DELIVER*

ANNUAL REPORT 2007

2007 – THE YEAR IN REVIEW

The new postal license requirements, effective until the end of 2010, continue to stipulate that everyone should have access to quality postal services, and basic banking services.

The lack of both drivers and mail couriers, the start of Norway Post's own airfreight network, the cancellation of scheduled flights and a record high volume created substantial problems for postal delivery quality. In response, Norway Post implemented several immediate measures.

ErgoGroup acquired SYSteam, which has business activities in Sweden, Norway, Finland and Denmark.

NAV (The Norwegian Labour and Welfare Administration) entered into an agreement with ErgoGroup for delivery of a shared IT infrastructure.

Norway Post provided the Norwegian Post and Telecommunications authority (PT) with a status report on postal delivery quality, the effects of improvement measures that have been implemented, and the further measures required.

Norway Post sold letter centre at Bishop Gunnerusgt. 14B in Oslo for NOK 760 million to KLP Eiendom AS. Norway Post currently leases the space from KLP in order to continue letter centre activity there until 2010.

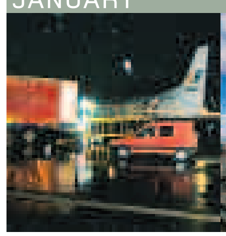
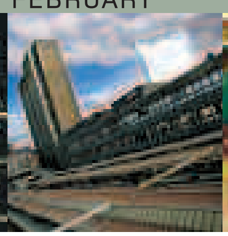
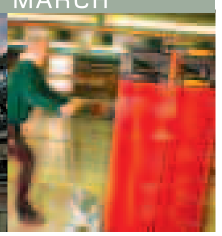
HM King Harald V was commemorated on a new stamp on his 70th birthday on 21 February.

Norway Post strengthened its position in both the Nordic and European transport markets by acquiring the Swedish transport and logistics group Transflex.

On 15 March Norway Post's pallet lift system received an 'Award for Design Excellence' from the Norwegian Design Council.

Norway Post is one of twelve companies that participated in the national environmental campaign Climate promise. The campaign targets individuals, the business community, local and government agencies, and will ultimately contribute to increased understanding, engagement and motivation to reduce CO2 emissions. In order to be part of the programme, Norway Post agreed to establish a system to measure CO2 emissions, and also to implement measures to reduce CO2 emissions.

JANUARY	FEBRUARY	MARCH

Most of Norway Post's quality performance issues are resolved. The preliminary quality performance statistics for the second half of March exceeded statutory license requirements. CEO Dag Mejdell warned, however, that Norway Post would not meet the statutory license requirement of 85 per cent in the first quarter of 2007.

The Be safe campaign was launched. The goal was to create a safe work environment, and to reduce work-related injuries significantly. The CEO arranged several net-meetings throughout the year via web-TV, where he addressed questions from employees.

The company ByPost in Porsgrunn applied to the Norwegian Post and Telecommunications authority (PT) seeking approval for a new type of envelope with an open- and close-function for letters weighing under 50 grams. PT rejected the request.

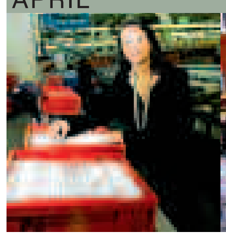
Borgenhaugen post office in Sarpsborg achieved the highest rating in the country with 96 per cent according to the annual customer satisfaction survey, which involved 13 000 Norway Post customers.

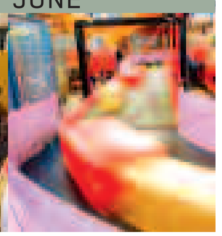
Norway Post acquired CDG Sandbergs' print production, together with 28 employees.

Norway Post committed, along with eight other European postal companies, to reduce its CO2 emissions by 10 per cent over the next five years. The programme's goal is the improvement of efficiency in transportation, buildings, machines, and environmentally-friendly products, an increase in the use of renewable energy and increased use of fuel with low CO2 emissions.

In an estimation of Norway Post's value undertaken by Handelsbanken Capital Market, the Norway Post Group was valued at NOK 14.4 billion, a 15% increase on 2006.

APRIL	MAY	JUNE





Larvik was the country's preferred holiday destination according to Norway Post's postal register. The coastal region from Tønsberg to Mandal and the Østfold coastline were not surprisingly the most popular holiday destinations to which mail was forwarded.

Close to two million Norwegians wrote summer holiday post cards. Seven out of ten preferred to receive a handwritten summertime greeting over other forms of communication.

In the second quarter, Norway Post achieved a delivery quality of 86.3 per cent for A mail, a result well over licence requirements and which helped Norway Post fulfil all of its statutory licence requirements.

«Some people are more dedicated to delivering than others.» Norway Post's new promise to customers is that Norway Post can be trusted to deliver.

CityMail AB in Sweden started a programme to employ 500 new fulltime equivalent mail couriers over the next two years. Ten municipalities in Mälarden west of Stockholm were the first out.

ErgoGroup acquired 72 per cent of Bekk Consulting AS, and made the company its new business consulting unit.

Norway Post laid the groundwork for delivering net packages to package vending machines. In the first quarter of 2008, 20 package vending machines will be placed all over Norway.

The local authorities in Aurskog-Høland passed legislation forbidding postal advertisements in an effort to be more environmentally-friendly. Local politicians believe that mail advertisements are unnecessary, and are part of the ever-increasing refuse problem. Norway Post reacted strongly.

JULY	AUGUST	SEPTEMBER



On 1 October Minister of Administration and Reform Heidi Grande Røys opened the new and secure Internet-based service for forwarding and storing mail.

The EU issued another ruling to ensure that the remaining postal monopolies be removed by 2011. Norway Post's Nordic growth strategy is an important response to address challenges following liberalisation.

The foundation stone for the South-East Norway Terminal at Robsrud in Lørenskog was laid by Minister of Transport and Communications Liv Signe Navarsete and CEO Dag Mejdell.

Crown Prince Haakon awarded the 'Glass bear' environmental prize to Norway Post's new building block based pallet lift system.

Håvard Brenna (61) from Elverum was voted best mail courier of the year. It was the first time Norway Post invited customers to nominate mail couriers for this award.

Norway Post returned to handball, and became the new general sponsor for Norway's handball federation. The agreement has a scope of around NOK 20 million over three years.

The Group's first HSE prize was presented by CEO Dag Mejdell. The prize for 2007 was awarded to Norway Post's Transport unit in Steinkjer, which showed positive developments in reducing absenteeism and actively promoted physical training and exercise.

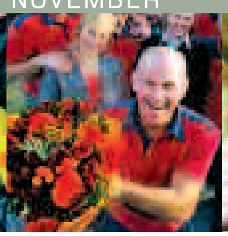
Norway Post recomended 16 December as the latest guaranteed date to mail packages intended to arrive in time for Christmas.

Santa Claus won out over angels and children as the most popular Christmas card motif according to a TNS Gallup survey commissioned by Norway Post. 85 per cent of respondents also stated that they intended to send Christmas cards in 2007.

Norway Post has become Nordic, and information has therefor become increasingly electronic. The Intranet will be developed as a common meeting place and information channel for the entire Group.

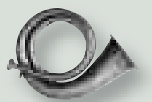
Norway Post managed the Christmas traffic well. All mail was delivered by Christmas Eve, despite the problems caused by a storm in northern Norway and fog at Gardemoen airport. In the last two weeks leading up to Christmas over 36 million letters and packages were processed through Norway Post's systems.

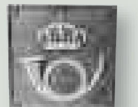
OCTOBER	NOVEMBER	DECEMBER


HISTORICAL MILESTONES

1647 On 17 **January** Hannibal Sehested, the Danish governor in Norway, establishes postal services. Dutchman Henrik Morain obtains the exclusive rights to operate postal services on an annual basis.



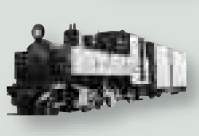


1719 The government assumes responsibility for postal services.

1758 The majority of 'postal farmers' receive a salary, and postal stations are established.

1814 Norway has 25 post offices, 6 postal distribution centres, and 97 postal stations.

1827 The postal services become the country's first steamship company with the purchase of the 'Constitution' and 'Prince Carl' steamships in an effort to improve postal services along the coast and abroad.



1855 The first Norwegian stamp is issued.

1854 Norway Post is instrumental in establishing the first railway from Christiania to Eidsvoll. The railway law of 1848 states that mail should be carried by train, and that postal stations should be located in railway stations.

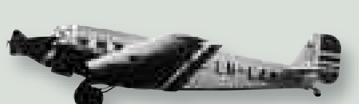
1855 The first telegraph line between Christiania (Oslo) and Drammen is established. Norway Post is responsible for the delivery of messages. In the beginning, telegraph services are a part of the postal authority.

1872 The postcard is introduced.

1871 New postal regulations introduce a basic rate system for domestic mail, post boxes are available in post offices, and mail boxes are located at individual residences.

1885 Rural postal services are established.

1893 Hurtigruten, the express coastal steamer to northern Norway, is started, with a post office on board.



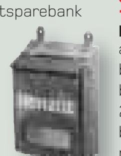
1903 The first franking machine, a Norwegian invention, is used.

1920 The first official airplane route opens and Norway Post is involved.

1943 The Postgiro comes to Norway

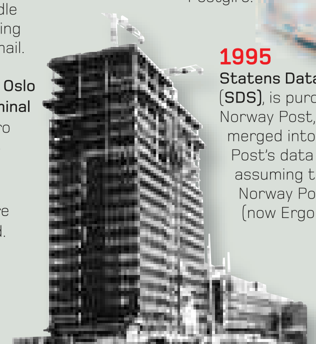
1950 Norway's Postsparebank is established.

1952 The new mailbox regulation stipulates that every household should have a mail box.



1968 Postal codes are adopted to better handle the increasing volume of mail.

1976 The Oslo postal terminal and Postgiro building are built, and in 2003 the buildings are refurbished.



1984 A price system based on delivery time (A, B and C mail) replaces the content-classification.

1995 Postbanken is established as an independent bank following the merger of Postbanken and Postgiro.

1995 Statens Datasentral (SDS), is purchased by Norway Post, and is merged into Norway Post's data centre, assuming the name Norway Post SDS (now ErgoGroup).

1996 Norway Post changes from being administered by the government to a public corporation.

2000 Norway Post's plans for converting traditional post offices to new Post in Shops are approved by the Parliament.

2000 Norway Post acquires OSC/Wajens in order to focus on heavier goods and cargo.

1998–2000 Norway Post acquires the messenger delivery firm TSI and becomes the largest express carrier in Scandinavia. From 2003 the company is known as Box.

2001 Norway Post SDS is reorganised and changes its name to ErgoGroup.

2002 The Parliament converts Norway Post to a share capital company. As of 1 July the company is known as Posten Norge AS.

2002 Norway Post acquires CityMail and begins competing in the Swedish postal market.

2004 Norway Post acquires Nor-Cargo.

2005 Norway Post enters into a new agreement with DnBNOR/Postbanken for the provision of banking services until 2013.

2006 Norway Post acquires Frigoscandia, Optimail AB and establishes CityMail in Denmark.

2006 ErgoGroup acquires Norwegian company Allianse ASA, and Swedish SYSteam.

07
KEY FIGURES

	2007	2006	2005	2004	2003
Operating revenues (MNOK)	27 400	23 668	19 995	17 959	15 559
EBIT (MNOK)	1 080	1 313	1 155	1.257	512
Government procurements (MNOK)	0	0	326	316	305
Equity value (MNOK)	14 400	12 500	12 000	7 700	5 500
Share of revenue from licensed area	13,1 %	15,0 %	18,3 %	20,8 %	24,2 %
Revenues from foreign subsidiaries (MNOK)	6 240	4 153	1 727	1 443	1 253
Total parcel volume Posten Norge AS (million)	32,1	30,7	31,3	29,2	27,5
Total letter volume Posten Norge AS (million)	2 687	2 752	2 654	2 586	2 652
Development A and B mail	(0,3 %)	(0,8 %)	(5,8 %)	(7,0 %)	(0,7 %)
Delivery quality A-priority mail (% delivered overnight)	85,1 %	82,4 %	86,7 %	87,5 %	87,7 %
Machine-sorted, small letters	80 %	80 %	82 %	81 %	79 %
Machine-sorted, all letters	66 %	64 %	61 %	59 %	54 %
Employees (full-time equivalents) as at 31 December	24 870	22 272	20 541	21 373	21 640
No. of sales outlets (post offices/Post in Shops)	1 487	1 501	1 523	1 529	1 503
Customer satisfaction with the sales network (points, max. 100)	83	83	81	80	74
Norway Post's reputation, % with a «Good Impression» (MMI)	54 %	59 %	56 %	50 %	46 %

CONTENTS

«SOME PEOPLE ARE MORE DEDICATED TO **DELIV ERING** THAN OTHERS. THIS HAS ALWAYS BEEN THE CASE, WHICH IS WHY NORWAY POST HAS EX ISTED FOR MORE THAN 360 YEARS.» DAG MEJDELL, CEO >

THE BIG TRANSFORMATION

Norway Post has gone from being a Norwegian postal company to a Nordic industrial enterprise. In 2008 the Group will run pilot programmes using the 'Lean' philosophy.

The CEO
Dag Mejdell

Just five years ago, Norway Post was a manual operation. Now Norway Post resembles a production company. CEO Dag Mejdell thinks it makes sense, therefore, to learn from the leading international industrial enterprises. How do they develop their production and value chains across national borders? The CEO particularly admires 'Lean' — an industrial concept developed by Toyota. 'Lean' is a production philosophy used to improve production and logistics processes.

«'Lean' is about understanding and identifying activities that create added value for customers and how to develop these further. At the same time, 'Lean' revolves around the elimination of waste and unnecessary steps in the value chain. This means doing more with fewer resources, less time and in less space» says Mejdell, who plans to start a 'Lean' pilot project in 2008.

HIGH-TECH

Cost-effectiveness, co-ordinated value chains and the full impact of new technological innovations are essential to the CEO. This includes innovations such as the mechanised route preparation of post, 'Georoute' for more effective distribution, multi-sorters that tackle different letter and package formats, and better tracking and quality via 7 000 online terminals for drivers and terminal employees. Norway Post has established three specialised flows of goods: Letters/packages, cargo and express.

«Specialisation produces higher productivity in each flow. Integration of volumes for similar products produces economies of scale. This requires industrialised processes in production and distribution» Mejdell points out

The new South-East Norway terminal in Lørenskog will be a high-tech facility with integrated production. It will be the primary mail production facility when completed in 2010.

«Industrial development and Nordic expansion also secure long-term employment in Norway» explains Mejdell.

This is especially important as the EU has decreed full liberalisation of the European postal industry from 2011.

«We already have keen competition in 90 per cent of our business activities. From 2011 we have to be competitive in all areas so that customers will continue to choose us. This means that we must continue improving efficiency, and improving our service offerings» states Mejdell.

CONTINUED GROWTH

He ascertains that Norway Post has succeeded in its Nordic ambitions.

«The Mail and Logistics industries are changing drastically. Our goal is to be a specialist in the Nordic region. We want to be better in the Nordic market than our competitors, and we also want to stand-out with regard to the tailor-made solutions we offer individual customers.»

Newly established CityMail in Denmark has attracted attention as a fresh and affordable alternative in the Danish postal market.

«Business start-up expenses have been considerable. At the same time, CityMail has attracted many new employees with its sporty image and innovative marketing» observes Mejdell.

The acquisitions of Transflex and SYSteam in Sweden, and Bekk Consulting in Norway fit in well with the wider development strategy.

«The international companies are growing, and it is all about whether to eat or be eaten» underscores Mejdell.

ALL OUT EFFORT

There was a difficult start to the year with considerable quality problems in the delivery of A-mail. Norway Post managed to achieve a delivery quality over 85 per cent for A-mail delivered over night for the year as a whole by recruiting many new mail couriers and with the considerable support of the whole organisation.

«We have built up customer confidence after the problems we experienced last winter. We expect that measures implemented in 2007 will have increasingly positive effects in 2008. We will not be satisfied until we are able to maintain acceptable delivery times throughout Norway» ascerts Mejdell.

Delivery problems resulted in a decline in Norway Post's ranking on Synovates' annual corporate reputation study, after demonstrating steady progress over many years.

«Reputation is a result of hard work, and it is built over time. This means that we must keep promises and deliver on time. Our new customer promise is that we are more dedicated to delivering than others» says Mejdell.

Norway Post is also in the midst of a large campaign to improve address quality. Handling incorrectly addressed mail and return mail costs hundreds of millions of Norwegian kroner each year.

CUSTOMER-ORIENTED SALES NETWORK

124 post offices are planned to be converted to Post in Shops (PiB) by the end of 2010.

«Fewer customers using post offices and a sharp decline in bank transactions are the main reasons for a lack of profit in the sales and service network. Technological developments reduce the need for manual services» summarises Mejdell.

The conversions will affect around 650 employees, and there will be good solutions provided for those affected.

Profitability in the Mail segment is under great pressure, and the changes to the sales network are absolutely necessary to turn around earnings development. The Post in Shop-concept has been popular, and scores highly on customer surveys, especially on criteria dealing with location and opening hours. The requirement to provide banking services in the sales outlets will continue, despite a significant decline in transaction activity.

The CEO assumes, however, that government procurements will counter losses caused by statutory licence requirements and unprofitable services.

«We are Norway's largest employer. Higher salary increases, high transport prices and the start up of CityMail in Denmark have created a large cost control challenge. We must meet this challenge by being even more effective, yet at the same time we must control escalating costs. Price increases in the Mail segment have been modest the past few years" he points out.

AN INTERNATIONAL INDUSTRY

The European trend is for postal companies to increasingly become logistics companies, and to a greater extent advise and assist customers about direct mail advertising and customer relationship management (CRM). In 2007 competitors with headquarters in Sweden and Germany established rival package delivery networks through grocery stores in Norway.

«We notice that we are in a brand new competitive situation, especially with regard to internet customers» admits Mejdell

Norway Post has entered into new and long-term IT agreements. New business systems based on Oracle-technology are under development. Integrated and advanced IT solutions for the entire Group are prerequisites for meeting its ambitious goals.

SOCIAL RESPONSIBILITY

Environment and integration are central to today's business operations, and the CEO considers it natural to take increased responsibility in these areas.

«We are Norway's largest transport company. By reducing emissions and using environmentally-friendly technology we will make a positive impact on the environment» he says.

Norway Post is one of 12 companies selected to participate in the national climate campaign Climate promise. Also, Norway Post and eight other European postal companies have agreed to reduce CO2-emissions by 10 per cent over the next five years.

A shortage of labour is prevalent in Norway. A large part of future employment growth will come from non-ethnic Norwegians and immigrant workers.

«One of our goals is to access a larger available labour market, especially among groups that traditionally have had low participation in the labour force» explains Mejdell.

BE SAFE

Norway Post employees have a physically demanding job. 980 job related injuries were registered in 2006. The 'Be safe'-campaign, which started in 2007, is aimed at all employees and so far has included internal newsletters, dedicated 'Be safe' web pages for the entire Group offering competitions and activities, a series of local initiatives, and online-meetings with the CEO.

The goal is that days absent due to injury be reduced by between 15 and 20 per cent in 2008, and that the reporting of near accidents be improved so that the Group learns from its mistakes.

The Group's sick leave rate has declined by one per cent. Employee satisfaction reached a record high level in 2007.

«Culture building and a common Group identity are central to a fast-growing company. An inter-Nordic Intranet system is underway, and will be important to team spirit. Common values and value-based leadership are attitudes that can spread across country borders and companies» concludes Mejdell.

VISION

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

BUSINESS CONCEPT

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

MAIN GOALS

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

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

VALUES

Norway Post's values help build a common culture. The values serve as guidelines for decision-making, and reflect how Norway Post and its employees should behave.

Norway Post's four fundamental values are: INTEGRITY, RESPECT, INNOVATION, AND INTERACTION.

DAG MEJDELL
President and CEO since January 2006
Born: 1957
Former positions: CEO of Dyno Nobel ASA, different positions (f.ex. CEO and VP of Finance) in DYNO ASA from 1981
Education: Master of Business Administration

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

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

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

FINN HUNGNES
Acting Senior VP, Distribution Network

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

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

INGER-JOHANNE STOKKE
Senior VP of Corporate HR/HSE
since August 2006
Born: 1955
Former positions: Head of Aetat, the Norwegian Labour Market Administration, VP of HR at Telenor, Corporate Advisor and Lawyer with the Norwegian Confederation of Enterprise
Education: Law degree

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

GROUP STRUCTURE

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

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

The divisions have overall business responsibility and develop and deliver competitive solutions to meet existing and new customer needs as individual divisions and collectively as a Group. The divisions devise strategies for their respective business areas that support the corporate strategy.

Corporate staffs have been established in those areas where there is a need to provide professional support to the CEO, the senior management team and the divisions. Corporate staff members are professional driving forces and team-players who help support business strategies, and help develop a professional environment in the Group. The corporate staffs have the special task of contributing to interaction and co-operation across group boundaries. Corporate staff comprises Accounting and Finance, Corporate Communications and Human Resources/HSE.

