. These leases expire in 2006-2026. According to most of these leases, Norway Post is entitled to extend the lease period when the lease expires.

The most significant leases relate to Posthuset, in Biskop Gunnerusgate 14 A, the letter terminal at Biskop Gunnerusgate 14 B in Oslo and Kanalvegen in Bergen.

The lease period for the Posthuset building at Biskop Gunnerusgata 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 based on the floor space rented. The rent is index-linked (100%) annually.

The letter terminal at Biskop Gunnerusgata 14 B in Oslo and the Bergen post terminal in Kanalvegen were transferred to the property companies Posten Eiendom BG 14B AS and Posten Eiendom Kanalvegen AS in 2006, with continuity for accounting and tax purposes (refer also to note 10). Operational leases relating to these properties have been entered into between Posten Norge AS and these property companies.

The lease period for the letter centre in Oslo is 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 rents the letter terminal 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.

The lease period for the Bergen post terminal in Kanalvegen is linked to the tenant building a new letter centre in the Bergen area. The lease can be terminated by the tenant giving six months' notice. The tenant is responsible for running the building and covering all the costs related to this. The rent is index-linked (100%) annually.

In June 2004, an agreement with LeasePlan Norge AS to lease and operate all types of vehicles was extended. Under this lease, new individual contracts may be entered into until 26 June 2007. Normally, the contract period for each vehicle will be two to five years. Norway Post is not entitled or obliged to extend the lease period or to buy the vehicle when the lease expires. A total of 4 224 vehicles were leased at the end of 2006.

A provision of NOK 27 million has been made for vacated premises. This amount has been recognised under restructuring costs. Refer to note 20.

The most significant of the group's other operational leases relate to premises leased for Frigoscandia, ErgoGroup and Nor-Cargo. 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 came to a total of NOK 4 million.

NOTE 28 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		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
	66	86	2007	379	68	
		76	2008	325	2	
		80	2009	84	4	
			2010	7	7	
			2011	4	4	
			Thereafter			
	66	**242**	**Total purchasing obligations**	**799**	**85**	

Norway Post's purchasing obligations are mainly related to contracts entered into for sorting machinery and IT equipment in connection with the creation of Norway Post's new sorting-process structure. Of the contracts and goods orders entered into, NOK 172 million are in Euro and are entirely hedged by forward exchange contracts.

Of the group's purchasing obligations, an amount of NOK 537 million is related to a contract entered into with Skanska to build the South Eastern Norway terminal at Robsrud. NOK 20 million relates to the purchase of PKI (Public Key Infrastructure) services according to agreement.

NOTE 29 CHANGES IN THE GROUP STRUCTURE

Acquisitions

Acquisitions in 2006 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	Negative goodwill recognised in income	Contribution to income in 2006
FSD HoldCo AB	January	100 %	Transport		11
Johs Lunde-gruppens termo-selskaper	January	100 %	Forwarding		(29)
Optimail AB	January	100 %	Post		(12)
Fujitsu Services Norge AS	March	100 %	ICT	63	2
Allianse ASA	June	100 %	ICT		22
Holmskau Transport AS	July	100 %	Forwarding		2
AddIQ AB	September	100 %	ICT		2
Blomquist Transport og Spedisjon AS	September	100 %	Forwarding		
Scanex B.V	October	100 %	Forwarding		1
Talk2me AS	November	100 %	Customer relations		1
Grenland Transport og Industriservice AS	November	100 %	Transport		(1)
Total				**63**	**(1)**

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:

	Post	Logistics	ICT	Norway Post Group
Intangible assets	14	8	63	86
Goodwill	0	7	154	162
Deferred tax assets	51	17	65	133
Tangible fixed assets	2	85	41	128
Financial assets	30	15	1	46
Receivables	101	692	132	924
Liquid assets	43	94	133	270
Total assets	**242**	**920**	**588**	**1 749**
Provisions for obligations	5	53	44	102
Interest-bearing liabilities	5	20	5	30
Interest-free liabilities	78	769	155	1 003
Total liabilities	**88**	**842**	**204**	**1 135**
Net identifiable assets	**153**	**78**	**384**	**615**
Goodwill at time of acquisition	97	696	577	1 371
Buy-out of minority interests		5		5
Total purchase price	**250**	**779**	**961**	**1 990**
Cash paid	232	767	956	1 955
Provisions made as at 31 December 2006	18	4	5	28
Other		7		7
Total purchase price	**250**	**779**	**961**	**1 990**
Cash paid	232	767	956	1 955
Cash received upon acquisition	(43)	(94)	(132)	(270)
Net cash paid at time of acquisition	**189**	**673**	**823**	**1 685**

Acquisitions in 2006
For aquisitions, 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 2006, the group's acquisitions led to a total of NOK 1 422 million being recognised in the balance sheet as goodwill. Refer to note 9 regarding determination of book value of goodwill.