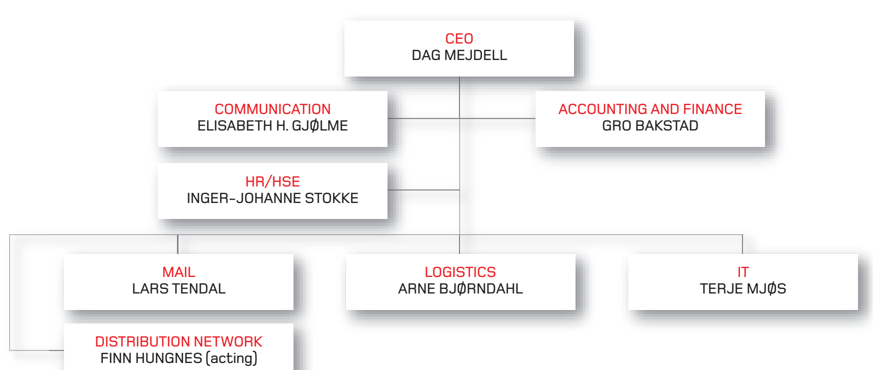
MARKET SEGMENT REPORTING

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

THE MAIL SEGMENT comprises letter products, banking services, information logistics and the sale of goods through its sales and services network. The Mail division (including subsidiary companies CityMail, talk2me and Customer:View) and the Distribution Network division are included in this segment.

THE LOGISTICS SEGMENT consists of groupage and part load cargo, thermo transport, express, parcels and warehousing solutions. The segment comprises the logistics division and subsidiaries Nor-Cargo, Frigoscandia, Box Group, Transflex, Nettlast, Box Solutions and PNL.

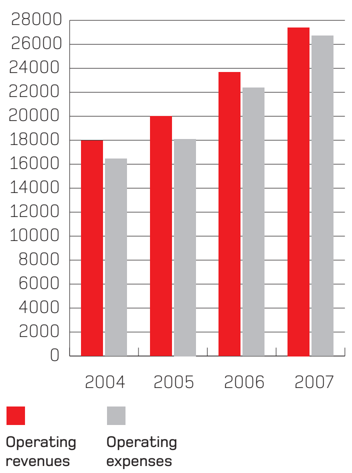
THE IT SEGMENT comprises the business units IT operations services, solutions, regional services, Nordic region and consulting services. The segment includes ErgoGroup, SYSteam and Bekk Consulting.



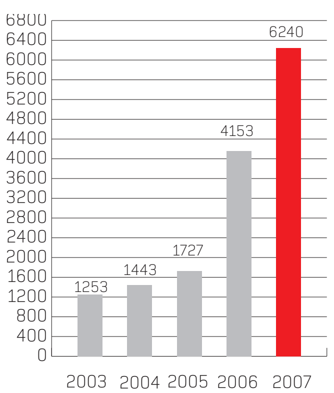
THE GROUP MANAGEMENT Back from left: Gro Bakstad, Terje Mjøs, Arne Bjørndahl, Lars Harald Tendal, Finn Hungnes (acting). Front from left: Dag Mejdell, Elisabeth Hegg Gjølme, Inger-Johanne Stokke.

✱ The posthorn no longer sounds the arrival of mail; today the cellular phone serves this purpose. The sound of the trumpet has been replaced by the beep of a text message. In 2007 hundreds of thousands of customers could track their packages on the Internet. Norway Post **DELIVERS** better communication by offering a state-of-the-art tracking tool.

OPERATING REVENUES AND OPERATING EXPENSES
In MNOK



OPERATING REVENUES FROM FOREIGN SUBSIDIARIES
In MNOK



REPORT OF THE BOARD OF DIRECTORS

2007 was a year of good progress for Norway Post in terms of income growth, quality improvements and strengthened positions in Norway and the Nordic region.

Norway Post's expansion into new product and service areas as well as new markets, contributes to the strengthening of traditional mail business, and also secures Norway Post's ability to continue providing a good, high-quality, nationwide mail delivery offering in Norway.

Customers are increasingly Nordic, and Norway Post offers solutions that meet Nordic demands. Acquisitions and growth in volume following high activity in the mail, logistics and IT markets contributed to significant growth in revenue.

The investment of NOK 5 billion in acquisitions over the past four years has given Norway Post a strong foothold in the Nordic market, with particular emphasis on Sweden. Revenue from these acquisitions amounted to NOK 10.6 billion in 2007. 22.8 per cent of the Group's income in 2007 was derived from enterprises outside of Norway.

Earnings before interest and taxes (EBIT) were NOK 1 080 million in 2007, compared with NOK 1 313 million the year before. The Group's profitability was reduced in 2007 following an increase in personnel and transport costs, extra resources invested toward the improvement of delivery quality, and start-up costs associated with the expansion of CityMail.

Over the past few years Norway Post has developed operations in order to meet a market characterised by increasing competition. Only a small part of the Group's operations is protected by a monopoly. Large, international players compete for customers in Norway and the Nordic region, and national boundaries are disappearing from the industry. Through the acquisition of companies both in and outside Norway, the Group has strengthened its market positions in the Mail, Logistics and IT segments. Product and service offerings have been expanded to compensate for declines in traditional letter and bank services.

Nordic solutions have been established to meet customers' needs as well as increasing internationalisation. Through operations in Sweden and Denmark, Norway Post is now present in those countries where a growing number of companies make their distribution and logistics decisions, and where the channels for flows of goods into the Nordic region are centered. The Group's long-term goal is to be a market leader as an integrated mail and logistics company with the Nordic region as its domestic market.

The EU has decreed that the remaining monopoly areas shall be removed by 2011 for most of the EU-countries. Eleven countries will receive an extension to 2013. Norway will be part of the EU-directive via the EEA-agreement, and the Norwegian government will make an evaluation of the directive when it is presented.

GROWTH AND PORTFOLIO DEVELOPMENT

Norway Post increased income by NOK 3.7 billion in 2007, a growth of 15.7 per cent, to NOK 27.4 billion. Acquisitions contributed NOK 2.0 billion, whilst there was positive volume development in addressed mail and logistics products. 87 per cent of Norway Post's income in 2007 was derived from competitive operations. The greatest growth occurred in the Logistics and IT segments. Operating income from operations outside Norway increased by 50 per cent in 2007, and contributed 22.8 per cent to the Group's revenue.

Revenue per full time equivalent in 2007 increased to NOK 1.07 million, up from NOK 1.03 million in 2006.

The Mail segment increased revenue in 2007 by 8.6 per cent compared with 2006, and accounted for 38 per cent of the Group's revenues. Letter volume in Norway declined by 2.4 per cent, while CityMail Sweden had a volume growth of 4.1 per cent compared with the year before.

The industrial mail and addressed advertising volumes increased in 2007, while unaddressed advertising declined due to increased competition in advertising distribution, especially from newspapers, together with a continued increase in the number of customers refusing unaddressed mail.

The development in CityMail in 2007 was marked by strong competition from national postal companies.

In 2007 the Mail segment grew in the area of customer dialogue and targeted marketing, including acquiring the companies Customer:View AB and CDG-Sandberg AS.

By the end of 2007, the Logistics segment accounted for 45 per cent of the Group's revenue. Revenue increased by 11.5 per cent to NOK 12 330 million in 2007 primarily resulting from good organic growth and acquisitions, including the purchase of Transflex AB and the operations in Stenkilssons Åkeri AB, among others.

Development in 2007 was marked by strong competition in the Nordic logistics market. Customers are increasingly Nordic and prefer to take additional products from the same supplier. The market for parcels continued to grow following increased online shopping, but at the same time competition markedly increased in the market for packages to individual customers. Competitors established wide-spread distribution networks for the consumer market through easy shop-solutions. Nonetheless, collective package volume was 7.6 per cent higher in 2007 than in 2006, and notably international packages delivered by the subsidiary PNL increased by 30 per cent.

The IT segment accounted for 17 per cent of the Group's revenue in 2007. Revenue growth of 55 per cent, to NOK 5.6 billion, resulted in large part from the acquisition of SYSteam AB and Bekk Consulting AS, plus organic growth of 8.2% and new contractual agreements. ErgoGroup entered into contracts worth NOK 3.5 billion in 2007, not including IT contracts with Norway Post. ErgoGroup won 2 600 contracts in 2007, an increase from 1 800 contracts in 2006. ErgoGroup is well-positioned to achieve its goal of being a leading IT supplier to large companies in Norway, as well as its goal of being the leading service and solution provider for Nordic SME companies.

PRODUCT AND SERVICE DEVELOPMENT

Norway Post is developing its portfolio and is offering steadily broader product- and service-offerings to meet new customer demands. In an international market and digital world customers require a broader array of products than postal companies have traditionally offered. The largest customers want total solutions using fewer suppliers. At the same time, top competence in various specialised areas is required.

In 2007 Norway Post developed and strengthened its Nordic position in the targeted marketing area. A focus on building up Norway Post's DM-operations through acquisitions has contributed to an increase in both competence and solutions within individualised customer service communication.

To strengthen the Group's Nordic position and improve its customer offering, CityMail has expanded operations through its establishment in Denmark and the expansion of its geographic delivery area in Sweden.

New package vending machines have been introduced in Norway and Sweden for customers who shop online. Customers can pick-up and pay for goods ordered online using a package vending machine, either on the same day of purchase or the next day.

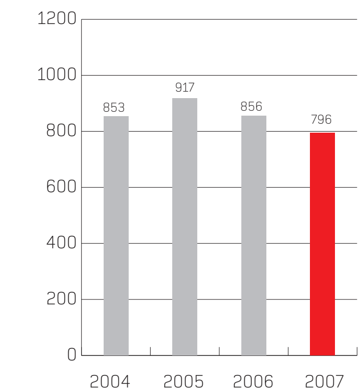
In 2007 Norway Post launched a new, Internet-based service for the redirection and storage of mail. The service provides a safe log-on feature that protects against identity theft.

QUALITY AND SERVICE

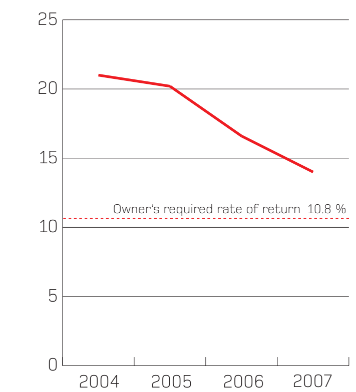
In 2007 Norway Post complied with all six statutory requirements that are used to evaluate annual delivery quality. 85.1 per cent of A-mail arrived overnight, compared with 82.4 per cent in 2006. The quarterly results for A-mail varied to a degree, and in the first and fourth quarters delivery quality fell below statutory licence requirements. To address this problem, a series of improvement measures was implemented over the course of the year. These measures have already made a positive contribution, and further improvement is expected in 2008.

For the first time Norway Post presented region-wide figures for the delivery of A-mail. The numbers show that the delivery time varies between regions. The North and West were weakest when locations that are ordinarily 2-day delivery are not taken into account. Norway Post works in a goal-oriented way to provide quality in all regions, but it must be expected that regional quality variances will continue in the future.

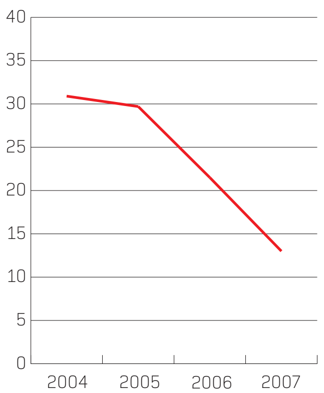
NET INCOME
In MNOK



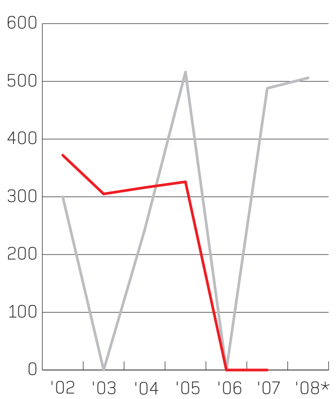
RETURN ON EQUITY AFTER TAXES
In %



RETURN ON INVESTED CAPITAL
In %



GOVERNMENT PROCUREMENTS AND DIVIDENDS
In MNOK



* The board of director's recommendation to the general meeting in 2008 for the 2007 fiscal year

In 2007 customer satisfaction with the post offices and Post in Shops continued to be high. The competence of customer service representatives in post offices and Post in Shops together with extended business opening hours and easy access to postal service locations contributed the most to this high level of customer satisfaction.

To help fulfill the Group's ambitious development goals, Norway Post has established an IT strategy based on integrated and advanced IT solutions for the entire Group. Norway Post plans on transitioning to a new IT platform and several standard systems in the near future. In 2007 Norway Post tendered its IT operations and administration services. The new contract will contribute to substantial cost savings with respect to existing IT systems.

PROFITABILITY

The Group's earnings before depreciation (EBITDA) were NOK 1 649 million in 2007, compared with NOK 2 037 the year before. EBIT before non-recurring items was NOK 685 million compared with NOK 1 288 million the year before. Norway Post's EBIT-margin in 2007 was 3.9 per cent, compared with 5.5 per cent in 2006. The Mail segment specifically showed a decline in earnings in 2007.

EBIT from enterprises purchased in the past four years was NOK 478 million in 2007.

The Mail segment's EBITDA declined by 44 per cent following increased personnel and transport costs, extra resources invested toward the improvement of delivery quality, and start-up costs associated with the expansion of CityMail. Norway Post has identified specific measures to strengthen profitability going forward.

The Logistics segment had good earnings development in existing operations, at the same time as new companies were acquired and integrated. EBITDA increased by 12 per cent. A shortage of vehicles and drivers resulted in cost increases, as well as creating a strain on the margin in logistics operations, while parcel operations contributed the most to positive earnings development.

A strong IT market and acquisitions led to ErgoGroup's EBITDA increasing by 46.4 per cent. The earnings were the best in ErgoGroup's history. At the same time, the company achieved higher margins through synergies, and made other operational improvements.

Norway Post's earnings were boosted by a gain of NOK 626 million from the sale of property (Norway Post's letter centre in Oslo). NOK 250 million was provided for the conversion of post offices to Post in Shops, and NOK 90 million related to trademarks in the logistics segment was written down.

In 2007 there were again no government procurements to cover the deficit caused by providing services that are not profitable. The board maintains that it is unfortunate that government procurements have not covered these unprofitable services. The government, in its Owner Statement about Norway Post (St. meld. Nr. 12 – 2007- 2008), confirmed that the arrangement for government procurements will be extended in order to include unprofitable bank services, and it also stated that the Ministry of Transport and Communication will provide for such procurements in future government budgets.

In 2007 the Group had net finance costs of NOK 125 million compared with NOK 113 million in 2006. This resulted in income before taxes of NOK 955 million, NOK 245 million lower than in 2006.

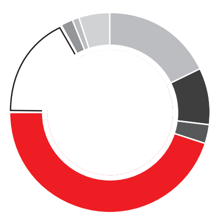
Invested capital was NOK 9 011 million at 31 December 2007, an increase from NOK 6 891 million in 2006, primarily caused by the acquisition of companies. The return on invested capital (ROIC) was 13 per cent in 2007, compared with 21.5 per cent in 2006.

Equity in Norway Post was NOK 5 786 million as at 31 December 2007, compared with NOK 5 566 million the year before. The return on net capital was 14 per cent in 2007, compared with 16.6 per cent in 2006. Norway Post's solidity is satisfactory with an equity-to-assets ratio of 33 per cent of the total balance, compared with 35 per cent in 2006.

The operating cash flow in 2007 was NOK 1 714 million, a decrease from NOK 2 065 million in 2006. Interest-bearing liabilities were NOK 3 194 million at the end of 2007. The company has good liquidity and financial headroom, with a total liquidity reserve of approximately NOK 6.1 billion, including unused drawing rights. Total investments in 2007 including acquisitions, building projects, IT-development and operations amounted to NOK 3 074 million, NOK 142 million higher than in 2006.

* Load and unload. Small open trucks are gone and there is no longer a need to drive to the quay to pick up today's mail from the old steam boat. Large weather-proof trucks ensure fast and accurate deliveries. In 2007 Norway Post's fleet drove 144 630 728 kilometres. Norway Post **DELIVERS** a better environment by training all its drivers to drive in more environmentally friendly ways.

REVENUE DISTRIBUTION
In %



- A and B mail (18 %)
- Newspapers, magazines, advertising etc. (9 %)
- CityMail (3 %)
- Logistics (45 %)
- IT (17%)
- Bank (2%)
- Government procurements (0 %)
- Sale of goods (1 %)
- Other revenues (5 %)

In February 2008 Norway Post took out two loans in the Norwegian bond market. The loans were divided into a variable interest loan of NOK 1 100 million and a fixed rate interest loan of NOK 400 million, each with a 3-year term rate. Both loans were fully subscribed and payment was received 11 March 2008.

The board confirms that the financial statements are prepared on the going concern basis, and that the conditions for this are in place.

RISK

Risk analysis and risk management are central to Norway Post's corporate governance. In the development of strategies, business plans and goals, value creation is secured by balancing growth with profitability goals and other risks in Norway Post's operations.

As part of the corporate governance process, the board carries out an annual risk analysis. Risk analysis is implemented as an extensive process that involves all divisions and companies in the Group. The results from this process are consolidated into an evaluation of the paramount strategic, financial and operational risks. This evaluation is followed up with measures and recommendations for managing and controlling individual risk factors in order to avoid incidents that could be negative to the Group's operations and reputation in the market. Financial instruments are used to manage the risks connected to changes in interest rates, the foreign exchange rate, energy prices and diesel and jet fuel. Norway Post actively monitors its risk profile with a focus on areas such as strategic acquisitions or sales of companies, regulatory and competitive factors, implementation of large projects, available expertise and resources, and sick leave and disability.

ALLOCATIONS

In 2007 Posten Norge AS's net income after taxes was NOK 822 million. Of this, it is proposed that NOK 506 million be allocated to dividends, NOK 155 million to Group contribution and NOK 161 million to other equity.

Distributable reserves before dividends and Group contribution as at 31 December 2007 were NOK 971 million.

VALUE CREATION

An estimation of the Group's value in 2007 undertaken by Handelsbanken Capital Markets concluded that Norway Post's equity value was NOK 14.4 billion, an increase of 15 per cent compared with the previous estimation conducted in 2006. The value of the Group has tripled when compared with the first estimated value completed in 2000.

PERSONNEL AND ORGANISATION

One of Norway Post's four main goals is an attractive workplace and a good working environment. In order to achieve this goal Norway Post has for the last two years increased its work with health, safety and the environment (HSE). These efforts have especially been directed at ways to reduce sick-leave, disabilities and work-related injuries. The ambition is to have a work environment in which no one is injured or sick as a result of work. The «Be sure» campaign has brought focus and increased efforts to all areas of the Group and provided many positive results. The campaign was developed and implemented in co-operation with the safety committee and employee representatives.

The number of staff in the Group increased by 2 597 full time equivalents (FTEs) to 24 870 FTEs. When adjusted for the acquired companies the increase in staff was 1 233 FTEs.

Norway Post's annual employee survey is an evaluation of the work environment that includes both physical and psychosocial factors. The 2007 survey showed continued progress in total satisfaction, pride, well-being and desire to continue working for Norway Post. 90 per cent of the employees completed the survey.

During the year, Norway Post and the labour unions entered into a new framework dealing with re-organisations, and also a new policy agreement to protect the employees' interests following any such re-organisations. This framework will, among other things, be used to help the 650 employees in the post office network who will be affected by conversions from post offices to Post in Shops over the course of the next 3 years.

Sick leave in Norway Post has gone down considerably compared with the previous year. In 2007 sick leave was 7.2 per cent, compared with 8.1 per cent in 2006. This means that 225 more people were at work every day in 2007 compared with 2006. In terms of numbers of sick days, there were 385.585 sick days in the Group, and 295.583 sick days in the parent company in 2007. Norway Post's sick leave rate developed more positively than the current general trend in Norway.

The number of new employee disabilities in the parent company showed a decline of 48 FTEs in 2007 compared with 2006. The number of FTEs incapacitated for work was 1.6 percent in 2007, compared with 1.9 per cent in 2006. The reduction in those on disability pensions helps fulfill the secondary goal in the 'Inclusive workplace' agreement, in that the average retirement age is increasing.

The number of lost-time injuries decreased by 15 per cent to 11.6 per cent in 2007, from 13.5 in 2006. The majority of lost-time injuries occurred in the Distribution Network. Falling and being crushed were the most frequent causes of accidents and resulted in the greatest number of lost-time injuries. In 2007 the reporting of near-accidents increased by 40 per cent. Increased reporting of unwanted incidents is important to increase learning in order to prevent future injuries and accidents.

37% of Norway Post's Group management is women. Among 2 000 Norway Post managers in 2007, 30 per cent were women, the same level as 2006. Women constituted 41 per cent of all Group employees in 2007, and 59 per cent of part-time employees, the same as in 2006.

Salary, other remuneration, and pensions earned for the Group's senior management amounted to NOK 26 million in 2007.

Norway Post's recruitment policy and tariff agreement stipulate a moderate gender-based quota system to increase the number of female managers and employees in male-dominated job categories. Norway Post focuses on equality at all levels, and has examined whether salary inequalities between women and men exist in the Norwegian part of the organisation. There are no significant salary differences that can be attributed to gender.

The board wishes to thank all employees, whose significant efforts and willingness to co-operate have contributed to the continued development of Norway Post.

EXPERTISE

The corporate leadership programmes have been revised following new Group strategies. New programmes were begun in 2007, and all together there were 70 front line managers, 42 middle managers and 18 senior executives who completed the respective leadership programmes in 2007. In total over 1 700 managers have completed the corporate leadership training programme since the Group's leadership development initiative started in 2002. In 2007 Norway Post also completed a revision of the Group's basic training.

During 2007 Norway Post worked on the further development of the Talent and Succession Management (TSM) system. Experience gained from a pilot programme run in autumn 2007 will help improve the process that will begin in 2008.

SECURITY

In 2007 Norway Post was exposed to one robbery in the post office. No one was injured. In addition, there were two robberies in the Post in Shops. The number of other criminal incidents was moderate. However, there were a number of serious cases of theft of insured mail to other countries. No episodes of serious terrorist threats were experienced in 2007.

Norway Post has good security systems and routines and is among the first in utilising modern security equipment. Security systems are maintained and upgraded frequently in line with developments and threats. In 2007 the level of activity in the crime prevention area was high. An improved security solution for the address change service was introduced in order to minimise identity theft risk.

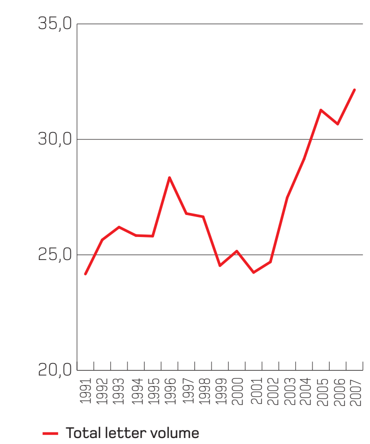
In 2007 crisis preparedness was strengthened and the central crisis management group implemented a crisis drill. Work with risk analysts was intensified and readiness plans were further developed and improved.

THE ENVIRONMENT

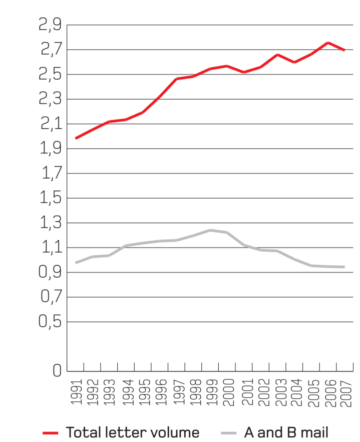
Norway Post, as one of the Nordic region's largest transport companies, has initiated measures to make both the Norwegian and Nordic parts of the Group more environmentally friendly. Society, customers and employees expect increased efforts toward a greener environment. The Group has placed the environment at the top of the agenda for social responsibility, and has ambitions to reduce emissions significantly. Transport is the largest environmental challenge and the Group will strive to reduce emissions from vehicles, and will seek the best solutions for the environment.

Together with eight other European postal

VOLUME OF PARCEL MAIL
In million items



VOLUME OF LETTER MAIL
In billion items



✱ Ring, ring. Excuse me, coming through! An old mail bicycle moves effortlessly through the streets of Oslo long ago. The years go by, the bicycle goes on. Norway Post continues to use an old, but smart means of transport in today's Nordic cities. In 2007 Norway Post **DELIVERS** mail in the Nordic countries through its CityMan couriers in Sweden and Denmark.

companies the Group has made a commitment to reduce its CO2-emissions by 10 per cent over the next five years. The programme's objective is based on emission reduction measures in the respective companies, and not on the purchase of climate quotas. These environmental efforts will mainly deal with environmental efficiencies with regard to transport, buildings, machines, environmentally-friendly products, purchases with a CO2-focus and the use of renewable energy and low-carbon fuel.

In 2007 Norway Post won the 'Glass Bear' environmental prize for its new pallet lift system that contributes to more environmentally-friendly transport of mail. The system reduces the letter volume per pallet load by up to 70 per cent for letter post.

The areas of focus for environmental work in 2008 are to introduce environmental leadership in the Group, continue training drivers about how to drive in more environmentally-efficient ways, and develop transport solutions and route optimising to reduce climate gas emissions from transport operations. Work with environmental improvement measures occurs across the entire Group, and all aspects of the company will be examined.

The 2007 environmental report shows that the Group's transportation activity and CO2-emissions increased from 2006 due to a higher-level of activity following acquisitions and an increase in production. For the parent company, CO2-emissions in 2007 were at the same level as the previous year.

Norway Post's environmental report is presented on pages 46 - 49.

CORPORATE GOVERNANCE

In 2007 there were no changes to the board. Women make up 50 per cent of the board members.

The board carries out an annual evaluation of its own work, expertise and work processes together with an evaluation of the content of the board instructions and company principles for corporate governance. In addition to being a decision-making and control organ, the board sees itself as a valuable discussion partner for the company's management and owner, based on good knowledge of Norway Post's strategies, value chains and processes, combined with the relevant external expertise of its members.

In 2007 the board updated the board instructions and corporate governance declaration in line with changes in the Companies' Act and revised Norwegian recommendations for corporate governance. The objective of the declaration is to ensure that those involved with Norway Post can rely on its governance system. Norway Post's corporate governance declaration is available on the company's home page on the website www.posten.no and is discussed in this year's annual report on pages 38 - 41.

Norway Post has worked further with governance principles for the Group with documentation and guidelines that are in addition to the board's instructions, by-laws and vision and values statement. The board approved a Code of Conduct for the Group in the year, and also established a corporate channel for misconduct reporting.

PROSPECTS FOR THE FUTURE

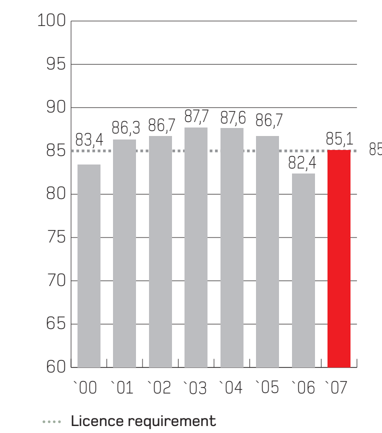
Norway Post's strategy plan for 2007–2011 aims to develop a world-class integrated mail and logistics Group. The Nordic region is Norway Post's home market and the goal is to achieve competitive value development through profitable growth and continued efficiency improvements and industrialisation of the production processes.

Norway Post actively takes part in the consolidation in the Nordic mail and logistics market, together with the IT-market. Consolidation is occurring as customers are becoming increasingly international, and the Nordic region is seen as one market with large global players competing for customers in Norway and the Nordic region.

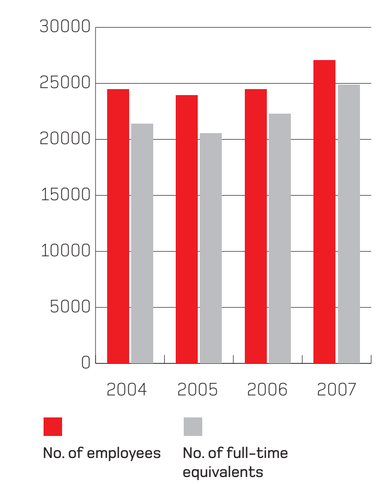
In light of Norway Post's Nordic growth strategy and its acquisitions of various companies, the Group acquired a number of brands with various degrees of strength. To create a clear market profile and appear more holistic in the Norwegian and Nordic markets, the Group plans to launch a new brand in 2008. Development of a common identity across the Group's operations will strengthen the opportunity to build one culture based on a common foundation of values and leadership principles, whilst the individual enterprises further develop their distinctive character and their role as specialists.

Earnings going forward will continue to be challenged by increasing inflation, together with increasingly intense competition in the market.

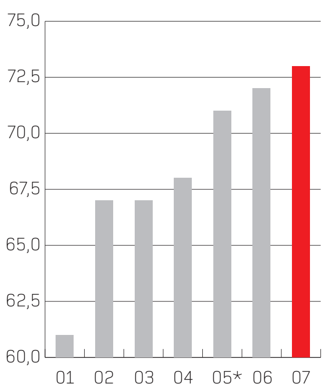
DELIVERY QUALITY A-PRIORITY MAIL IN NORWAY
Percentage delivered overnight



DEVELOPMENT IN NUMBER OF EMPLOYEES

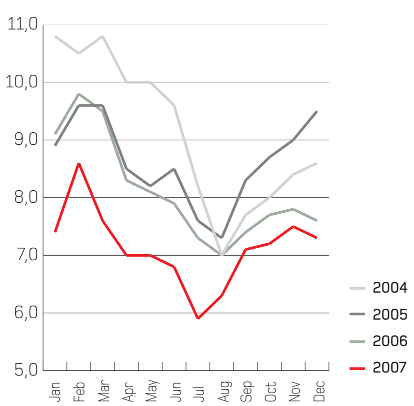


EMPLOYEE SATISFACTION INDEX LAST 7 YEARS
The Group (scale from 1 to 100, where 100 is best)



* New calculation method from 2005

RATE OF SICK LEAVE LAST 4 YEARS
Percentage for the Group



The Logistics and IT segments are affected by the high activity in the market and growth expectations. The board expects the Mail segment margins to experience continued pressure following increased competition and a decline in letter volumes and banking services, together with a trend towards products with lower margins. The potential for additional efficiencies is limited without structural measures and measures that affect the level of service.

A series of measures will be implemented in 2008 to industrialise production and logistics processes in Norway Post's value chain and thereby achieve additional efficiencies. Through a supply-chain project, based on the 'lean' philosophy, the flow of goods will be specialised, and interaction in the value chain optimised. The new South-East Norway terminal in Robsrud in Lørenskog, due to be completed in 2010, will be a high-tech facility with integrated production. The terminal will have cutting-edge environmental solutions such as thermal heating.

In it's Owners Report about Norway Post, the government has stated its openness to Norway Post's conversion plans involving the post office network started in 2001. Norway Post has in the past several years experienced a decline in the number of customers using post offices. The primary reasons, among others, are technological developments and changes in customers' needs. High fixed costs connected with individually run post offices, combined with a falling transaction volume, have made the conversions necessary. Through the planned conversion of 124 post offices to Post in Shops over the course of the next three years, Norway Post will achieve increased accessibility.

Mail advertising constitutes over half of the mail volume in Norway. Today's method for customers to indicate they will not accept unaddressed advertising works effectively, and contributes to more targeted distribution of mail advertising.

The liberalisation of the postal markets together with increased internationalisation and privatisation are guiding the restructuring and consolidating of the mail and logistics industries in Europe. Norway Post is preparing for liberalisation of the remaining monopoly areas.

Norway Post's emphasis on health, safety and the environment (HSE) continues to reduce sick leave, the number of employees on disability, and absences due to injury. The «Be safe» campaign will continue in 2008 to set the parameters for work on job safety and the workplace environment. Training and the increase of expertise will be prioritised areas, and a system will be established for the exchange of the Group's best practices.

OSLO, 27 MARCH 2008

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

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

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

THE BOARD OF DIRECTORS: Back row from left: Liv Stette, Gry Mølleskog, Thore Strøm (alternate), Paul Magnus Gamlemshaug, Judith Olafsen, Eli Arnstad, Arvid Moss (Chairman of the Board). Front row from left: Odd Christian Øverland, Elisabeth Angell (alternate), Sigbjørn Molvik. (Terje Christoffersen and Ingeborg Anne Sætre were not present when the picture was taken).

KEY FIGURES

NORWAY POST GROUP

		2007	2006	2005
RESULTS				
Operating revenues	MNOK	27 400	23 668	19 995
Earnings before interest and taxes (EBIT)	MNOK	1 080	1 313	1 155
Income before taxes	MNOK	955	1 200	1 202
PROFITABILITY AND RETURN ON EQUITY				
Calculated key figures, incl. non-recurring items and write-downs:				
EBIT margin 1)	%	3,9	5,5	5,8
Profit margin 2)	%	3,5	5,1	6,0
Return on invested capital 3)	%	13,0	21,5	27,3
Return on equity after tax 4)	%	14,0	16,6	20,2
Calculated key figures excl. non-recurring items and write-downs:				
EBIT before non-recurring items and write-downs 5)	MNOK	815	1 283	1 949
EBIT margin	%	3,0	5,4	9,7
Profit margin	%	2,5	4,9	10,0
Return on invested capital	%	9,8	21,0	46,0
CAPITAL AND LIQUIDITY				
Cash flow from operations	MNOK	1 714	2 065	2 707
Investments excl. acquisitions	MNOK	1 523	1 262	958
Equity ratio 6)	%	33,2	35,2	35,7
Net debt ratio 7)		0,3	0,1	(0,1)

Some of the comparative figures for 2005 have been adjusted to take into account the correction of an error in previous year's accounts related 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: Income before taxes/operating revenues
3) Return on invested capital: EBIT/average invested capital
   Invested capital: Intangible assets + tangible fixed assets + net working capital
4) Return on equity after tax: Net income/average equity
5) EBIT before non-recurring items and write-downs: EBIT excl. gains/losses on the sale of fixed assets etc., restructuring costs, costs of transferring to the new pension scheme, write-downs and negative goodwill taken to income
6) Equity ratio: Equity/total assets
7) Net debt ratio: (Interest-bearing liabilities - liquid assets)/total equity

INCOME STATEMENT

(Amounts in MNOK)

POSTEN NORGE AS					NORWAY POST GROUP		
2005	**2006**	**2007**		**Note**	**2007**	**2006**	**2005**
12 755	12 275	12 700	Operating revenues	1	27 400	23 668	19 995
			Operating expenses				
1 644	1 774	1 957	Cost of goods and services		10 259	8 711	5 936
6 237	6 262	6 763	Payroll expenses	2	11 094	9 192	8 329
428	398	383	Depreciation	9,10	834	754	745
32	25	11	Write-downs	9,10	130	59	56
			Negative goodwill taken to income	9		(64)	
2 897	2 935	3 117	Other operating expenses	4	4 398	3 728	3 036
(70)	(5)	(12)	(Gain) on sale of fixed assets etc.	6	(649)	(17)	(80)
32	1	2	Loss on sale of fixed assets etc.	6	2	1	33
55	13	256	Reorganisation expenses	5	268	13	158
627	8	(2)	Costs (income) of transfer to new pension scheme	3	(16)	(22)	627
873	**864**	**225**	**Earnings before interest and taxes**		**1 080**	**1 313**	**1 155**
			Share of net income (losses) of associated companies	12	1	(12)	2
238	493	1 223	Financial income	7	282	262	265
200	456	504	Financial expenses	7	408	363	220
911	**901**	**944**	**Income before taxes**		**955**	**1 200**	**1 202**
261	228	122	Taxes	8	159	344	285
650	**673**	**822**	**Net income (loss)**		**796**	**856**	**917**
			Net income (loss) attributable to majority interests		796	862	881
			Net income (loss) attributable to minority interests			(6)	36
			Proposed transfers and allocations				
	(471)	(506)	Dividend				
		(155)	Group contribution				
(650)	(202)	(161)	Transfers (to)/from equity				
(650)	**(673)**	**(822)**	**Total proposed transfers and allocations**				

BALANCE SHEET

(Amounts in MNOK)

POSTEN NORGE AS					NORWAY POST GROUP		
2005	2006	2007		Note	2007	2006	2005
			Assets				
285	474	679	Intangible assets	9	6 088	4 445	2 496
567	497	519	Deferred tax assets	8	667	659	619
2 895	2 322	2 162	Tangible fixed assets	10	4 037	3 624	3 475
	60	73	Investment property	11	108	60	
2 409	3 851	4 377	Investments in shares	12,23	29	27	51
			Investments in associated companies	12	19	22	18
557	2 112	2 940	Interest-bearing long-term receivables	13	31	81	91
15	13	81	Other long-term receivables	14	120	24	20
6 728	**9 329**	**10 831**	**Fixed assets**		**11 099**	**8 942**	**6 770**
58	43	51	Inventories	15	65	55	63
1 455	1 613	1 481	Interest-free short-term receivables	16	4 508	4 036	2 848
1 788	956	597	Interest-bearing short-term receivables	13	59	343	1 478
1 899	1 838	1 084	Cash and cash equivalents	17	1 647	2 306	2 040
5 200	**4 450**	**3 213**	**Current assets**		**6 279**	**6 740**	**6 429**
16	**143**	**29**	**Assets held for sale**	18	**37**	**136**	**21**
11 944	**13 922**	**14 073**	**Total assets**		**17 415**	**15 818**	**13 220**
			Equity and liabilities				
3 120	3 120	3 120	Share capital		3 120	3 120	3 120
1 560	992	992	Share premium account		992	992	1 560
(35)	1 220	1 475	Other equity		1 634	1 438	(7)
13	3	31	Other reserves		32	1	28
			Minority interests		8	15	13
4 658	**5 335**	**5 618**	**Equity**	19	**5 786**	**5 566**	**4 714**
1 779	**1 706**	**1 949**	**Provisions for liabilities**	20	**2 233**	**1 982**	**2 022**
1 336	2 523	2 935	Interest-bearing long-term liabilities	21	3 118	2 633	1 446
8	18	85	Interest-free long-term liabilities	22	166	28	20
1 344	**2 541**	**3 020**	**Long-term liabilities**		**3 284**	**2 661**	**1 466**
564	722	331	Interest-bearing short-term liabilities	21	76	61	73
3 014	3 462	3 000	Interest-free short-term liabilities	22	5 795	5 305	4 324
585	156	155	Tax payable	8	241	220	621
4 163	**4 340**	**3 486**	**Short-term liabilities**		**6 112**	**5 586**	**5 018**
			Liabilities held for sale	18		**23**	
11 944	**13 922**	**14 073**	**Total equity and liabilities**		**17 415**	**15 818**	**13 220**
			Guarantees/mortgages	27			

OSLO, 27 MARCH 2008

Arvid Moss (Chairman)

Liv Stette (Vice Chairman)

Eli Arnstad

Terje Christoffersen

Sigbjørn Molvik

Gry Mølleskog

Odd Christian Øverland

Ingeborg Anne Sætre

Paul Magnus Gamlemshaug

Judith Olafsen

Dag Mejdell
(CEO)

CASH FLOW STATEMENT

(Amounts in MNOK)

POSTEN NORGE AS					NORWAY POST GROUP		
2005	2006	2007			2007	2006	2005
				Cash flow from operational activities			
1 338	732	639		Provided by the year's operations *)	1 176	1 220	1 815
(1 162)	1 057	(55)		Change in working capital	236	987	(1 488)
2 367	(106)	306		Change in other receivables and provisions	302	(142)	2 380
2 543	**1 683**	**890**		**Net cash flow from operational activities**	**1 714**	**2 065**	**2 707**
				Cash flow from investing activities			
(381)	(965)	(906)		Investments in subsidiaries, excl. cash holdings on acquisition date	(1 553)	(1 685)	(290)
(777)	(658)	(494)		Investments in tangible fixed assets/IT development, etc	(1 521)	(1 247)	(958)
79		759		Sales of subsidiaries, excl. cash holdings on sale date	763		149
8	22	14		Sales of tangible fixed assets	34	57	49
171	(1 330)	(904)		Changes in other fixed assets	(17)	26	(116)
(900)	**(2 931)**	**(1 531)**		**Net cash flow from investing activities**	**(2 294)**	**(2 849)**	**(1 166)**
				Cash flow from financing activities			
	1 187	400		New long-term and short-term debt raised	482	1 192	
(252)		(4)		Repayment of long-term and short-term debt	(67)	(18)	(260)
(516)		(509)		Group contributions/dividends paid	(494)	(124)	(517)
(768)	**1 187**	**(113)**		**Net cash flow from financing activities**	**(79)**	**1 050**	**(777)**
875	**(61)**	**(754)**		**Total change in cash and cash equivalents**	**(659)**	**266**	**764**
1 024	1 899	1 838		Cash and cash equivalents at start of period	2 306	2 040	1 276
1 899	**1 838**	**1 084**		**Cash and cash equivalents at end of period**	**1 647**	**2 306**	**2 040**
				*) Generated as follows:			
911	901	944		Income before taxes	955	1 200	1 202
460	423	528	+	Depreciation/write-downs 1)	974	750	801
			+/-	Share of profits(losses) of associated companies	(1)	12	
143	3	(607)	+-	Unrealised financial items	176	(78)	5
42		(109)	+/-	Net interest expenses/income	36	56	66
(180)	(590)	(148)	-	Tax paid	(234)	(658)	(188)
67	90	179	+	Interest received	53	42	44
(62)	(90)	(136)	-	Interest paid	(121)	(88)	(53)
		(2)	-/+	Other unrealised operating expenses/(income)	(15)		
(43)	(5)	(10)	-	Loss/(gain) on sale of fixed assets	(647)	(16)	(62)
1 338	**732**	**639**	=	**Provided by the year's operations**	**1 176**	**1 220**	**1 815**

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

STATEMENT OF CHANGES IN EQUITY

(Amounts in MNOK)

POSTEN NORGE AS	Share capital	Share premium account	Other equity	Other reserves	Total equity
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:					
Changes in fair value				(4)	(4)
Net income for the period			650		650
Dividend paid			(516)		(516)
Other equity transactions			7		7
Equity as at 31 December 2005	3 120	1 560	(35)	13	4 658
Equity as at 1 January 2006	3 120	1 560	(35)	13	4 658
Cash flow hedges:					
Changes in value/transferred to income				(12)	(12)
Tax on changes in value				3	3
Available for sale investments:					
Changes in fair value				(1)	(1)
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	1 220	3	5 335
Equity as at 1 January 2007	3 120	992	1 220	3	5 335
Cash flow hedges:					
Changes in value/transferred to income				39	39
Tax on changes in value				(11)	(11)
Net income for the period			822		822
Dividend paid			(488)		(488)
Repayment equivalent to state contribution AFP (§ 6)			(80)		(80)
Equity as at 31 December 2007	3 120	992	1 475	31	5 618

FINANCIAL STATEMENTS

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 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:						
Changes in fair value				(9)		(9)
Net income for the period			881		36	917
Dividend paid			(517)			(517)
Other equity transactions					(47)	(47)
Equity as at 31 December 2005	3 120	1 560	(7)	28	13	4 714
Equity as at 1 January 2006	3 120	1 560	(7)	28	13	4 714
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:						
Changes in fair value				(16)		(16)
Net income for the period			862		(6)	856
Dividend paid					(2)	(2)
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	1 438	1	15	5 566
Equity as at 1 January 2007	3 120	992	1 438	1	15	5 566
Translation differences			(30)			(30)
Cash flow hedges:						
Changes in value/transferred to income				43		43
Tax on changes in value				(12)		(12)
Net income for the period			796			796
Dividend paid			(488)		(6)	(494)
Repayment equal to state contribution AFP (§6)			(80)			(80)
Other equity transactions			(2)		(1)	(3)
Equity as at 31 December 2007	3 120	992	1 634	32	8	5 786

Refer to note 19 for a more detailed description of the owners' equity

Notes

The notes are an integrated part of the accounts and are presented on pages 57 - 115.