Post:
In November 2006, Posten Norge AS bought Talk2me AS. The entire added value of NOK 51 million has been allocated to goodwill until a final added value analysis has been conducted.

The purchase of the shares in Optimail AB in January 2006 led to recognition in the balance sheet of around NOK 45 million as the value of the deferred tax asset linked to the loss carried forward for tax purposes, NOK 4 million for the Optimail brand name, around NOK 12 million for the added value in shares of AdressPoint Intl AB, a Swedish company that carries out address-changing operations, and NOK 6 million as added value in IT equipment. The remaining added value from the purchase is recognised in the balance sheet as goodwill worth NOK 46 million.

Logistics:
50 per cent of the Johs Lunde group's thermo-transport companies were acquired with accounting effect from 1 January 2006 in return for 50% of the shares in Nor-Cargo Thermo Holding AS, which owns the Nor-Cargo group's thermo-transport companies. The cost price of the Johs Lunde shares was valued at their fair value on this date and amounts to NOK 107 million. Nor-Cargo had control over Nor-Cargo Thermo Holding AS from this date and the company was consolidated as a subsidiary. In December 2006, Nor-Cargo bought out the minority interests for NOK 92 million and owned 100 per cent of the shares at the year-end. The loss of almost NOK 5 million on buying out the minority interests was offset against the group goodwill from the purchase of the Johs Lunde companies. Costs of NOK 2 million linked directly to the purchase were recognised in the balance sheet as part of the cost price of the shares. Of this, NOK 4 million was not settled at the year-end in accordance with the contract with Johs Lunde. A final added value analysis of the purchase led, among other things, to two goodwill items relating to the Nordan and Grimestad companies, a total of NOK 10 million, being written down, of which almost NOK 6 million was covered by the Johs Lunde group in the settlement paid for the last 50 per cent of the shares. This amount has been recognised as a deduction from the purchase price in the table above, under "Other". The difference between the total purchase price for the companies from Johs Lunde and the amount recognised in the balance sheet as the cost price of the shares in the first purchase, amounting to NOK 13 million, is also stated on this line.

Nor-Cargo also bought Blomquist Transport og Spedisjon AS, Holmskau Transport AS and Scanex B.V in 2006 and this has led to goodwill of NOK 53 million being recognised in the balance sheet.

The acquisition of FSD HoldCo AB led to the company recognising NOK 2 million in the balance sheet for the Frigoscandia brand name. The residual added value of around NOK 528 million has been allocated to goodwill. This purchase has an effect on the accounts as from 1 January 2006.

Box Solutions' acquisition of Grenland Transport & Industriservice AS led to goodwill of NOK 13 million being recognised in the balance sheet until a final added value analysis has been conducted.

Ergo:
In May, ErgoGroup entered into an agreement to buy 55.7 per cent of Allianse ASA. The board of ErgoGroup decided in June to compulsorily redeem the remaining shares in Allianse, and this company was delisted from the Oslo Stock Exchange in the middle of July. The acquisition of Allianse complements and strengthens Norway Post's ICT operations and ErgoGroup's IT services to SME customers. The added value on the aquisition is linked to systems and solutions (NOK 13 million) and the contract portfolio relating to customers with management and operations agreements (NOK 50 million). The remainder of the added value, which has been allocated to goodwill until a final added value analysis has been conducted, amounts to NOK 626 million.

At the end of March, ErgoGroup entered into an agreement to buy Fujitsu Services Norge AS. Through this purchase, ErgoGroup acquires a number of important outsourcing contracts related to shop and commercial chains. This acquisition strengthens ErgoGroup's range of services for companies with a nationwide presence. In connection with the purchase, a deferred tax asset of just over NOK 67 million has been recognised in the balance sheet relating to a loss carried forward for tax purposes, and badwill of around NOK 63 million has also been recognised in the income statement.

All the shares in AddIQ AB were acquired at the end of June. This company contributes important expertise in advisory services related to infrastructure operations and expert support. Of the added value in connection with this purchase, NOK 2 million has been allocated to expert support contracts while NOK 14 million has been allocated to goodwill.

Internal changes in the group's structure in 2006:
In order to simplify Nor-Cargo's communication with customers and corporate structure, HSD Transport AS and Nor-Cargo Tromsø AS were merged into Nor-Cargo AS. All Nor-Cargo AS's foreign activities were coordinated with those of Eurodynamic Norge AS at the same time. In order to further simplify Nor-Cargo's corporate structure, Nor-Cargo AS was merged into Nor-Cargo Holding AS. This company will continue to be run as Nor-Cargo AS. The management of Frigoscandia's Norwegian operations will be coordinated with that of Nor-Cargo AS.