Bag after bag, pile after pile. Eyes and hands busily sorting and manoeuvring now have assistance. Automated route preparation has changed the postal industry. In 2007 Norway Post **DELIVERS** better quality through the use of sorting machines – which make it possible to sort mail automatically into specific delivery routes.

THE SEGMENT CONSISTS OF letters, advertising and communication products, goods, parcels (consumer market), information logistics, and mail and banking services and the sale of goods through its sales and service network.

For reporting purposes, the segment comprises the mail division, including the subsidiaries CityMail Group AB, talk2me, Customer:View, and the production and distribution organisation for the Group's postal operations in Norway through the Distribution Network division.

Senior Vice President Lars Tendal

MORE DEDICATED TO DELIVERING THAN OTHERS

Norway Post has expanded its old slogan 'The mail must be delivered' to include precise delivery, new services, high technology and targeted direct marketing in the whole Nordic area.

The postal market is changing drastically as a result of technological development and increased competition. The EU Council of Ministers and the European Parliament have ruled that national postal monopolies must be removed from 2011 for the majority of EU-countries.

INDUSTRIALISATION

Postal production is high technology. In 2007 the production lines for letters and packages were merged in Norway. New sorting technology costing half a billion Norwegian kroner is in the process of being utilised. 16 large machines make the preliminary sort, and 41 new machines sort mail into the correct order for postal routes. The goal for 2008 is that 70 per cent of all standard letters be sorted automatically into postal routes.

«This is new and cutting-edge technology that should contribute to building effective and competitive solutions for Norway Post customers» explains Senior VP Lars Tendal.

Norway Post is also the first in the world to make use of the newly developed multisorter– an innovative sorting machine that automatically sorts and handles different types of postal formats, such as large letters, small packages and bundled mail.

FLAGSHIP TERMINAL

The building of the new South-East Norway terminal at Lørenskog was fully underway by the end of 2007.

«This will be the world's most modern postal plant, and will be completed in 2010» informs Tendal.

The South-East Norway terminal will be the main sorting plant in Norway Post's new terminal structure, and the workplace for up to 3 000 employees. Three million items, over half of all letters in Norway, will be sorted in the plant everyday.

«Our deliveries should be distinguished by high-precision. Our goal is to be more cost effective and deliver higher quality than our competitors» Tendal adds.

SALES AND SERVICE NETWORK CONVERSION

A continued decline in the number of customers and payment transactions in the post office network requires a more variable cost base. In 2008 the government approved the conversion of 124 post offices into Post in Shops over the next three years.

«Customers have changed their behaviour, and are making more of their payments electronically,» explains Tendal. «Moreover, customers are very satisfied with Post in Shops. To continue using post offices with reduced staff or limited hours is not a viable alternative.»

LARGE CUSTOMERS

The largest customers want Nordic solutions from one supplier. These are large companies that send letters, catalogues and products to their customers.

«We help them communicate with their Nordic customers,» says Tendal. «Seven out of ten of our largest customers are Nordic with headquarters outside Norway. If we don't win these Nordic contracts, we will also lose volume in the home market.»

These large customers are increasingly concerned about the environment. For example Norway Post's subsidiary CityMail AB provides CO_2 accounts of transport between Stockholm and Oslo to Gjensidige Insurance so that Gjensidige can purchase transport emissions quotas.

ALONE IN SCANDINAVIA

Norway Post is the only postal organisation with a Scandinavian offering. The Nordic region is the home market for letters, industrial mail, addressed advertising, unaddressed advertising, magazines, newspapers, small goods and deliveries across national borders. Norway Post is present in Sweden and Denmark through its subsidiary CityMail. CityMail focuses on industrial addressed mail, based on databases that sort items by address and postal code in the customer's IT-system before the letters are printed.

«Over the course of next year in the unregulated Swedish postal market, we will be able to distribute mail to 2.5 million households in Sweden. This amounts to 54 per cent of the Swedish population. We deliver to more households in Sweden than in Norway, even though we cover all of Norway» informs Tendal.

Newly established CityMail in Denmark also counts on capturing new clients. The company now delivers to one million households and companies in the Copenhagen-region (around 40 per cent of Denmark's population).

GROWTH ABROAD – GROWTH AT HOME

«Capturing a large enough piece of the Nordic market is an important premise for the further development of postal offerings in Norway» says Tendal.

One-to-one marketing, also called targeted direct marketing, is a growing market, and is a main priority area in Scandinavia.

«This is about competence,» Tendal adds. «Tailor-made marketing requires a high level of knowledge, good tools, traceability and secure delivery.»

Therefore, Norway Post has expanded its competence platform, and purchased DM specialists such as talk2me, CDG Sandberg and Customer:View (Sweden). Customers will receive the best advice and solutions in relationship marketing, customer support, analyses and performance measurements comparable with other DM campaigns in the same industry.

«The mailbox is an effective customer channel, where customers can communicate relevant information to their target groups by mail» says Tendal, who promises to launch several new services in 2008.

TARGET GROUP ANALYSES

Norway Post's segment model has divided Norway's population into ten segments, based on geography, demography and over 2 000 interests.

«We can precisely target the customer with unaddressed advertising down to each mail carrier route» explains Tendal.

High precision also means fewer dispatches and less costly campaigns. Therefore, Tendal is satisfied that the government is not planning on making changes in the new marketing law taking effect this year.

«Mailbox owners have the option of not receiving unaddressed advertising, which is not the case for other advertising channels» he says.

Customers will soon have the possibility of choosing to send packages weighing over 100 grams by B (economy) mail. Such mail will not be transported by plane, but rather by more environmentally-friendly solutions, such as by rail or road.

SIX BUSINESS AREAS*:

LARGE ENTERPRISES offer holistic solutions and distribution of mail, goods and advertising in the Nordic market. Subsidiaries talk2me and Customer:View develop and implement loyalty programme activities.

CUSTOMER SERVICE & DISTRIBUTION offers customer-service and advice about distribution solutions to the divisions' largest corporate customers.

PRIVATE/SME offers products and office mail-solutions for the consumer- and SMB-markets in Norway.

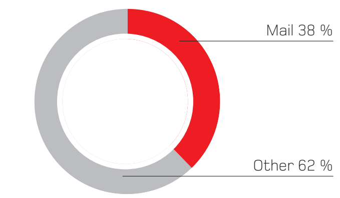
THE SALES AND SERVICE NETWORK is the nationwide sales and service network with contact points for customers at post offices, business centres, Post in Shops and Norway Post's own customer service.

INFORMATION LOGISTICS offers companies electronic and physical solutions for cost effective and value adding documentation management.

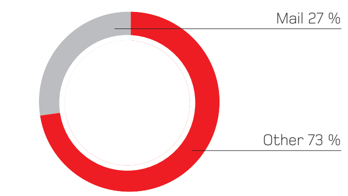
CITYMAIL GROUP AB: CityMail Sweden and CityMail Denmark distribute industrial mail for corporate customers. CityMail International oversees international mail, with distribution partners in each country.

* organisational structure applies from 01.02.2008

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES



SHARE OF GROUP EMPLOYEES



EMPLOYEES

2007	19 813
2006	18 392
2005	18 905

REVENUE FROM EXTERNAL PARTIES IN MNOK

2007	10 403
2006	9 965
2005	10 393

EARNINGS BEFORE INTEREST AND TAXES IN MNOK

2007	90
2006	907
2005	1 282

PHYSICAL DISPATCHES IN MILLION UNITS

2007	2 687
2006	2 752
2005	2 654

SUBSIDIARIES

CityMail Group AB and subsidiaries
talk2me AS
Customer:View AB
CDG Sandberg AS (from 2008)

* A wet mailbag is safely fastened to a trusted bicycle. Over mountains. Over rivers. The landscape doesn't change, but the conditions do. In 2007 customers demand faster deliveries, whether by car, boat, bicycle, train, helicopter, or plane. Norway Post **DELIVERS** better express solutions through its Nordic subsidiary Box.

THE SEGMENT CONSISTS OF groupage and part load cargo, thermo logistics, warehousing and express logistics, parcels, and air and sea transport.

For reporting purposes, the segment comprises the logistics division along with its subsidiaries, and the production and distribution organisation for the logistics division's parcel operations in Norway through the Distribution Network division.

Senior Vice President Arne Bjørndal

COMPLETE LOGISTICS OFFERING IN NORWAY AND IN THE NORDIC REGION

Logistics has become the Group's largest segment. Norway Post aims to be the world's best logistics supplier in the Nordic region – by land, sea and air.

Senior Vice-President Arne Bjørndahl explains, «Customers want easy and time-saving partnerships. The best solution for the customer is to find a partner that meets the majority of their logistics and warehousing needs.»

Logistics has grown at record speed to become the largest segment in Norway Post.

«We are the largest in the Nordic region in both courier services and thermo transport» adds Bjørndahl.

The goal is to be one of the four leading Nordic logistics suppliers with a Nordic market share of between 8 and 10 per cent.

NORDIC ORGANISATION

The division and its subsidiaries have structured the organisation and value-chains into a Nordic model. They have established five business areas: groupage and part load cargo, thermo transport, express, parcels and warehousing solutions. In 2007 a common Nordic product structure for all logistics products was developed.

«The goal is to provide appropriate and specially-designed solutions for logistics and transport in the entire Nordic region» says Bjørndahl.

Both the development of existing businesses and new acquisitions are essential.

«We often notice that potential target acquisitions are positive to having Norway Post as an owner. They know that we are industrial and take a long-term view, and that their company and employees will be treated with respect and integrity» points out Bjørndahl, who continually scouts after well-run logistics companies that could fit into the Group's Nordic plans.

TRACKING

Good IT-solutions are essential to offering advanced logistics solutions. Four out of five customers are directly integrated with Norway Post's IT-systems (EDI). 7 000 online terminals are now being used by the Group's drivers and terminal workers. This provides much better control over the entire value chain for the receivers, who at any point in time can find out where their goods or parcels are.

«We are launching a shared tracking system service for the whole Group this spring» Bjørndahl reveals.

Tracking has long been the most accessed service on the Group's website.

DENSELY PACKED

The number of parcels is increasing, especially in the Nordic company Pan Nordic Logistics, which is jointly-owned by Norway Post and Post Denmark and reported strong development in cross-border parcels.

«We want to be the preferred partner for online companies. This spring, 20 package vending machines will be installed in Norway, and 20 vending machines will be installed in Sweden, where people who have purchased products online can pick up parcels quickly with the use of an SMS-code» says Bjørndahl.

This solution was presented during Norway Post's logistics and online business day in September. The 'Load.07' conference was arranged for the first time, and was fully-booked in advance.

EXPRESS

Box is the Nordic region's leading supplier in express logistics, courier services and warehousing solutions.

«Now it is possible to reach recipients in Norway, Sweden, Denmark and Finland the same or next day» says Bjørndahl.

Box has 22 offices and is represented at more than 100 airports across the Nordic region. It employs the fastest method of travel, whether by car, boat, bicycle, helicopter or airplane. In January 2008, Box Solutions opened a new warehousing centre in Bergen, and in 2009 will move to a new logistics centre in Berger near Oslo.

THE CORRECT TEMPERATURE

Nor-Cargo Thermo and Frigoscandia AB are now integrated to cover the Nordic and international thermo transport logistics market. Collectively these two companies had revenues of NOK 3.4 billion in 2007. The goals of integration are that customers receive the best possible offer, operations will be more cost effective, and international thermo transport logistics will be better co-ordinated.

«There are an increasing number of opportunities in this market, and we already expect positive results in 2008» adds Bjørndahl.

Frigoscandia AB is responsible, among other things, for ensuring that all IKEA stores worldwide can serve Swedish meatballs in IKEA restaurants.

INCREASED RAILWAY TRANSPORT

Bjørndahl thinks there is great potential for using more environmentally-friendly means of transport. According to the Norwegian Bureau of Statistics, 6 million tonnes of goods are imported into Norway via road transport every year, equal to about 700 trailer trucks every day.

«Norway Post utilises the railway for 65 per cent of the volume of goods on those stretches where the railway is an alternative» he says. «Ideally we could have achieved 90 per cent if the railway had greater capacity.»

Limited capacity at railway terminals and a single-track railway with too few crossing places make it difficult to transport more goods by railway lines.

THE IKEA–TRAIN

Everyday, trains travel with IKEA goods from IKEA's Nordic head terminal in Southern Sweden to the main warehouse for Norway in Oslo. This replaces 10 000 transfers by semi-trailer each year, and saves the environment from 7 340 tonnes of CO_2-emissions. Additionally, Frigoscandia ships food products by train from Denmark to Italy, replacing 720 semi-trailers and saving a further 3 420 tonnes of CO_2-emissions.

«More cargo delivered by railway is positive for both the logistics industry and the environment» underscores Bjørndahl.

Today Norway Post is one of the largest users of the railway system in Norway, and is CargoNet's largest customer. According to a study by Econ Pöyry, cargo transport by railway is likely to double in volume. The road network could escape the burden of 300 000 trailers if the capacity for freight trains were quickly built up in Norway.

THE LOGISTICS MARKET:

LOGISTICS

Increasing growth in all areas and a steadily stronger Nordic profile create the need for further clarification and strengthening of, all business areas. A new organisational structure for the Logistics division will be in place spring 2008, and will consist of the following business areas:

GROUPAGE AND PART LOAD CARGO groupage cargo consists of full loads, while part load cargo is cargo weighing over 35 kilograms. Includes Air & Sea.

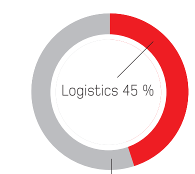
THERMO LOGISTICS comprises transport and/or the warehousing of cargo requiring temperature regulation.

EXPRESS LOGISTICS includes everything from local courier services to national and Nordic express shipments.

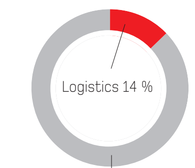
PARCELS are goods weighing less than 35 kilograms. Includes both the business and consumer markets.

WAREHOUSING comprises all types of services in storage operations for dry cargo (not temperature sensitive). This includes goods handling, various processing services, together with order reception, selection and shipment, and unloading and loading operations.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES



SHARE OF GROUP EMPLOYEES



EMPLOYEES	LOGISTICS
2007	3685
2006	3588
2005	3345

REVENUE FROM EXTERNAL PARTIES IN MNOK

2007	12 209
2006	10 964
2005	7 700

EARNINGS BEFORE INTEREST AND TAXES IN MNOK

2007	466
2006	502
2005	342

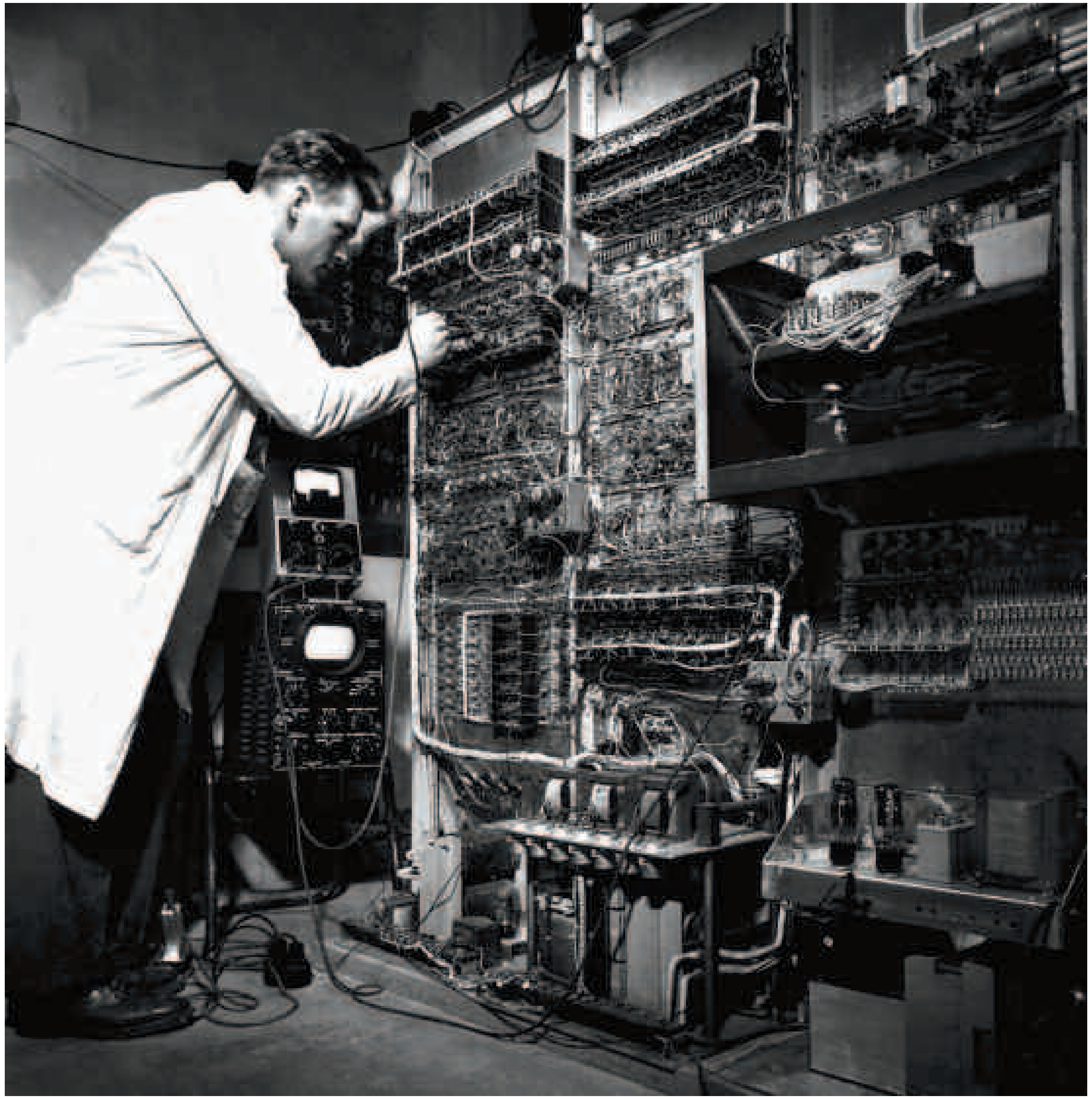
NUMBER OF PARCELS IN MILLION UNITS

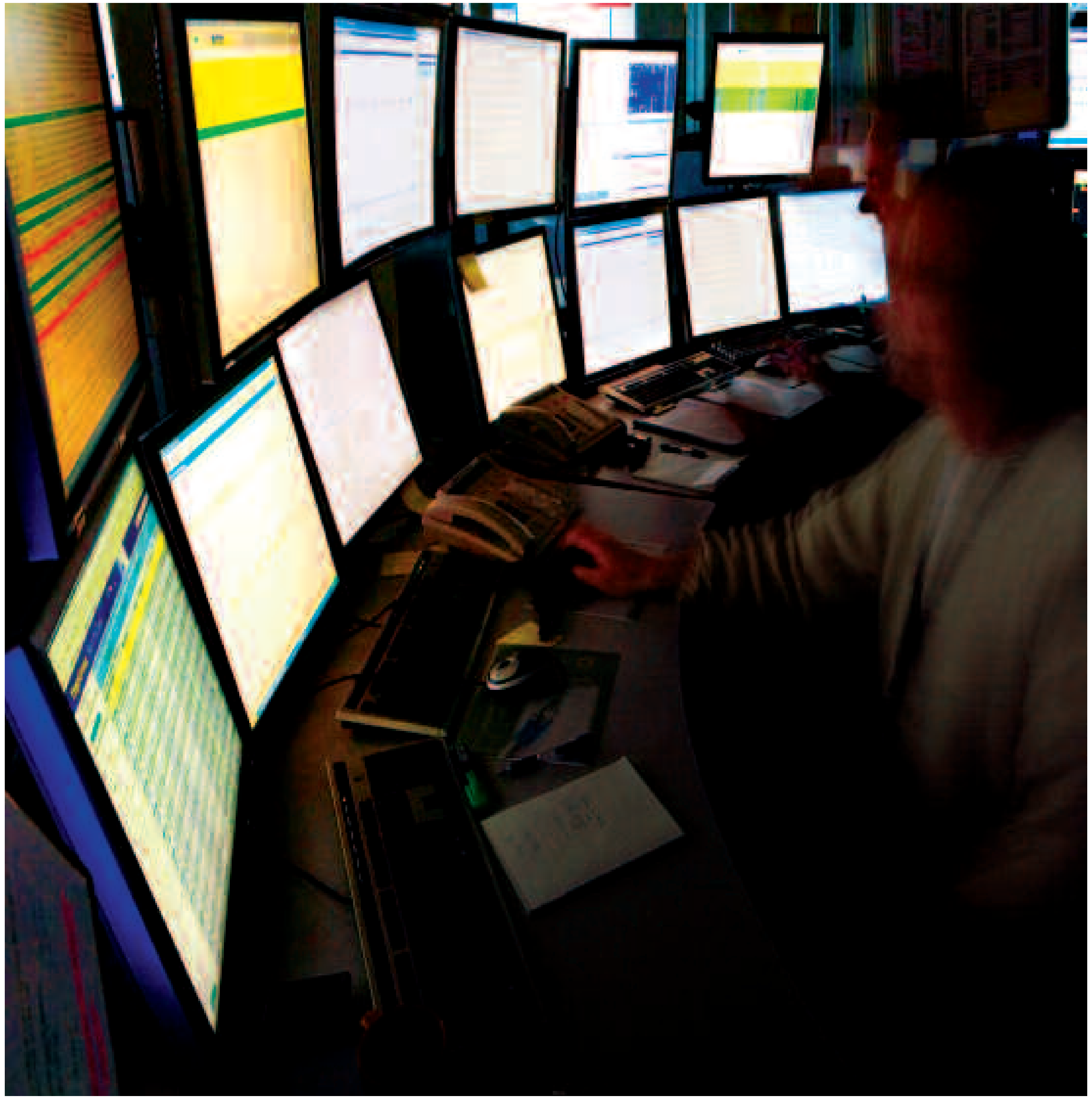
2007	32,1
2006	30,7
2005	31,3

SUBSIDIARIES

Box Group AS (incl. subsidiaries)
Box Solutions AS (incl. subsidiaries)
PNL AB
Nor-Cargo AS (incl. subsidiaries)
Nettlast AS
Frigoscandia Distribution AB (incl. subsidiaries)
Transflex companies

*Hand in hand with IT development. A bundle of cables and a constellation of networks have become powerful servers that are invisible to users. In 2007 Norway Post's subsidiary ErgoGroup entered into contracts worth NOK 3.5 billion. Norway Post **DELIVERS** more cost effective mail services through smart IT solutions from ErgoGroup.





THE SEGMENT COMPRISES ErgoGroup AS and its subsidiaries and is divided into the business units IT operations services, solutions, regional services, Nordic services and consulting services.

SME MARKET'S LARGEST IT-SUPPLIER IN THE NORDIC REGION

ErgoGroup is the leading IT supplier to small and medium sized enterprises (SME) in the Nordic region. Revenues have increased by 389 per cent in the period between 2000 and 2007.

Norway Post's IT company has had a solid foothold in the public sector and in larger private companies. In the past few years, ErgoGroup has also experienced a solid expansion in the SME segment, acquiring Sintef-based Runit, Ementor Outsourcing, Allianse, the Swedish company SYSteam and Bekk Consulting.

«The acquisition of SYSteam in 2007 with over 1 000 employees was ErgoGroup's largest acquisition ever. We are now the largest supplier to the SME segment in the Nordic region» states managing director Terje Mjøs.

ErgoGroup targets all potential customers in Norway. In the rest of the Nordic region, the company primarily focuses on the SME segment, even though SYSteam serves large customers in the Swedish public health services. A quarter of the company's revenue will come from activities outside of Norway in 2008.

Managing Director Terje Mjøs

STANDARDISATION

A greater number of public and private operations want to outsource systems and processes, such as accounting, salary and IT functions. They can also achieve economies of scale by being part of a larger IT operations services environment.

«SME companies and local municipalities often have fewer opportunities to invest frequently in IT upgrades. Our goal is to provide companies with competitive IT solutions and stable IT operations services that will free up their resources. If smaller companies standardise their IT solutions, they can reap the same cost reduction benefits as larger corporations» says Mjøs.

ENTERING THE CORPORATE JUNGLE

SME organisations (defined by ErgoGroup as enterprises with a maximum of 1 000 employees) are usually not very bureaucratic. They want useful services that support their business, and are less interested in the actual technology.

«The SME niche is available in Scandinavia. None of the large IT-players prioritises this segment» points out Mjøs.

He predicts that SME customers will be responsible for the majority of volume growth in the IT-market over the next few years.

«We are presently in 90 locations in the Nordic region» he notes.

ErgoGroup expects to strengthen its position in Norway, grow significantly in Sweden, and become larger in Finland. However, the IT-market in Denmark is more consolidated, and ErgoGroup is 'on hold' about entering this market.

SUBSTANTIAL GROWTH

Approximately half of the contracts ErgoGroup enters into are with existing customers. One of five contracts is captured from competitors.

«2 600 contracts were entered into in 2007, worth a total of NOK 3.6 billion» Mjøs says.

DELIVERING AS PROMISED

ErgoGroup will soon deliver a modern communications solution to 750 of the Norwegian Labour and Welfare Administration offices throughout the country. In addition, the municipal elections went smoothly for the 262 of the country's 432 municipalities that utilised ErgoGroup's election-solution in 2007. These municipalities were responsible for 75 per cent of all eligible voters. 36 million voting slips and 2.7 million ballot papers were produced before the election. Norway Post has established a mobile IT solution with handheld units for 7 000 drivers and terminal workers. ErgoGroup delivered the content of that IT solution, and is also responsible for a similar solution used by Securitas security guards in Norway and Sweden.

GREAT THINKING

ErgoGroup's annual customer and industry gathering, 'IT-tinget', was larger than ever before and will celebrate its 25th anniversary in autumn 2008. It was at 'IT-tinget' that ErgoGroup announced the acquisition of 75 per cent of the shares in Bekk Consulting AS - one of the leading IT consulting companies in Norway. The main reason for this move was that many of the larger customers want a supplier that can take part in the further development of IT-solutions.

Bekk Consulting AS had been investigating the possibility of joining forces with a robust partner on a long term basis, and ErgoGroup was actually its first choice partner.

«A growing part of our revenue comes from solutions and consulting. We have therefore chosen to invest heavily in consulting services» explains Mjøs.

TO INDIA

A pressed labour market in the IT industry is making it difficult to attract new resources. ErgoGroup has therefore established an office in Vadodara, India. Seven Indian IT engineers have been to Norway and been trained in the projects on which they will work. The priority in the recruitment process in Vadodara was to employ Agresso and Oracle specialists.

«For the time being, we are testing this on a small scale as we need extra capacity on large projects» states Mjøs.

The subsidiary company SYSteam acquired 10 per cent of the shares in the consulting firm ION in New Delhi.

CORPORATE CULTURE

With strong growth and a rapid acquisition tempo, Mjøs states with delight that employee satisfaction is significantly higher in both Norway and Sweden.

«This proves that we are an attractive employer that can offer a good work environment and interesting professional challenges.»

700 employees were hired in Norway and Sweden in 2007. The turnover rate was between 10 and 12 per cent.

But Mjøs is realistic, and is prepared for the possibility that the growth in the IT market will diminish.

«Nothing grows rapidly forever. The flattening out of economic growth usually means that companies become more cautious about investing in new IT solutions» he admits.

ERGOGROUP'S FIVE BUSINESS AREAS:

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

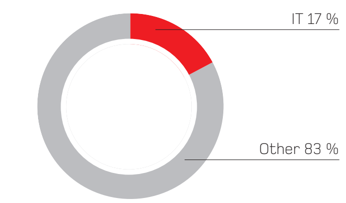
SOLUTIONS: delivers complete software solutions, services, and business sector solutions that streamline selected work processes within the public and private sectors.

REGIONAL SERVICES: Provides IT systems, consultancy services and operating solutions that are customised to meet the needs of medium-sized enterprises and regional 'Eco-Lighthouse' enterprises.

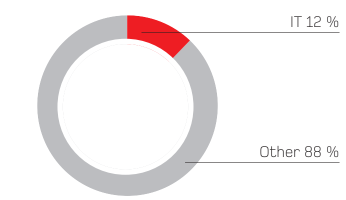
NORDIC: Serves ErgoGroup's clients outside Norway, with approximately 50 offices in Sweden and representation in both Denmark and Finland. The Nordic Division comprises ErgoGroup AB, SYSteam and TransWare.

BEKK CONSULTING AS is a leading Norwegian business consulting and technology service firm that supports large corporations and public sector agencies in improving business processes and strengthening relationships to customers, suppliers, and employees through advanced technology solutions. The company has 185 employees, and some of Norway's leading enterprises among its clients.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES



SHARE OF GROUP EMPLOYEES



EMPLOYEES

2007	3 362
2006	1 843
2005	1 522

REVENUE FROM EXTERNAL PARTIES IN MNOK

2007	4 778
2006	2 752
2005	1 898

EARNINGS BEFORE INTEREST AND TAXES IN MNOK

2007	268
2006	223
2005	82

SUBSIDIARIES

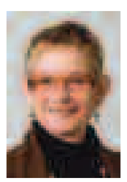
Global Office AS
Bekk Consulting AS
Buypass AS
Eiendomsverdi AS
Eye-share ASA
Gecko Informasjonssystemer AS
SYSteam AB
TransWare AB

* Post offices no longer constitute Norway Post's main sales and service unit. Customers demand more availability and longer hours of operation. In 2007 Norway Post **DELIVERED** better customer service by carefully developing its Norwegian Post in Shops network.

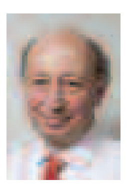
THE BOARD OF NORWAY POST

ARVID MOSS
Chairman of the Board
Born: 1958
Director of Norsk Hydro, Corporate Strategy and Business Development
Education: Master of Business Economics, Norwegian School of Economics and Business Administ-ration (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 at Nexus Knowledge Solutions AS and Teatret Vårt as



ELI ARNSTAD
Director
Born: 1962
Consultant
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
Partner in Interforum Partners AS, CEO Birdstep Technology ASA
Education: MBA, Cologne University 1978
Offices: Vice Chairman in Hafslund Infratech ASA, Chairman of Network Norway AS, Chairman Mobile Norway AS

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

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 that provide guidance about how the Group is to be managed and controlled, as well as the structures that regulate interaction between the governing bodies; the owner, the Board and management. The goal of corporate governance is to strengthen confidence in the company and to contribute to future added value.

Norway Post complies with Norwegian recommendations for corporate governance in ways appropriate to the Norway Post organisational and ownership structures. There are two reasons for deviations from the recommendations. Firstly, the Ministry of Transport and Communications is the company's sole owner (deviations relating to the general meeting and nomination committee), and secondly, Norway Post is not listed on the stock exchange (deviations relating to the equal treatment of shareholders and free negotiability). The company and its employees have also agreed not to have a corporate assembly. As a limited company entirely owned by the state, Norway Post complies with the Government's governance principles.

THE FOUNDATION

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

FUNDAMENTAL VALUES AND A CODE OF CONDUCT

In 2007 the Board of Directors approved a common code of conduct for the entire Group. Work has begun with the implementation of the code of conduct that will continue throughout 2008.

OPERATIONS

Norway Post's operations are defined in the company's articles of association. These articles of association are available on Norway Post's website. The company's objective is to carry out postal and logistics activities based on both physical and electronic solutions, and other directly related activities.

The Ministry of Transport and Communications has given Norway Post a licence to conduct postal operations. The Norwegian Post and Telecommunications authority will ensure that the terms of the licence are upheld.

THE SHAREHOLDER'S MEETING

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

THE BOARD OF DIRECTORS

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

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

Norway Post's Board consists of 10 members. 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 within the Board of Directors is ensured as only half of the directors are up for election at the same time.

The Board held seven ordinary and two extraordinary meetings in 2007.

REMUNERATION

The directors' fees are set at the Annual General Meeting. The remuneration for the directors in 2007 is stated in note 2.

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

Remuneration to senior management in 2007 is stated in note 2.

INFORMATION AND COMMUNICATION

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

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

RISK MANAGEMENT

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

The risk analysis is based on the divisions' strategy, business plans and targets and is an extensive process. The aim is to evaluate risks affecting strategy, finance, operations and reputation. The results of this process are consolidated to form an assessment of the main risks to which the Group is exposed, and are followed up with specific measures for managing and controlling the individual risk factors in order to avoid incidents that may negatively impact the Group's operations and reputation in the market.

INTERNAL CONTROLS

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

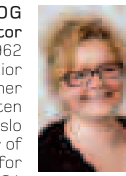
An investment committee has been appointed by the CEO and consists of the chief financial officer, group controller and group treasurer.

In 2007 the Group's governance documentation was revised. Governance documentation consists of guidance documents for the management and control of the group. The documentation sets out corporate group requirements with regard to conduct in important areas. The revision process of the governance documentation will be completed in 2008. The Group's legal director is responsible for the development and updating of this corporate documentation. The legal director is also responsible for handling reports of misconduct in the Group (whistle-blowing).

AUDITOR

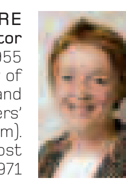
The company's auditor attends the Board meeting that reviews the annual financial statements. At either this meeting, or a separately held one, the auditor reports on the audit and presents his or her views on the Group's accounting principles, risk areas, internal control routines and accounting practices.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

THE BOARD OF NORWAY POST



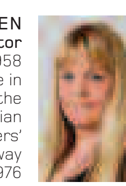
GRY MØLLESKOG
Director
Born: 1962
Korn/Ferry International-Senior Client Partner
Offices: Vice Chairman of Hurtigruten Group ASA, Chairman of Oslo Sporvognsdrift AS, Director of DnBNOR Finans, Alternate Director for corporate assembly of Telenor ASA

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

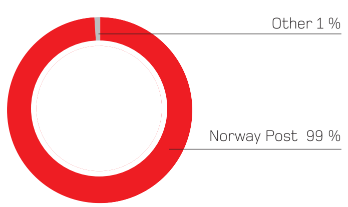
PAUL MAGNUS GAMLEMSHAUG
Employee director
Born: 1953
Distribution Network Division's representative in Postkom.
Member of the executive committee of the Norwegian Postal and Communications Workers' Union (Postkom). Employee of Norway Post since 1974



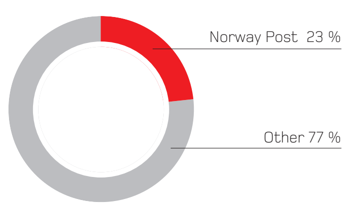
JUDITH OLAFSEN
Employee director
Born: 1958
Postkom representative in Nordland county. Member of the executive committee of the Norwegian Postal and Communications Workers' Union (Postkom). Employee of Norway Post since 1976

* In a seaplane coasting along the Norwegian fjords. New times, new geographic conquests. As the only Nordic postal company, Norway Post has its own mail distribution networks outside its domestic market. In 2007 Norway **DELIVERS** a Nordic solution. At one's door in Norway, and in one's mailbox in Sweden and Denmark.

THE MARKET FOR OFFICE AND PRIVATE MAIL IN NORWAY



THE MARKET FOR NEWSPAPER DISTRIBUTION IN NORWAY



GROWTH, CHANGE AND CONSOLIDATION

Norway Post is engaged in three business areas: Mail, Logistics and IT. 2007 has been a year characterised by continued growth in all areas.

Favourable economic conditions in Europe and the Nordic region in combination with structural changes are driving market growth, which is particularly strong within logistics, parcels and IT.

RESTRUCTURING IN THE POSTAL MARKETS

The postal markets in Europe are still led by the national postal companies. Competition is becoming fiercer, but the liberalisation process in several countries has not gone as quickly as planned. The EU has, amongst other things, postponed the opening up of the national monopolies to competition from 2009 until 2011. Germany has carried out full market liberalisation but has tied regulations to, among other things, minimum salary levels for employees to liberalisation. The Netherlands, which was originally due to follow Germany, has opted to postpone liberalisation. In the UK, the market still has not yet taken shape two years after liberalisation and several players are struggling.

In the Nordic region, Norway Post is the only national postal company to have established a distribution network outside its domestic market. However, several of the postal companies are expanding with other types of operations across national borders. Finnish Itella is represented in Norway, Sweden, Denmark and around the Baltic region within the areas of information logistics and logistics. Posten Sweden has equivalent operations within print, parcel distribution and logistics in the entire Nordic region. Post Denmark has, among other things, ownership in the national postal company in Belgium.

The internationalisation of the postal market is continuing. The big mail customers are increasing their share of the total volume and are consolidating across national borders. Customers are seeking solutions that cover the entire geographical market areas. This is also true of the Nordic region. Many of the Nordic companies have their headquarters based in Stockholm. In addition, large customers often seek solutions which include both print and distribution. The ability to deliver Nordic solutions overall is therefore crucial to being competitive.

The composition of mail volumes is continuously changing. The transfer to electronic channels for administrative mail is happening more slowly than expected, but the trend is clear. The growth in advertising volumes results in a slight increase in the total volume of mail. In order to ensure that the mail box remains an attractive distribution channel, it is important that postal companies demonstrate the effectiveness of DM, and offer services that increase the value of mail for both the sender and receiver. Experience shows that electronic and physical channels do not compete, but rather complement each other.

In 2007 climate challenges and environmental issues with regard to business operations became key factors for mail customers. Customers want environmentally-friendly alternatives, and there are increasing questions about whether the population's need for frequency and speed is worth the environmental consequences.

GROWTH AND CONSOLIDATION IN LOGISTICS

The increase in international trade, the 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. This growth continued in 2007. Customer demand for the most environmentally efficient solutions is increasing.

The volumes generated globally do not land directly in Norway but are brought into the local networks via European ports and airports. Large global players dominate the development of the international networks and have strengthened their positions in Europe and the Nordic region via acquisitions. The large parcel and express companies are consolidating in Europe into a handful of large, market-wide distribution networks. The German Otto Group has established itself as a challenger through a strong position in distance trade and several acquisitions.

Regional positioning is an important tool for developing market strength and ensuring access to volumes. This is one of the driving forces behind the rapid consolidation of the players in the Nordic region. 2007 has been characterised by a series of acquisitions, and the big players are taking a larger share of the market.

Several players are very active in the battle over the Nordic region. The national postal companies have acquired many companies in Finland, Sweden and Norway. Norway Post is investing in strong Nordic positions within cross-border parcel distribution, national and Nordic express, as well as within cargo and thermo logistics. Growth occurs both due to acquisitions and internal developments.

The parcel markets in the Nordic region have continued to grow strongly in 2007. The B2C market particularly is growing as a result of increased online shopping. The battle for market positions in the Nordic region has become tougher and the postal companies are subject to more intense competition. Low cost networks for delivering parcels to consumers are being developed in all of the Nordic countries. These networks will compete directly with the established postal networks. These players use their share of the cross border flows to increase their market shares in national markets.

Despite a weakening in the global economy, the growth in the logistics market will continue in 2008, probably with a slightly lower growth level in the heavier product segments, but with continued strong growth in the parcel market.

CHANGE AND ACQUISITION WITHIN IT

The IT markets in the Nordic region have continued to grow in 2007, but signs of a downturn in some segments are changing priorities with the players. An increasing number of IT customers are Nordic and international, and the demand for integrated Nordic solutions is becoming stronger. Only a few players have the capacity to compete in the Nordic arena against the large international players.

Intense competition for the large operations service agreements is squeezing prices and margins. The players compensate for this by rationalising and benefiting from synergies from acquisitions, and through offshoring operations to low cost countries such as the Ukraine and India. The market is consolidating to fewer and larger players that win market shares in the Enterprise segment. The larger Nordic regional players are increasing their shares through acquisitions in the Nordic region.

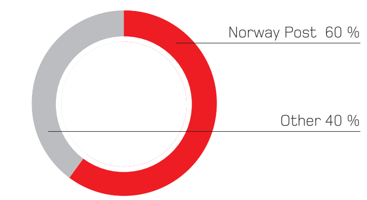
The SME market is growing three times more quickly than the total market. The trend is toward standardised solutions adapted to suit the individual industry. The large system players are now focusing more strongly on the development of solutions for the SME market. Unlike other segments, SME customers require geographic presence. This gives national and regional companies a competitive advantage. The strong regional players have strengthened their positions in Scandinavia through a series of acquisitions in 2007.

In order to utilise economies of scale in relation to adapted solutions, more and more players in the consulting and integration markets are focusing on selected industries. The drive for economies of scale together with a lack of competent resources have resulted in a series of acquisitions in 2007.

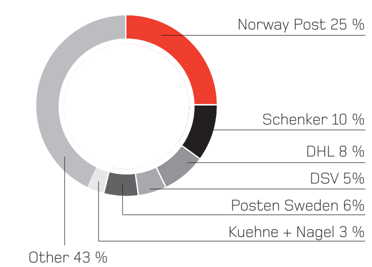
In 2007 the IT industry increased its focus on environmental issues, and this will continue throughout 2008. Among others things, the demand for the efficient use of energy will be stronger. The analysis firm Gartner predicts that environmental considerations will be a determining factor in the tendering rounds in the coming period.

Measurable signs of an economic slowdown and an increased focus on costs in the business community are bringing about a significant level of uncertainty with regard to the development of the market in the second half of 2008.

THE MARKET FOR UNADDRESSED MAIL ADVERTISING IN NORWAY



THE LOGISTICS MARKET IN NORWAY



✱ Gravel is now asphalt, horse-drawn carts are gone and old mountain trails have been turned into train tracks. Demanding customers with short delivery deadlines require fast but environmentally friendly logistical solutions. Norway Post **DELIVERS** a solution for a better environment with its daily IKEA-train. In 2007 the IKEA-train replaced 10 000 semi-trailers, saving the environment from 7 340 tons of CO_2 emissions.