In 2006, Posten Norge AS established Posten Eiendom AS, Posten Eiendom Robsrud AS, Posten Eiendom Espehaugen AS, Posten Eiendom Kanalveien AS and Posten Eiendom BG 14, each with a share capital of NOK 100 000 and with the properties in question as contributions in kind. The objective of this is to optimise the values of the properties and the group's financing structure. All the companies with the exception of Posten Eiendom AS were later given additional capital in order to ensure the future running of the properties. Posten Eiendom BG 14B AS was transferred to the held for sale group on 31 December 2006. In 2007, an agreement has been entered into to sell Posten Eiendom BG 14B AS to a third party and the gain for accounting purposes equals NOK 614 million for the parent company and NOK 630 million for the group.

As part of the work of simplifying the group's corporate structure, ErgoGroup AS merged with a number of its subsidiaries in 2006, including the acquired companies Allianse, ErgoConnect (Fujitsu Services) and Løsningsarkitektene. ErgoGroup AB similarly merged with AddIQ AB, among other companies.

BoxSolutions AS and Wajens AS were merged with accounting effect from 1 January 2006. Wajens AS's express department was not covered by this merger and this was merged with Box Delivery Norge AS.

In addition, Nettlast AS was merged with Nettlast Hadeland with accounting effect as from 1 January 2006.

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 at the beginning of the period.

	Post	Express	Logistics	ICT	Other*	Group
Operating revenues 2006	11 824	4 245	6 916	3 620	(2 397)	24 208
Pro forma operating revenues 2006	11 904	4 245	7 134	3 946	(2 397)	24 832
Net income before tax 2006	890	308	162	224	(384)	1 200
Pro forma net income before tax 2006	876	308	159	242	(384)	1 200

* "Other" are eliminations between the segments.

Overview of the allocation of acquisition costs for acquisitions after the balance sheet date (unaudited figures):
ErgoGroup bought all the shares in SYSteam AB in February 2007 and has thus become the leading ICT supplier for the SME market in the Nordic region. This addition provides a wide geographical coverage in Norway and Sweden and a starting point for investments in Finland. See the preliminary allocation of the acquisition cost for this purchase in the table below. Added value of NOK 847 million has so far been allocated as goodwill until a final added value analysis has been conducted.

	SYSteam AB 31.12.06
Intangible assets	27
Goodwill	106
Tangible fixed assets	22
Financial assets	9
Receivables	347
Liquid assets	61
Total assets	**572**
Provisions for liabilities	64
Interest-bearing liabilities	75
Interest-free liabilities	277
Total liabilities	**416**
Net identifiable assets	155
Goodwill at time of acquisition	847
Total purchase price	**1 002**

In March 2007 Norway Post entered into an agreement regarding acquisition of the Swedish transport- and logistics company Transflex AB. The purchase is in accordance with the group´s strategy of Nordic expansion in the logistics area and an important part of the development of an international network that secures larger volumes for the national networks. Transflex has 75 employees and revenues of 417 million Swedish kroner in 2006.

In March 2007 Norway Post also entered into an agreement to purchase 100 % of the shares of the Swedish company Customer:View AB. This company provides the group with important competencies regarding the Nordic market for advanced customer communication. Customer:View has 5 employees and annual revenues of approximately 27 million Swedish kroner.

NOTE 30 TRANSACTIONS WITH RELATED PARTIES

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

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
			Purchases of goods and services from			
953	887	729	Subsidiaries			
			Associates	196	5	6
82	108	76	Others	235	291	164
			Sales of goods and services to			
203	299	324	Subsidiaries			
			Associates	13	8	
258	313	832	Others	898	314	259
			Leases of property from			
	2	62	Subsidiaries			
			Associates	2		

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

POSTEN NORGE AS				NORWAY POST GROUP		
2004	**2005**	**2006**		**2006**	**2005**	**2004**
72	85	95	Accounts receivable	54	48	43
1 255	2 309	3 066	Other receivables	288	1 480	
130	165	113	Accounts payable	46	18	25
431	593	1 257	Other debts			
766	**1 636**	**1 791**	**Net**	**296**	**1 510**	**18**
			Loans to related parties:			
			Balance sheet at 1 January	3	4	5
			Repayments during the year		(1)	(1)
			Balance sheet at 31 December	**3**	**3**	**4**

Remuneration to the board and management
Regarding the remuneration paid to the board and management, see note 2.

Loans to employees
Regarding loans to employees, see notes 14 and 16.

NOTE 31 OTHER FACTORS

Significant transactions

The acquisition and sale of operations in 2005/2006
The group has strengthened its position by making acquisitions in all segments, cf the introductory note showing the historical developments.