INPUT FACTORS (GROUP)

ENERGY CONSUMPTION	UNIT	2006	2007
Electricity	kWh	250 059 153	229 127 048
District heating	kWh	10 461 844	10 782 737
Fuel oil	kWh	4 190 987	3 615 401
Total energy consumption	kWh	264 711 984	243 525 186

NORWAY POST'S OWN VEHICLES			
Vehicles	No.	6185	*5423
Lorries ≥ Euro2	%	98	98
Lorries ≥ Euro3	%	69	83
Lorries ≥ Euro4	%	11	33
Km driven	Km	144 630 728	104 917 435

INPUT FACTORS

HIRED TRANSPORT SERVICES		2006	2007
Vehicles	Tonnkm	3 304 416 409	**2 281 375 597
Aircraft	Tonnkm	26 570 577	**11 055 299
Trains***	Tonnkm	571 544 978	**236 534 820
Ship transport	Tonnkm	1 208 825 160	**986 066 710

CONSUMPTION OF RAW MATERIALS, ENERGY			
Petrol	Litre	4 291 238	2 236 953
Diesel	Litre	20 479 392	16 179 523
Fuel oil	Litre	352 989	357 960
Biodiesel, 100%	Litre	14 569	38 493

* excluding subsidiaries
** The designated numbers (tonnekm/production number) for hired transport services have been estimated by many subsidiaries. The designated tonnekm for aircraft is for national transport.
*** With electrically driven trains, app. 81% in 2003, app. 79% in 2004, app. 90% in 2005, 89% in 2006, 86% in 2007

THE ENVIRONMENT WILL BE PRIORITY NUMBER ONE

Norway Post has opted for a clear green profile. The environment and climate will be pivotal areas of focus for the Group in the coming years.

As one of the Nordic region's largest transport companies, Norway Post has a particular responsibility for working with environmentally friendly measures. Norway Post has identified specific environmental initiatives over the next five years including the use of environmentally friendly vehicles, a focus on using environmentally effective fuels, and teaching drivers to drive safely in an environmentally friendly way with a view to conserving energy.

NORWAY POST'S VISION FOR HSE

Norway Post must be in the forefront in emphasising HSE in all organisational and business development. Transport is the largest environmental challenge and Norway Post will strive constantly to reduce transport emissions, and to find the best solutions for the environment.

SOCIAL RESPONSIBILITY

The environment/climate has been chosen as one of two areas of social responsibility for the coming years.

For Norway Post, social responsibility involves taking voluntary measures over and above its basic responsibilities as a postal organisation. It has to do with how business operations affect people, the environment and society. Norway Post has its own social responsibility project with emphasis on areas such as environment management and environmentally efficient solutions. The project includes:

- Introduction of a climate index and environmental management in co-operation with the divisions.
- Analyses of which areas in the organisation have a negative effect on the environment.
- Development of an action plan to reduce emissions with emphasis on environmentally efficient solutions.

RENEWABLE ENERGY

Norway Post has signed a contract with Bergen Energi for the supply of electricity to all Group companies in Norway, Sweden and Denmark. The contract assumes both a source guarantee, and the purchase of 100 per cent green energy. Through a contract with LOS AS, Agder Energi's marketing company, Norway Post has purchased electricity with a source guarantee for sites in Norway, Sweden and Denmark. Source guarantees document that the amount of renewable energy produced is equal to what the customer uses, and are designed to stimulate increased production of renewable energy.

ENVIRONMENTAL TRAINING

374 managers in Norway Post were given training in 2007 concerning the environment through the 'Employer's Role' management programme. In total 733 of Norway Post's 1 600 managers have been trained via this programme. During 2008 there will be a new annual HSE training programme for all managers. A separate training programme for environmental training is also planned for 2008.

GREEN ALLIANCE

The three year collaborative deal with the GRIP foundation will continue until autumn 2009. This collaboration will lead to an increased level of environmental related competence, particularly within transport, purchasing and environmental management, and will contribute to the development of more environmentally efficient solutions within Norway Post.

THE NEW SOUTH-EAST NORWAY TERMINAL

In 2006 the Ministry of the Environment gave the final building permit for the new South-East Norway terminal at Robsrud in Lørenskog. It requires that a minimum of 50% of the journeys to and from work for as many as 3 000 employees at the new terminal must be made by public transport. In 2007 work was done to organise public transport for the terminal. The work will continue in 2008 with help from GRIP, among others. Other environmental measures at the terminal include:

- Underground heating of the terminal (thermal energy)
- Maximisation of energy use at the terminal building
- Recycling and compression of waste
- Fuel depot for biodiesel

ENVIRONMENTAL AWARD FOR NEW PALLET LIFTS

Norway Post won the 'Glass Bear' environmental prize in 2007 for its new pallet system.

The new pallet lift system was implemented in 2006. The new crates are lighter than the old ones, allowing for more compact packing and improved use of vehicle capacity. The crates are produced from recycled material from the previous generation of pallet lifts.

IKEA'S ENVIRONMENTAL REQUIREMENTS

During 2007 Norway Post prepared for the IWAY Standard, which is IKEA's ethical guidelines that their suppliers must follow. This standard has been implemented in Norway Post. IWAY will be revised by IKEA during 2008. After the implementation of IWAY, Norway Post carried out a self-audit on the following units: the terminals, the transport units and the largest distribution units in Distribution Network, Nor-Cargo AS in Norway and Denmark, Box Solutions in Oslo, and Box Delivery in Sweden.

BUSINESS COMMUNITY'S CLIMATE PANEL

CEO Dag Mejdell and 25 other top managers from the Norwegian business community comprise the 'Business community's Climate Panel'. This was set up by the NHO's executive committee, and held its first meeting in November 2007.

THE CLIMATE PROMISE

Norway Post is a partner in the Ministry of the Environment's three year-long climate campaign «Climate Promise», which started in the spring of 2007. Norway Post is one of 28 partners from the business community in the Climate Promise which have pledged:

- To have climate action plans and climate accounts
- To increase knowledge about the climate and carry out measures in their own operations
- To engage customers and business contacts in contributing to the reduction of their own emissions
- To compensate wholly or in part for their own emissions by voluntarily purchasing climate quotas

EUROPEAN POSTAL INDUSTRY COOPERATION

In June 2007 Norway Post and eight other European postal companies committed themselves to reducing their own CO2 emissions by ten per cent over the next five years. The programme's goal is based on measures for reducing emissions in the companies, and not on the purchase of climate quotas.

MORE ENVIRONMENTALLY FRIENDLY VEHICLE FLEET

The fleet of vehicles in the parent company was upgraded in 2007 with 2 791 new vans, 85 new trucks and 4 new cars all with Euro 4 engines. The average age of Norway Post's vehicle fleet is now five years old for trucks and two and a half years old for vans. New vehicles bought in 2008 will have Euro 5 engines. An environmental requirement for purchasing has also been developed.

MORE ENVIRONMENTALLY-EFFICIENT DRIVING

At the end of 2007 around 1 000 of approximately 1 200 truck drivers and 455 of approximately 5 000 courier drivers have been trained in environmentally-efficient driving. The IT application «Logger Tool» has been installed in around 90 of the heavier vehicles. Route optimising with the GeoRoute application was started in spring 2007 – resulting in shorter driving times, lower fuel consumption and reduced emissions by 2-3 per cent on many of the mail routes. GeoRoute was implemented in 60 units, which in total reduced the number of kilometres driven by an estimated 600 000 kilometres per year.

BIOFUEL

During the first quarter of 2008, 15 of Norway Post's trucks, which service IKEA in Oslo, will run on biodiesel. In 2007, three trucks converted to 100 per cent biodiesel. Box in Sweden has 22 biogas fuelled vehicles and a further 20 have been ordered.

EMISSIONS TO AIR (GROUP)

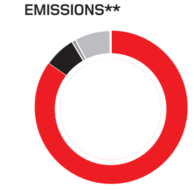
FOSSIL FUELS IN TONNES	CO_2	NO_x
TOTAL EMISSIONS 2005	409 765	1 809
TOTAL EMISSIONS 2006	521 904	3272
TOTAL EMISSIONS 2007	447 358**	2694**

EMISSIONS TO AIR (PARENT COMPANY)

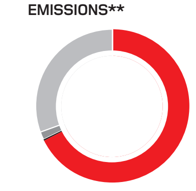
TOTAL EMISSIONS TO AIR, TONNES	CO_2	NO_x
2006	84 744	245
2007	84 041	154

Comprises total emissions to air from vehicles, fuel oil, aircraft, trains and work-related travel.

DISTRIBUTION OF CO_2 EMISSIONS**



DISTRIBUTION OF NO_x EMISSIONS**



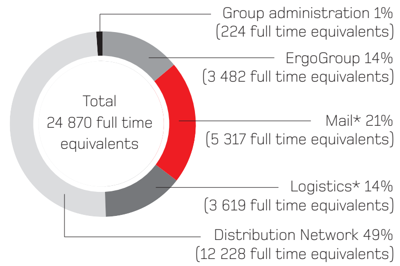
WASTE (GROUP)

	UNIT	2006	2007
Residual and unsorted waste	Tonne	5021	5306
Paper and cardboard	Tonne	7174	4292
Plastic	Tonne	246	356
Wood	Tonne	2161	2612
Other waste	Tonne	496	1171
TOTAL *	**TONNE**	**15 098**	**13 919**
Share of residual waste	Tonne	33	38

* Waste amounts are estimated for large parts of leased areas
** The reported numbers for 2007 from several subsidiaries contain errors, and thus emissions to air are estimated

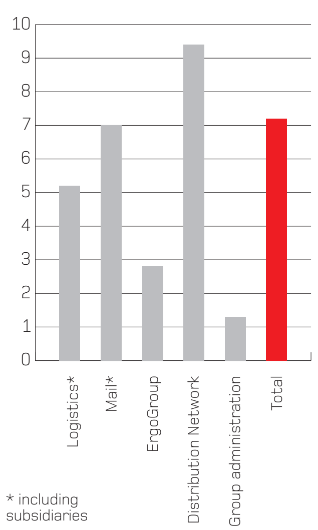
*Seaplanes have been replaced by customised cargo airplanes, equipped with prize-winning pallet lifts and practical ramps that promote better employee health. In 2007 tired back muscles got help from smart solutions. Norway Post **DELIVERS** better HSE, reducing sick leave by 11%.

EMPLOYEES (GROUP)



* including subsidiaries

RATE OF SICK LEAVE 2007 (GROUP)
in %



* including subsidiaries

A BROADER PERSPECTIVE

The 'Be Safe' effort will be expanded to include the working environments at all of the Group's workplaces throughout the Nordic region. HSE is pivotal to the development of the organisation and the business.

A good working environment contributes to an attractive workplace at the Group's locations.

«HSE is the first point on the agenda at all staff meetings at Norway Post. One of our main goals is to be an attractive employer for our employees and for those seeking jobs» says Senior Vice President HR/HSE Inger-Johanne Stokke.

BE SAFE

Spring 2007 saw the start of the Group's 'Be Safe' campaign, aimed at raising consciousness about how to perform work in a safe manner. The most common types of accidents are from falling, being crushed, and slipping.

«To perform work safely is priority number one. The goal is to promote a healthy working environment where no one is injured or sick due to work» stresses Stokke.

The 'Be Safe' campaign has its own graphic profile. All employees have received information material, a 'Be Safe' newsletter, reporting sheets, and access to a Nordic 'Be Safe' website featuring news, background information, discussion forums, and contests. The website is available in Norwegian, Swedish, and Danish. The CEO has had five live web-cast meetings via this website in 2007. The employees could submit HSE related questions in advance or during the web-cast, and received a reply during the web-cast – both from the CEO and other participants.

NEAR ACCIDENTS

«The good co-operation between managers, union representatives, personnel safety representatives, and the company health services must be mentioned,» says Stokke. She continues, «HSE is part of the planning and execution of all work. A good safety culture results in increased productivity and higher quality in the long run.»

Reporting of near accidents increased by over 40 per cent in 2007.

«I want all near accidents to be registered. This is important for learning, and serves as a deterrent to future accidents» highlights Stokke.

Eight units received the monthly 'Be Safe' award. At the HSE conference 'The Road Ahead', which took place in November 2007, the CEO's HSE award was presented for the first time. The recipient of the award was Transport Nord in Steinkjer.

THE WORKING ENVIRONMENT

There were fewer job-related injuries resulting in sick leave in 2007. The number of accidents resulting in absence from work per million working hours – decreased from 13.5 in 2006 to 11.6 in 2007.

«Use of protective boots, ear protection, and other aids required to perform the job are part of the safety culture we want to build. 'Be Safe' is a solid foundation to continue the efforts to improve the working environment generally throughout the Group» Stokke affirms.

All managers in the Group will have yearly HSE training.

«If we manage to provide a good working environment for our employees, it will be easier to retain people» Stokke summarises.

INTEGRATION

The Norwegian Government and Parliament have proclaimed 2008 as the year of diversity. Norway Post wants cultural diversity among its employees, and prioritises integration as an area with special social responsibility. Integration implies that people can contribute their know-how and distinctive character. In 2005 Norway Post received the 'Diversity award' from the Minister of Labour and Social Inclusion, Bjarne Håkon Hanssen.

«Norway Post employs people from 70 nations. We have positive experience recruiting and integrating motivated employees of different cultural backgrounds. We are referring to groups of people with lower job participation than the average, such as women with a minority background» says Stokke.

SHARED CONCEPTS

Stokke wants to implement a HSE foundation for the entire Group which includes a common framework plan and some universal concepts.

«Our operations have many similarities, with common problems and challenges across organisational and national borders,» she says. «The divisions are responsible for implementing these efforts in their respective companies.»

During the HSE conference last November a number of topics of common interest were identified, including training, management development, employee review meetings, and follow-up of employees on sick leave.

«The HSE Forum is a newly established meeting place for those who work with HSE at the corporate level, in the divisions and in the subsidiaries. This is a parallel arena to other meeting places such as the Organisational Development Forum, Personnel Forum and Pension Forum» explains Stokke, who also emphasises good co-operation with union representatives and personnel safety representatives.

Prior to Christmas, Norway Post opened its HR centre at Alnabru in Oslo, which took over the functions previously performed by an external company.

CRISIS MANAGEMENT

Crisis preparedness has been stepped up, and risk analysis and preparedness plans have been refined and improved.

«Norway Post's Corporate Crisis Preparedness Group conducted a drill responding to a simulated terrorist situation last autumn. The simulated terrorist activity incapacitated important parts of the postal operations. This exercise provided important practice and knowledge. We plan to conduct a drill every other year» states Stokke.

The most serious criminal activity in 2007 involved the disappearance of insured mail addressed to various countries. Norway Post asked the Norwegian Post and Telecommunications Authority (PT) for approval to suspend insured mail being sent to Poland. PT approved a temporary suspension of this service until 1 April 2008.

One post office was robbed in 2007, but no one was injured. In addition, there were two other robberies at stores with Post in Shops.

HEALTHIER EMPLOYEES

Sick leave was reduced from 8.1 per cent in 2006 to 7.2 per cent in 2007. This means that 225 more workers were on the job every day.

«With this positive result we can demonstrate that Norway Post is doing better than the average Norwegian company at reducing the rate of sick leave» Stokke says with a smile.

The Logistics division's 'Det nytter' model, whose purpose is to follow up workers on sick leave, has had a positive effect both on the logistics division and other divisions where the model has been applied systematically.

«We can make use of our experience with 'Det nytter', and apply the plans to other areas of the company to get those on sick leave back to work more quickly» says Stokke.

In the parent company sick leave was 9.9 per cent among women and 7.8 per cent among men.

FEWER EMPLOYEES ON DISABILITY LEAVE

In the parent company a total of 246 full time equivalents (FTEs) took disability leave during 2007, compared with 294 FTEs the year before.

«The Inclusion in the workplace agreement will ensure that a higher number of people with disabilities are hired. At the same time that sick leave has significantly declined, there has also been a decline in the number of employees going on disability leave» adds Stokke.

GREATER WELL-BEING

Norway Post's 2007 employee survey showed an increase in total satisfaction, pride, well-being and desire to continue working for Norway Post. The total score was 73 of 100 possible points— one point higher than 2006, and two points higher than in 2005.

«The measurements have shown a steady increase since the first implementation of the employee survey in 2001. The responses show that we are effective at many things – and we should be proud of that» Stokke says.

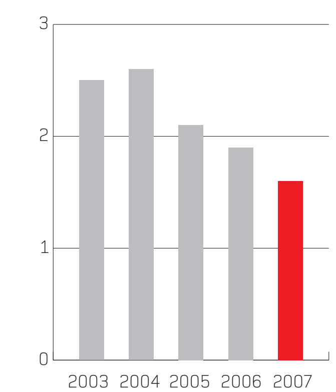
90 per cent of employees completed the survey.

EQUALITY

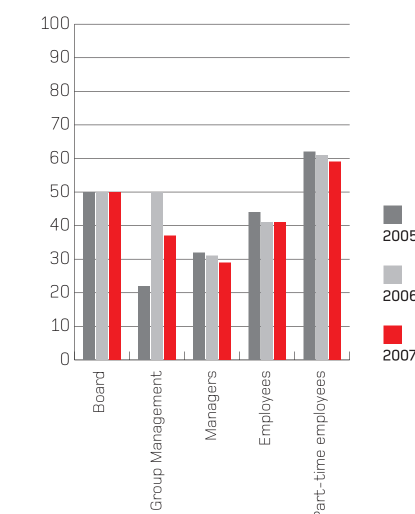
The Group is concerned with equality at every level.

«We have investigated the Norwegian part of the company, and have not found any significant gender related salary differences» says Stokke.

RATE OF INJURIES (PARENT COMPANY)
in %



GENDER DISTRIBUTION (GROUP)
% female



An army of Norwegian mail couriers from every corner of Norway. The job market is changing. Borders are expanding. The need for additional hands brings new friends to the Norway Post team. In 2007 Norway Post **DELIVERS** increased diversity and integration by offering employees free language training, and diversity and dialogue courses.

CORPORATE SOCIAL RESPONSIBILITY WITH REGARD TO THE ENVIRONMENT AND INTEGRATION

In addition to carrying out Norway Post's primary social obligation - to deliver high-quality and affordable postal services throughout all of Norway - the Group has chosen a broader obligation for social responsibility.

Norway Post has identified two specific areas in which to increase its social responsibility: the environment and integration.

To Norway Post, social responsibility means carrying out voluntary measures that as a rule neither necessarily increase earnings in the short-term, nor are mandated by law or bound by any kind of licence requirement. Through the years Norway Post has contributed positively to society. The environment and integration are current priorities because these issues are relevant to all of Norway Post operations, as well as to every country in which it has business. It is also important because the Group can take a leading role as one of Norway's largest corporations, one with significant activity in the Nordic region.

GOAL-ORIENTED ENVIRONMENTAL WORK

Over several years, Norway Post has expressly worked on reducing adverse effects on the environment. Since 2005 it has collaborated with the environmental organisation GRIP. GRIP advises professionally on environmental issues and helps contribute to the development of more environmentally effective solutions, particularly in the areas of transport, energy use, purchases and environmental leadership. Norway Post is taking part in the government initiative Climate Promise, and has made a commitment to several European postal branch initiatives.

The environmental educational awareness programme for managers is being applied systematically. Strict environmental demands with respect to the replacement of vehicles, the introduction of hybrid solutions and bio fuel, in combination with teaching drivers about environmentally effective driving practices, contribute to the reduction of the average emission level on a per kilometre basis. Small adjustments made to Norway Post's customers' service requirements can make a positive impact on the environment. The implementation of optimal driving routes using GeoRoute will ensure a reduction in the number of kilometres driven.

Norway Post received the 2007 'Glass bear' environmental prize for the development of a new pallet lift system that more effectively transports letters and packages. In addition to financial and health gains, the new pallet lift system has made it possible to fit 70 per cent more mail per pallet. The loading of letters and packages is now easier and pallet lifts can be compressed for return transport. More than 300 tons of old mail crates have been recycled and reused in the production of the new pallets.

Environmental considerations will be a factor in all group business decisions. All employees should be involved and engaged in working toward a better environment.

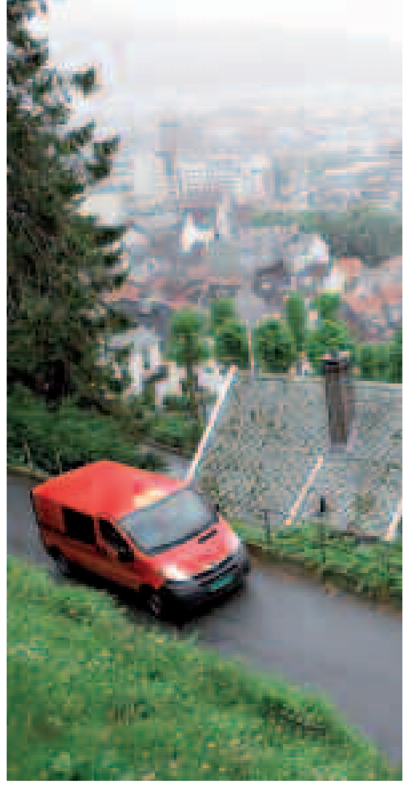
INCREASED OPPORTUNITY FOR EMPLOYMENT

Norway Post will take new paths in the areas of recruitment and integration to further contribute to the integration of ethnic minorities in Norwegian society. Norway Post's fundamental values support diversity.