New South Eastern Norway terminal at Robsrud
On 8 February 2006, Lørenskog municipal council agreed to the development plan for building a new South Eastern Norway terminal at Robsrud. Oslo Municipality raised objections to this plan but these were overruled by the Ministry of the Environment at the end of October 2006. As at 1 March 2007, all the formalities for building the new terminal were in order and the construction work will start as soon as possible.

The sale of Posten Eiendom BG 14B AS
Norway Post sold the subsidiary Posten Eiendom BG 14B AS (Low Block) to KLP Eiendom AS in March 2007 for NOK 757 million.

Termination of the pension scheme with the Norwegian Public Service Fund
Posten Norge AS terminated its company pension scheme with the Norwegian Public Service Fund (SPK) as of 31 December 2005. As of 1 January 2006, a new defined contribution scheme was established with Vital. The amount of NOK 574 million was set aside in the 2005 accounts to cover non-recurring costs related to the termination of the defined benefit scheme with the Norwegian Public Service Fund. This provision was based on a statement of account from the Norwegian Public Service Fund showing an over-financing of NOK 1 438 million. In December 2006, Norway Post received a provisional final settlement of NOK 1 150 million from the Norwegian Public Service Fund. The actual final settlement will be determined by the Ministry of Government Administration and Reform during the first half of 2007.

The Norwegian State
The Norwegian state is the sole owner of Posten Norge AS. As regulator, the state, via the Ministry of Transport and Communications, has granted Posten Norge AS a new licence for a defined monopoly area, valid as from 1 January 2007. The main points of this new licence are referred to in the introductory note which shows the historical developments.

In accordance with this licence, Posten Norge AS is to ensure that the statutory postal services and basic banking services are available to the population throughout Norway via a nationwide postal network. The licence requirements lead to additional expenses for Norway Post compared with purely commercial operations. These additional expenses are covered by any profit made on the monopoly (licensed) area and by government procurements of commercially unprofitable postal and banking services. In 2006 and 2007, no funds have been granted for government procurements, which in 2005 amounted to NOK 326 million.

The Ministry of Transport and Communications is preparing an assessment of whether Norway Post's statutory and licence duty to offer basic banking services should be changed or possibly terminated.

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 accounts reviews in accordance with the licence.The product accounts for 2006 will be presented at the latest three months after the financial statements for 2006 have been approved.

DnB NOR
Under a separate Act (Act relating to the provision of basic banking services via Posten Norge AS's sales network), Posten Norge AS is obligated to provide basic banking services throughout its sales network. The postal network is owned and operated by Posten Norge AS. 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 and the development of the network. Norway Post has entered into a new agreement with Den norske Bank ASA/Postbanken BA which is valid from 1 January 2006 to 31 December 2012.
The new agreement has a variable price structure , and the revenues will depend on the sales volume.

Post in Shops
At the year-end 2000, agreements were entered into between NorgesGruppen ASA/Norske Shell AS, Coop NKL BA and ICA Norge AS regarding Post in Shops. Posten Norge AS currently has agreements with Norgesgruppen ASA, Ica Norge AS, Coop NKL BA and Rema 1000, the last three of which expire on 31 December 2011. Attempts are being made to renegotiate the agreement with NorgesGruppen ASA in 2007 with the aim of achieving the same expiry date as the agreements with the other business partners, in order to ensure predictability for the partners in this joint venture. Shell Norge AS decided to withdraw from the agreement on 1 January 2007. The owners of the Shell stations in question have been offered an agreement to run independent Post in Shops. At the end of 2006, there were 1 184 Post in Shops. Customer satisfaction surveys show that the Post in Shops concept has established a good operating standard which helps to make postal services more accessible to customers.

Disputes
The European Supervisory Authority (ESA) and Norwegian Competition Authority are 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 claims made. The complaints do not specify any amounts, so no provisions have been made for them in the financial statements. The Norwegian Competition Authority has dealt with the appeal regarding the monopoly right which related to Post in Shops. In renegotiated Post in Shops agreements, Norway Post's exclusive right to provide postal and financial services in the shops has been removed. The appeal relating to the price of logistics products has still not been determined.
No disputes that involve any significant risk exposure to the group have been registered in the subsidiaries.

Statsautoriserte revisorer

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Medlemmer av Den norske Revisorforening

To the General Meeting of
Posten Norge AS

Auditor's report for 2006

We have audited the annual financial statements of Posten Norge AS as of 31 December 2006, showing a profit of NOK 673 millions for the Parent Company and a profit of NOK 856 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 allocation of the profit. 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 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 2006, 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 allocation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 22 March 2007
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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Production: Corporate Communication • Photo: Bo Mathisen and Norway Post • Print: RK Grafisk