The Group has employees representing over 70 different nationalities. There have been many effective local measures that have made contributions to integration, such as free language training, and the implementation of courses about multiculturalism and dialogue. More explicit directives have guaranteed recruitment regardless of ethnic background.

Norway Post co-operates with Norwegian People's Aid and has been a racism-free company since 2000. Norway Post was given the government's prize for diversity in 2005.

Norway Post has begun working on evaluating its experiences thus far, and is planning on making the programme more ambitious. A revised action plan will be drawn up in spring 2008.

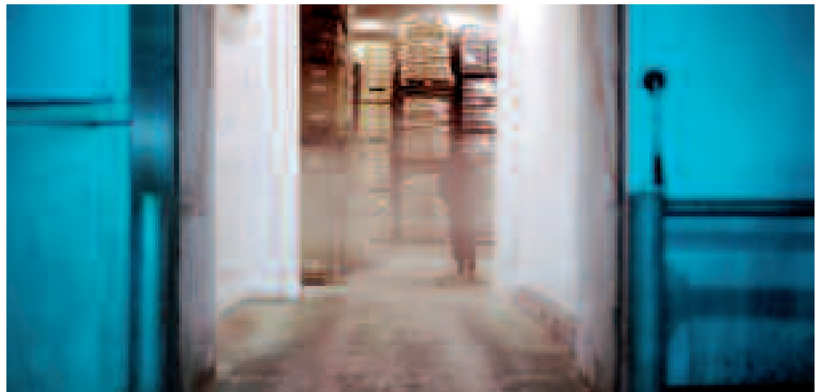



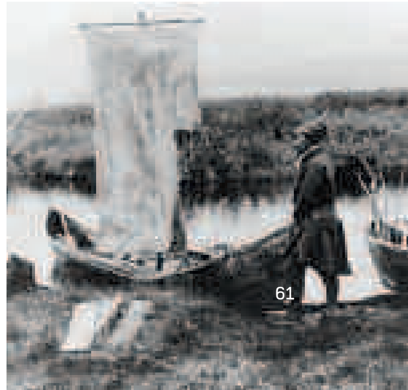
«ORDER IS OUR SOUL, SPEED IS OUR GOAL.»

POSTHORNET, 1887




NOTES ›





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 private 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.

Chairmen of the Board and Chief Executive Officers after the formation of the group in 1996:
CHAIRMAN OF THE BOARD:

Eivind Reiten	1996 - 1998
Magnus Stangeland	1999 - 2001
Arvid Moss	2002-

CEO:

Anders Renolen	1996 - 1999
Kaare Frydenberg	2000 - 2005
Dag Mejdell	2006 -

Regulatory factors/ changes to the licence:
The licence granted to Norway Post in connection with the formation of the company, 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 must take place through a contribution from the profit on the monopoly (licensed) area and procurements from the Norwegian state through the purchase of postal services.
- Norway Post is required to 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 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 reduced in that books, catalogues and magazines are no longer 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 reduced through 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 reduced through the weight limit being changed from 100 grams to 50 grams/2.5 times the basic price as of 1 January 2006.

2007:
A new licence applies from 1 January 2007 to 31 December 2010 with the following changes:
- A maximum-price system is introduced for mandatory postal services (excl. mass sendings).
- A requirement is introduced that Norway Post must strive for a universal design that ensures good access for disabled people to mandatory postal services.
- Existing guidelines for the location of mailboxes are included in the licence.
- A requirement is introduced that Norway Post must comply with the principles of the Norwegian Languages Act (Mållova) in so far as possible when providing information on mandatory delivery services.

EU's Postal Directive
2006:
The EU-commission presents a proposed new EU-directive for postal services dated 18 October 2006. The proposal recommends complete liberalisation in the EU/EEA area by the end of 2009.

2007:
EU's Council of Ministers agrees to a compromise which allows for complete liberalisation of the EU/EEA area within 1 January 2011, but with the possibility of an extension for EU's new member countries in Eastern Europe and selected countries with special circumstances until 1 January 2013.

2008:
The EU Parliament agrees with the compromise recommended by the EU's Council of Ministers, and passes the new directive on 31 January 2008.

Banking services
1999:
In connection with the conversion of Postbanken BA from a statutory company into a private 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 private limited company, a separate Act was introduced requiring that Norway Post offer basic banking services throughout its sales network through an agreement with a financial institution.

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

Assessment of the sales network
In 2006 and 2007 Norway Post conducted a broad assessment of its future channel strategy. The consequences for the sales network were submitted to the Minister of Transport and Communications in accordance with §10 of Norway Post's articles of association (issues of social/fundamental importance). The Ministry of Transport's assessments were stated in the Owner's Report dated 1 February 2008 and included, among other matters, that 124 post offices could be converted to Post in Shops by 2010, and that the requirement to provide basic banking services should remain unchanged.

Significant payments to/from owner
Posten Norge BA was established with an equity of NOK 1 720 million. In addition the Norwegian State granted 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 for 2003 and NOK 516 million for 2004. No dividend was paid for 2005 due to the limitations on distributable reserves. For 2006 a dividend of NOK 488 million was paid. The Annual General Meeting also approved in 2007 a payment of NOK 80 million. This payment was effected by netting the amount against Posten Norge AS's receivable related to the final settlement due from the Norwegian Public Service Fund (SPK).

Government procurements to cover non-commercial operations totalled NOK 316 million in 2004 and NOK 326 million in 2005. No funds were allocated for government procurements in 2006, 2007 or 2008.

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 decided to withdraw from the group pension scheme with the Norwegian Public Service Fund effective 31 December 2005 (refer to 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 based on calculations provided by the Public Service Fund in a statement as at 31 December 2005. This amount was later revised downwards by NOK 15 million due to an error in the calculation of the variable supplements (comparable figures for 2005 have been restated). The final settlement of NOK 1 443 million including interest of NOK 56 million was determined by the Ministry of Government Administration and Reform in 2007. The balance of NOK 293 million was received on 30 November 2007.

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 Posten 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. In March 2007 Posten Eidendom BG 14B AS (Norway Post's letter center in Oslo) was sold to KLP Eiendom AS for NOK 759 million.

In 2007 the Logistics and Express segments were merged into one segment (refer to note 1). Acquisitions from 1996 are therefore shown based on the new segment structure.

Acquisitions and establishment of operations between 1996 and 2004 that have been continued in the group's various segments in 2007:

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

Logistics Segment:
1997: Posten Norge BA bought 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). In connection with Finland Post's decision to exit the Pan Nordic Logistics (PNL) joint venture, Norway Post's ownership increased to 33.3 per cent.
2000: Posten Norge BA bought 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).
2001: Transport Systems International (later BoxGroup) bought 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. 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.
2003: Oslo Container Stevedor AS (later BoxSolutions AS) bought the logistics operations of Fellestransport AS and Wajens AS bought Arntsen Tungtransport.
2004: Norway Post acquired Nor-Cargo Holding ASA effective from June 2004. In October 2004 Nor-Cargo Holding ASA acquired the remaining 50 per cent of the shares in Nor-Cargo Haugesund AS, which was merged in Nor-Cargo AS. Effective December 2004 the remaining 50 per cent of Nor-Cargo Denmark AS was acquired. Nettlast Helgeland AS was merged with Nettlast Hadeland AS.

IT 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.
2004: ErgoIntegration AB was established as a 100 per cent owned company by ErgoGroup AS. The ownership share in Transware AB and Interprice Consulting Norge AS increased to 100 per cent. Runit Raufoss Industripartner was merged with ErgoRunit AS.

From 2005 – February 2008, the following companies were established, merged, bought or sold in the group's various segments:

Mail 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. On 1 November 2006, Norway Post bought all the shares of talk2me AS to strengthen Norway Post's operations relating to CRM systems and loyalty programmes.
2007: In March 2007 Norway Post acquired all shares in the Swedish company Customer:View AB, which focuses on individualised customer communication.
2008: In February Norway Post acquired 100 per cent of the shares in CDG Sandberg AS. In February Norway Post entered into an agreement with Itella of Finland to establish a company that would focus on information logistics. Norway Post will own 49 per cent of the resulting company, Itella Information AS.

Logistics Segment:
2005: Nor-Cargo Holding AS bought the shares in Nor-Cargo Tromsø AS effective 1 January 2005. In addition, Nor-Cargo Holding AS bought all the shares in Eurodynamic AS and HSD Transport AS effective from July and November 2005 respectively. 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. 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 Finnish company Fillarilähetit OY effective 1 September 2005.
2006: Posten Norge AS acquired all the shares in Frigoscandia (FSD HoldCo AB) effective 1 January 2006. From the same date, Nor-Cargo Holding AS and the Johs Lunde Group agreed to merge their refrigerated-transport operations and form a new company, Nor-Cargo Thermo Holding AS. Nor-Cargo Holding AS and the Johs Lunde Group each own 50 per cent of the new company. In December 2006 Nor-Cargo Holding bought 50 per cent of the shares in Nor-Cargo Thermo Holding AS from the Johs Lunde Group and thus owns all the shares in this company.
BoxSolutions AS merged with Wajens AS effective 1 January 2006 and bought all the shares in Grenland Transport & Industriservice A/S on 1 November 2006. Nor-Cargo bought all the shares in the following companies: Holmskau Transport AS on 24 July 2006, Blomquist Transport og Spedisjon AS on 4 September 2006 and Scanex BV on 1 October 2006. In order to simplify Nor-Cargo's communication with customers and its corporate structure, HSD Transport AS and Nor-Cargo Tromsø AS were merged with Nor-Cargo AS in the first half of 2006. At the same time, all the foreign activities in Nor-Cargo AS were coordinated with those of Eurodynamic Norge AS. In the third quarter, Nor-Cargo AS was merged with Nor-Cargo Holding AS.
2007: In March Norway Post acquired all shares in the swedish transport and logistics company Transflex (five companies in the cities of Gotenburg, Halmstad, Linkjøping, Jønkøping, and Stockholm). In 2007 Nor-Cargo continued to simplify the corporate structure formed in 2006, and Johs Lunde Transport og Spedisjon AS and Nordan Transport og Spedisjon AS were merged into Nor-Cargo Thermo AS effective 1 January 2007.

IT Segment:
2005: ErgoSolutions AS, ErgoIntegration AS, Ergo-Ephorma AS and Electric Farm 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 effective 1 January 2006. In March ErgoGroup entered into a contract to buy Fujitsu Services AS. At the same time, ErgoGroup became Fujitsu Services' business partner in the outsourcing of IT services in Norway. During the second quarter, ErgoGroup bought all the shares in Allianse ASA. This company was integrated with ErgoGroup's other SME operations in 2006. On 1 September 2006 ErgoGroup bought all the shares in Addiq AB in Sweden. The shares in Nor-Cargo Data Tromsø were purchased from Nor-Cargo on 1 September 2006. In 2006 the following companies merged with ErgoGroup AS: Allianse Øst AS, Allianse Operation AS, Allianse Solutions AS, Allianse AS, Løsningsarkitektene AS, Fujitsu Services AS, Nor-Cargo Data Tromsø AS and ErgoGroup Sourcing AS.
2007: ErgoGroup bought all the shares in the Swedish company SYSteam AB in February 2007. In April ErgoGroup acquired all the shares in ConCentric AS. In October ErgoGroup acquired 75 per cent of the shares in Bekk Consulting AS. An agreement has been signed that ensures that ErgoGroup will acquire the remaining 25 per cent of the shares, and the company is consolidated 100 per cent.
2008: In January 2008 ErgoGroup acquired the Swedish IT consulting firm DTS Solutions AB through its subsidiary SYSteam AB.

ACCOUNTING PRINCIPLES

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

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

Transition to IFRS

The board of Norway Post decided to report the consolidated financial statements in accordance with IFRS as of 2005. Norway Post prepared an IFRS opening balance sheet for the date of the transition to IFRS, which was 1 January 2004. 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.

Adopted standards that have not yet come into force

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

IFRS 3 (revised) – Business Combinations

In relation to the current IFRS 3 the revised standard involves some changes and clarifications related to accounting for acquisitions. Specific areas affected include goodwill with a gradual acquisition of a company, minority interests, contingent compensation, and expenses related to acquisitions. The group plans to apply IFRS 3 (R) beginning 1 January 2010.

IFRS 8 – Operating Segments

IFRS 8 replaces IAS 14 - Segment reporting. The standard requires that the group utilises a management approach for identification of segments. Generally, the information reported shall be identical to that utilised internally by management to evaluate the segments' profitability and allocation of resources. IFRS 8 requires information on the basis for which segment information is prepared as well as on the products and services from which the segments derive their income. The Group plans to apply IFRS 8 beginning 1 January 2009.

IAS 1 (revised) – Presentation of Financial Statements

The revised standard involves changes to the financial statements, especially the equity statement, and introduces an equity statement for non-owner transactions "Statement of Recognised Income and Expenses." The group plans to apply IAS 1 (R) beginning 1 January 2009.

IAS 23 (revised) – Borrowing Costs

The most significant change in IAS 23 (R) is that one can no longer charge borrowing costs as an expense related to a qualifying asset. Capitalisation of borrowing costs will therefore be the only allowable method. The group already applys this principle.

IAS 27 (revised) – Consolidated and Separate Financial Statements

Compared with the current IAS 27, the revised standard provides more guidance related to accounting for changes to ownership in subsidiaries. There are also changes to current rules related to the distribution of losses between majority and minority shareholders, such that a deficit shall be charged to the minority shareholder even if the minority interest then becomes negative. The group plans to apply IAS 27 (R) beginning 1 January 2010.

In addition, the following statements have been issued, but have not yet entered into force. Norway Post has chosen not to apply these in 2007.
- IFRIC 11 IFRS 2 - Share based Payments
- IFRIC 12 Accounting for Public Service Grants
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 Defined Benefit Assets and Minimum Funding Requirements

Estimates

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

There is uncertainty regarding the assessment of the recorded values for goodwill, trademarks and other intangible assets in connection with the estimation of future cash flows when evaluating write-down amounts and the choice of discount rate when calculating the present value of the cash flows (refer to note 9). There is also uncertainty related to the estimation of pension obligations, and especially related to defined benefit schemes (refer to note 3). Future events may lead to the estimates changing. The changes will be recognised when a new estimate is determined. The same applies to write-down assessments for tangible fixed assets.

Provisions are inherently uncertain with regard to the liability's settlement date and settlement value.

Presentation currency

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

Upon the transition to IFRS as at 1 January 2004, the accumulated translation differences related to foreign subsidiaries were set at zero 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 significant intercompany transactions and balances, including internal profits and unrealised gains and losses, have been eliminated.

Companies in which the Group has a controlling influence (subsidiaries) are fully consolidated line by line in the consolidated financial statements. The acquisition method has been used for recognising acquired enterprises. Companies bought during the year are incorporated in the financial statements from their acquisition date, while companies that are sold are included in the financial statements until the date when they are sold.

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

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

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

An associated company is defined as a company in which the group has a considerable influence. A considerable influence normally exists when the group owns 20-50 per cent of the voting capital. Shares in associated companies are recognised according to the equity method and the Group's share of the associated company's net income for the year is offset against the cost price of the shares and included under financial income or financial expenses.

Segment reporting
The division into segments has been made on the basis of an assessment of the risks and yields relating to the types of products, services, production processes, customer groups, distribution channels and statutory or other requirements, as well as management reporting.

In 2007 the Express and Logistics segments were combined into one business unit, the Logistics segment. The operations were essentially the same as regards long-term financial development and were subject to the same regulatory requirements. Combining these two segments is in accordance with the internal steering model and the areas of operations risk and rate of return profile. The operations have been integrated with a common sales organisation, common customer groups and common distribution channels (refer to note 1).

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 Mail 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 procurements 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 completed sales of savings products and the disbursed loans that have been arranged by Norway Post.

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

The IT segment
Revenues from the sale of goods and services are recognised on the date when the products or services are delivered to the customer, and when the risk has been transferred and an account receivable has been established in relation to the customer. 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, minus the contributions from employees and estimated yield on the pension assets. The premium for the defined contribution pension schemes is charged to expenses as it arises.

Prepaid pensions correspond to the difference between the estimated pension scheme assets and the present value of estimated pension liabilities, minus changes in estimates and pension schemes not recognised in the income statement. Prepaid pensions are classified as a long-term asset in the balance sheet if it is likely that the excess value can be utilised or repaid. Similarly, when pension liabilities exceed pension assets, the difference is classified as a long-term liability. The net pension expenses are classified as payroll expenses in the income statement apart from the interest element, which is classified as financial income/financial expenses. Changes in the pension liabilities that are due to pension plan changes are amortised in a straight line over the estimated average remaining accrual period apart from rights accrued on the change date, which are immediately charged to expenses. Changes in pension liabilities and pension assets, which are due to changes in and deviations from the calculation assumptions (deviations from estimates), and which exceed 10 per cent of whichever is the greater of the pension liabilities and pension assets at the beginning of the year, are amortised in a straight line over the average expected remaining service lives of the current employees ("corridor solution"). Non-amortised deviations in estimates and pension scheme changes are stated in note 3.

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 write-downs that are not tax deductible.
- temporary differences relating to investments in subsidiaries or associates because the group management itself decides when the temporary differences will be reversed, and it is assumed that this will not take place in the foreseeable future.

Tax-increasing and tax-reducing temporary differences that are reversed or can be reversed are offset against each other. Taxes are not offset across national borders. A deferred tax asset is recognised when it is probable that the company will have sufficient earnings before tax to utilise the tax asset. Deferred tax and deferred tax assets that can be capitalised are recognised at their nominal value and netted in the balance sheet. Deferred tax and deferred tax assets are measured based on the expected future tax rate of the group companies where temporary differences have arisen. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to factors that have been recognised directly in equity.

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

Facilities under construction are classified as fixed assets and recognised at the accrued costs relating to the fixed asset.

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

Tangible fixed assets are classified as held for sale when they have been designated for sale, are expected to be sold within a period of one year and an active sales process has begun. Tangible fixed assets held for sale are valued at whichever is the lower of their balance sheet value and their fair value after deducting sales costs.

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

Intangible assets
Intangible assets are recognised in the balance sheet if probable future economic benefits can be proven and attributed to the asset and the asset's cost price can be reliably estimated. Intangible assets with a specific economic life are recognised in the balance sheet at their acquisition cost after deducting accumulated amortisation and write-down amounts. Acquisition costs also include salary expenses where the criteria for recognition are fulfilled. Intangible assets with an indeterminate lifetime are not amortised but are assessed to see if they should be written down each year. Refer to the more detailed description under write-down of assets. Intangible assets that have not been taken into use are also tested to see if they should be written down.

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 recognised in the balance sheet if all of the following criteria are met:
- the product or process is clearly defined and cost elements can be identified and measured reliably,
- the product's technical solution has been demonstrated,
- the product or process will be sold or used in the operations,
- the asset will generate future economic benefits,
- sufficient technical, financial and other resources are present for completing the project

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

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

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

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

Shares in subsidiaries
Posten Norge AS's annual financial state-

ments apply the cost method to shares in subsidiaries. Transaction costs relating to the acquisition are also included in the cost price.

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

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

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

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

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

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

Hedging of fair value:
Derivatives that form part of fair value assessments are assessed at their fair value and changes in the fair value are recognised in the income statement. Changes in the fair value of the hedged object are similarly recognised in the income statement.
The hedge is no longer recognised when:
(a) the hedging instrument falls due or is sold, terminated or exercised, or
(b) the hedge does not meet the above-mentioned requirements for hedges.

Cash flow hedging
Changes in the fair value of a hedging instrument that meets the requirements for being a very effective cash flow hedge are recognised directly in equity. The ineffective part of the hedge instrument is recognised directly in the income statement.

If the hedged cash flow results in an asset or liability being recognised, all former gains and losses that were directly recognised in equity are transferred from the equity and included in the initial measurement of the asset or liability. In the case of other cash flow hedges, gains and losses that were directly recognised in equity are transferred to the income statement in the same period as the cash flow that comprises the hedged object is recognised.

When a hedging instrument ceases to be very effective, the hedge ceases to be recognised in the accounts. In such a case, the accumulated gain or loss on a hedging instrument that is directly recognised in equity will not be reversed until the hedged transaction actually takes place.

If the hedged transaction is no longer expected to take place, formerly accumulated gains or losses on the hedging instrument that have been directly recognised in equity will be reversed and recognised in the income statement.

Hedging of a net investment in a foreign entity
The company takes positions in various currencies in order to hedge its net investment in foreign entities. Changes in the currency derivatives that are decided on for hedging purposes are reported as translation differences in the group's equity until any sale of the investment, following which the accumulated translation differences relating to the investment are recognised in the income statement.

That part of the hedge which is not effective is expensed directly.

Derivatives that are not hedging instruments
Derivatives that are not classified as hedging instruments are classified as held for trading purposes and assessed at their fair value. Changes in the fair value of such derivatives are recognised in the income statement.

A derivative that is built into other contracts will be separated from the original contract and recognised as a derivative if the following conditions are met:
- the underlying financial reality and risk relating to the built-in derivative are not closely related to the financial reality and risk relating to the original contract;
- there is a separate instrument with the same conditions as the built-in derivative that meets the criteria for a derivative; and
- the combined instrument (main contract and built-in derivative) is not measured at its fair value with changes in value recognised in the income statement.

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

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

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

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

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

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

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

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

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

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

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

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 making deductions for tax. Only transaction costs directly related 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 size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. In the case of a considerable time delay, the liability is recognised at the present value of future cash flows.

Uncertain liabilities assumed through the acquisition of a company are capitalised at their fair value even if it is less than 50% likely that the liability materialises. The assessments of probability and fair value are carried out continuously. Changes in fair value are recognised in the income statement.

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

Severance pay
Severance pay is paid to redundant employees of the Norwegian State until they get a new job. This applies only to those made redundant prior to 31 December 2004. The severance pay liability is calculated according to best estimates, based on the rules that applied as 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, apart from contingent liabilities where the likelihood of the liability arising is slight.

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

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

The group presents financial leases in the financial statements as assets and liabilities, equal to the cost price of the asset or, if lower, the present value of the cash flow due to the lease. When calculating the present value of the lease, the implicit interest rate in the lease is used when this can be determined. Alternatively, the company's marginal borrowing rate in the market is used. The asset is depreciated according to the rules determined for equivalent business assets. The monthly rent is divided into an interest rate element and a repayment element.

In the case of operational leases, rents are classified as an operating expense and recognised in the income statement over the term of the lease.

Loans
Loans are recognised as the net funds received after deducting transaction costs. The loans are then recognised at their amortised cost using the effective interest rate. Amortised cost means the amount the financial asset or obligation is valued at when purchased, minus repayments (f.ex. principal payment, interest and service charges), plus effective interest and minus any write-downs.

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 for which the subsidies are intended arise. Subsidies are recognised as a reduction in cost when they cover a specific cost. Subsidies received for the purchase of fixed assets reduce the capitalised value of the fixed asset purchased.

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 changes in exchange rates are presented as financial income or expense.

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 described in the notes are presented in NOK millions if not otherwise stated).

NOTE 1 SEGMENTS

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

Mail: letter products, information logistics, banking services, sale of goods and document management. The Mail Segment consists of the Mail and Distribution Network Divisions, including the subsidiaries CityMail AB, talk2me AS and Customer:View AB. The former Communication and Consumer divisions in Posten Norge AS were merged from January 2007 to form the Mail division.

Logistics: groupage and part load, thermo, express, parcels and warehousing. The Logistics segment consists of the parent company's logistics operations plus the subsidiaries BoxGroup AS, Nor-Cargo AS, Nettlast AS, Box Solutions AS, PNL AB, Frigoscandia AB, and the Swedish Transflex companies.

From 2007, the previous segments Express and Logistics were merged to one business unit, the Logistics segment. Comparative figures for 2006 have been restated. In addition, figures for 2006 for the Mail and Logistic segments have been restated to reflect an internal re-organisation and revisions to the allocation of group expenses.

IT: operations, infrastructure, solutions and consulting services. This segment comprises the operations of ErgoGroup AS and its subsidiaries.

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

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

BREAKDOWN BY ACTIVITY

2007	Mail	Logistics	IT	Other/ eliminations	Group
External revenues	10 403	12 209	4 778	10	27 400
Internal revenues	2 438	121	843	-3 402	
Total operating revenues	**12 841**	**12 330**	**5 621**	**-3 392**	**27 400**
Earnings before interest and taxes	**90**	**466**	**268**	**256**	**1 080**
Net financial items	(140)	(16)	(107)	137	(126)
Income from investments in associates			1		1
Taxes					159
Net income for the year					**796**

2006	Post	Logistikk	IKT	Annet / eliminering	Konsern
External revenues	9 965	10 964	2 752	(13)	23 668
Internal revenues	1 859	97	868	(2 824)	
Total operating revenues	**11 824**	**11 061**	**3 620**	**(2 837)**	**23 668**
Earnings before interest and taxes	**907**	**502**	**223**	**(319)**	**1 313**
Net financial items	(25)	(28)	(29)	(19)	(101)
Income from investments in associates	(13)	1			(12)
Taxes					344
Net income for the year					**856**

2005	Post	Logistikk	IKT	Annet / eliminering	Konsern
External revenues	10 393	7 700	1 898	4	19 995
Internal revenues	1 896	70	901	(2 867)	
Total operating revenues	**12 289**	**7 770**	**2 799**	**(2 863)**	**19 995**
Earnings before interest and taxes	**1 282**	**342**	**82**	**(551)**	**1 155**
Net financial items	29	20	(13)	9	45
Income from investments in associates		2			2
Taxes					285
Net income for the year					**917**

Internal revenues are revenues from transactions between Norway Post's segments. Internal transactions are priced on the basis of normal commercial factors and as if the segments were independent parties. The segment 'Other' includes group administration costs and common costs that are not defined as owner-function costs, as well as eliminations. A profit from the sale of Posten Eiendom BG14B was included in 2007.

NOTE 1 SEGMENTS (CONTINUED)

BREAKDOWN BY ACTIVITY

2007	Mail	Logistics	IT	Other/ eliminations	Group
Segment assets	8 354	5 608	3 710	(923)	16 749
Unallocated assets					667
Total assets					**17 415**
Segment liabilities	6 462	3 341	1 465	(2 833)	8 435
Unallocated liabilities					3 194
Total liabilities					**11 629**
2006					
Segment assets	7 186	5 284	2 353	308	15 230
Unallocated assets					637
Total assets					**15 818**
Segment liabilities	6 023	3 490	1 023	(2 977)	7 599
Unallocated liabilities					2 693
Total liabilities					**10 252**
2005					
Segment assets	9 453	4 045	1 239	(2 136)	12 601
Unallocated assets					619
Total assets					**13 220**
Segment liabilities	5 499	2 798	805	(2 115)	6 987
Unallocated liabilities					1 519
Total liabilities					**8 506**

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

INVESTMENTS

2007	Mail	Logistics	IT	Other/ eliminations	Group
Investments in fixed assets	694	286	290	250	1 521
Depreciation	387	138	284	25	834
Write-downs	15	108	7		130
2006					
Investments in fixed assets	527	298	331	91	1 247
Depreciation	361	149	226	18	754
Write-downs	35	4	(51)	7	(5)
2005					
Investments in fixed assets	671	135	85	66	958
Depreciation	372	122	231	20	745
Write-downs	4	23	4	25	56

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

NOTE 1 SEGMENTS (CONTINUED)

GEOGRAPHICAL FIGURES

NORWAY POST GROUP	2007	2006	2005
External revenues			
Norway	20 761	19 065	17 432
Abroad*	6 639	4 603	2 563
Total revenues	**27 400**	**23 668**	**19 995**
Assets			
Norway	15 206	14 213	12 758
Abroad*	2 209	1 605	462
Total assets	**17 415**	**15 818**	**13 220**
Investments during the period			
Norway	1 196	1 044	843
Abroad*	324	203	114
Total investments	**1 521**	**1 247**	**958**

* Abroad mainly comprises other Nordic countries.

NOTE 2 PAYROLL EXPENSES AND OTHER REMUNERATION

POSTEN NORGE AS 2005	2006	2007		NORWAY POST GROUP 2007	2006	2005
4 960	5 054	5 457	Salaries	8 708	7 295	6 559
716	734	727	National insurance contributions	1 385	1 173	1 022
411	308	409	Pension expenses	643	439	519
150	166	170	Other benefits	358	285	229
6 237	**6 262**	**6 763**	**Payroll expenses**	**11 094**	**9 192**	**8 329**
1 527	1 776	1 810	Board of Directors' fees	2 954	2 680	2 544
1 513	1 567	1 629	Fee for mandatory audit	11 679	8 774	6 583
200	89	153	Fee for extended financial audit	629	254	549
625	772	438	Fee for other attestation services	540	894	625
380	962	343	Fee for tax advisory services	1 057	1 436	1 565
696	364	27	Fee for other non-audit services	1 160	2 262	2 330
15 713	15 511	15 828	No. of full-time employees/full-time equivalents	24 870	22 273	20 541
19 008	18 319	18 401	Average no. of employees	27 068	24 478	23 926
26 193	18 472	20 246	No. covered by the pension plan as at 31.12.	28 615	24 341	30 614

The elimination difference that occurs with capitalization of internal revenues has previously been treated as a reduction of other operating expenses. In 2007 the reduction in costs is divided between cost of goods, payroll expenses and other operationing expenses in accordance with the cost components of the assets sold. Comparative figures for 2005 and 2006 have been restated.

NOTE 2 PAYROLL EXPENSES AND OTHER REMUNERATION (CONTINUED)

Remuneration and fees
The Board of Directors received no remuneration other than 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 315 000
Vice-Chairman	NOK 190 000
Director	NOK 157 500
Alternate director (per meeting)	NOK 7 500

The Directors' fees were last adjusted in June 2007.

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

Short-term remuneration	16 002
Bonuses	3 849
Pension contributions	6 159

The CEO had an annual salary of NOK 2 529 000 in 2007. In 2007, bonuses and other remuneration of NOK 786 000 were paid. Should the CEO leave the company, he is entitled to six months' salary during the period of notice and a contractual termination payment of nine months' salary, which may be reduced after three months if he starts to receive another salary. The CEO's pension contract states the retirement age to be 65 years, and that the total pension is to be 66 per cent of his salary. Other pension plans are described in further detail in note 3. The company's pension expenses for the CEO were NOK 1 676 000 in 2007.

Posten Norge AS has a bonus programme for the CEO and Group management. The programme consists of two parts, one based on the Group´s results and one on individual results, and it is possible to achieve bonuses of up to 25 per cent of their salaries. The final decision regarding a bonus is determined by the board (the CEO for the group management). Bonuses are only paid to persons who are in their jobs as at 31 December. For 2007, a total of NOK 2 million has been set aside for Group management bonuses.

Key personnel have not received pay after termination of employment, share based renumeration or other long-term renumeration. One severance pay agreement has been entered into, which terminates 31.07.2008.

In addition, Norway Post has a bonus programme for management in the divisions, regional management, other key personnel and sales staff. Bonus payments are based on defined financial goals and/or HSE goals. Specific upper limits for bonus payments are defined in the different programmes.

There are bonus programmes for key management based on profitability goals for the subsidiaries ErgoGroup, CityMail, Customer:View, BoxGroup, Nettlast, Box Solutions, Frigoscandia, talk2me, Nor-Cargo and Transflex. The companies ErgoGroup, CityMail Sweden and Denmark, Transflex and BoxGroup also offer bonus programmes for sales staff/consultants. Box Solutions has an additional bonus programme for all employees which is based on productivity.

Fees to the auditors, Ernst & Young, were NOK 14.4 million, while fees paid to other auditing firms were NOK 0.7 million.

NOTE 3 PENSIONS

Norway Post has defined contribution pension schemes, under which the premiums are charged as an expense when they occur, for the majority of employees in Norway, Sweden and Denmark. In addition, most employees in the Norwegian entities have a benefit-based early retirement pension through Spekter, which gives the employees the right to defined future pension benefits. The subsidiaries mainly use the same long-term financial assumptions as the parent company, but with an adjustment for country-specific macroeconomic conditions.

Some companies in the Group's Swedish operations have pension schemes which, according to IAS 19, do not qualify for recognition in the balance sheet. In accordance with Swedish rules, the pension liability is covered via an endowment insurance. In the consolidated financial statements, these amounts are netted, so that the criteria stipulated in IAS 19 are met.

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 1.3 and 6 times the National Insurance basic amount (G) and 8 per cent for salaries of between 6 and 12 times G. In addition, a new private disability pension has been introduced which provides benefits equal to 66 per cent of the employee's pay, without paid-up policy accrual. The child and dependent supplements to Norway Post's group life insurance replace the former spouse and child pensions with the Norwegian Public Service Fund. Norway Post also has obligations connected to salaried employees above 12 G and agreements on early retirement pensions. These pension obligations are financed by the respective company's operations. Norway Post has a contractual agreement with Spekter concerning early retirement pension (AFP) that became effective as of 01.01.2006. The accrual period for a full pension from Spekter (Federation of Public Sector Employers) is 40 years, while it was 30 years with the Norwegian Public Service Fund. The increased accrual period is compensated for by an endowment pension. Refer to the 2005 and 2006 annual reports for more detailed information.

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

The final settlement from the Norwegian Public Services Fund was completed in 2007. Norway Post received a payment of NOK 293 million, which included interest. Refer to note 32 and "historical developments".

NOTE 3 PENSIONS (CONTINUED)

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
			Defined contribution pension schemes			
	213	268	Contributions expensed	410	251	18
	18 472	20 246	No. of members	26 998	21 624	1 630
	4,5 - 8%	4,5 - 8%	Percentage of salary	1 - 20 %	2 - 10 %	1,3 - 8 %

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

2005	2006	2007		2007	2006	2005
			Financial and actuarial assumptions			
4,0 %	4,5 %	4,8 %	Discount rate in % 1)	4,8 %	4,5 %	4,0 %
3,0 %	4,0 %	4,5 %	Wage increase in %	4,5 %	4,0 %	3,0 %
2,7 %	4,0 %	4,25 %	National Ins. base amount (G) increase in %	4,25 %	4,0 %	2,7 %
2,7 %	1,5 %	1,75 %	Pension indexation in %	1,75 %	1,5 %	2,7 %
5,8 %	5,3%-5,5%	5,5 %	Return on assets in %	5,5 - 5,8 %	5,3 - 5,5%	5 - 5,8%
8,0 %	8,0 %	8,0 %	Voluntary retirement (under 50 years of age) in %	2 - 12 %	2,5 - 8 %	
2,5 %	2,5 %	2,5 %	Voluntary retirement (over 50 years of age) in %	0 - 2,5 %	0 - 2,5 %	
50 %	50 %	50 %	Use of contractual pension (AFP) in %	30 - 50%	20 - 50%	
K63+300%	K63+300%	K2005	Demographic assumptions about mortality rate 2)	K2005	K63+300%	K63+300%

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

2005	2006	2007	**Defined benefit pension schemes**	2007	2006	2005
			Net pension costs:			
575	84	139	Present value of the pensions earned for the year	229	186	660
20	9	1	Administration costs	6	10	21
650	59	72	Interest expense on the pension liabilities	109	94	684
(763)	(3)	(1)	Estimated return on the pension assets	(30)	(34)	(793)
	2	6	Recognised changes in estimates and deviations	9	4	3
			Recognised pension scheme changes	(2)	(1)	
			Estimated return on refunds recognised as assets	(1)		
		(2)	Effect of any reductions or settlements	(3)		
482	**151**	**215**	**Gross pension costs**	**324**	**259**	**575**
(103)	(7)	(4)	Employees' 2% contribution	(11)	(12)	(103)
77	(49)	(71)	Interest element reclassified as a financial item	(79)	(59)	77
456	**95**	**141**	**Net pension costs**	**233**	**188**	**549**
627	8	(2)	Cost (income) of transition to a new pension scheme	(16)	(22)	627

The cost of changing to a new Pension scheme has been increased by NOK 53 million in 2005 due to an error in the underlying assumptions used in the calculation of the final settlement from the Norwegian Public Service Fund..

NOTE 3 PENSIONS (CONTINUED)

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
			Net pension liabilities:			
(39)	(131)		Estimated accrued insured pension liabilities	(801)	(957)	(894)
32	50		Estimated value of the pension assets	544	637	571
(7)	**(81)**		**Net estimated insured pension liabilities (-)/-assets (+)**	**(257)**	**(320)**	**(323)**
(1 521)	(1 386)	(1 965)	Estimated accrued uninsured pension liabilities	(2 128)	(1 528)	(1 554)
(1 528)	**(1 467)**	**(1 965)**	**Net estimated pension liabilities (-)/-assets(+)**	**(2 385)**	**(1 848)**	**(1 877)**
			Allocated estimated deviations to net income	9		
			Pension scheme changes not recognised in income	5		
14	(17)	398	Changes to estimates and deviations not recognised in income	553	138	188
(1 514)	**(1 484)**	**(1 567)**	**Net book value of pension assets/(liabilities)**	**(1 820)**	**(1 710)**	**(1 689)**
			Pension assets recorded in the balance sheet	5		
(1 514)	(1 484)	(1 567)	Pension liabilities recorded in the balance sheet	(1 825)	(1 710)	(1 689)
(1 514)	**(1 484)**	**(1 567)**	**Net book value of pension assets/(liabilities) recorded in the balance sheet**	**(1 820)**	**(1 710)**	**(1 689)**

NOK 1 519 million in 2005 and NOK 1 281 million in 2006 were reclassified from secured to non-secured liabilities.

2005	2006	2007		2007	2006	2005
			Changes in the pension liabilities:			
855	(1 514)	(1 484)	Net assets (liabilities) 01.01.	(1 710)	(1 689)	721
(482)	(151)	(215)	Gross pension expenses	(324)	(259)	(575)
190	173	123	Premium payments	189	265	255
	7	4	Contributions from members of the pension scheme	5	6	
(627)	(8)	2	Income (expenses) due to the transition to a new pension scheme	16	25	(627)
(1 438)			Estimated repayment of previously paid pension premiums		2	(1 480)
15	8		Reserves for salary compensation		8	15
(27)			Previous period's pension liabilities			15
		1	Liabilities relating to new/sold companies during the year	(7)	(71)	(13)
			Exchange rate changes	4		
	1	1	Benefits disbursed	8	3	
(1 514)	**(1 484)**	**(1 567)**	**Net pension assets (liabilities) 31.12.**	**(1 820)**	**(1 710)**	**(1 689)**

Contributions to the pension scheme in 2008 are expected to be approximately the same as for 2007 (based on a 2% contribution from employees).

2005	2006	2007		2007	2006	2005
			The main categories of pension assets at fair value:			
	36		Equity instruments (shares, bonds)	386	399	
			Debt instruments	27	67	
	5		Real estate	79	62	
	3		Other assets	50	22	
	44		**Total pension assets**	**543**	**550**	

The defined benefit pension scheme for Norway Post's group management was terminated as a insured scheme effective 01.01.2007 and each individual received a paid-up policy based on earned benefits. Beginning 01.01.2007 the scheme is financed through normal operations. The Group's pension liabilitites relate mainly to ErgoGroup's and Nor-Cargo's defined benefit pension schemes.

NOTE 4 OTHER OPERATING EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
814	841	824	Costs of premises	1 427	1 308	1 084
139	166	216	Other rental expenses	316	237	189
59	72	93	Tools, fixtures, operating materials	158	114	88
66	71	81	Repair and maintenance of equipment	149	145	127
254	224	218	Accounting and payroll services	229	239	287
825	751	844	IT services	325	233	180
302	389	386	Other external services	814	682	430
51	61	52	Telephone expenses	100	73	53
88	96	96	Travel expenses	247	197	160
164	162	161	Marketing	253	232	212
50	28	61	Insurance, guarantee and service costs	102	66	66
85	74	84	Other expenses	278	202	160
2 897	**2 935**	**3 117**	**Operating expenses**	**4 398**	**3 728**	**3 036**

The elimination difference that occurs with capitalization of internal revenues has previously been treated as a reduction of other operating expenses. In 2007 the reduction in costs is divided between cost of goods, payroll expenses and other operationing expenses in accordance with the cost components of the assets sold. Comparative figures for 2005 and 2006 have been restated.

NOTE 5 RESTRUCTURING EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
67	25	282	Restructuring	294	25	170
(12)	(12)	(26)	Severance pay	(26)	(12)	(12)
55	**13**	**256**	**Total restructuring expenses**	**268**	**13**	**158**

Restructuring and severance pay
Of the NOK 282 million in Posten Norge AS's restructuring expenses, NOK 236 million relates to human resources measures and NOK 46 million relates to premises. Restructuring costs are mainly related to the reorganisation of post offices to Post in Shops. The reduction in expenses for severance pay relates to reversals of previous years' reserves.

In addition to Posten Norge AS, ErgoGroup, CityMail Group, and Nor-Cargo accrued a total of NOK 12 million for restructuring. Refer to note 20.

NOTE 6 GAIN/LOSS ON THE SALE OF FIXED ASSETS

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
65			Gain on the sale of operations, etc	631		71
5	5	12	Gain on the sale of fixed assets	18	17	9
70	**5**	**12**	**Total gain on the sale of fixed assets, etc**	**649**	**17**	**80**
32	1	2	Loss on the sale of fixed assets	2	1	33
32	**1**	**2**	**Total loss on the sale of fixed assets, etc**	**2**	**1**	**33**

Sale of operations, etc.
In 2007 Norway Post sold the property BG 14B by selling the wholly-owned subsidiary Posten Eiendom BG 14B AS, resulting in a gain in the group accounts of NOK 626 million. Refer to notes 7 and 18. In 2005, Norway Post sold its business unit dealing with internal company postal services at a gain of NOK 65 million. In addition, the shares in HMS Norge AS were sold at a gain of NOK 5 million for the group.

Gains from sales of fixed assets in 2007 in Posten Norge AS derive mainly from the sale of vehicles resulting from the transition to leased vehicles.

NOTE 7 FINANCIAL INCOME AND FINANCIAL EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
24	71	182	Interest income from group companies			
114	29	98	Other interest income	126	47	125
5		612	Gain on the sale of shares in subsidiaries, etc			
38	52	45	Exchange rate gains on financial investments	82	90	53
3	166	52	Group contributions and dividends received	9	2	16
4			Gains on ineffective parts of hedging instruments			4
30	76	176	Gains on derivatives	4	17	31
17	85	52	Gains on "fair value through profit or loss" objects	52	85	17
3	14	6	Other financial income	9	21	19
238	**493**	**1 223**	**Financial income**	**282**	**262**	**265**
9	18	34	Intercompany interest expenses			
3	2	1	Interest expenses on financial leases	3	4	3
97	129	197	Other interest expenses	205	151	105
32	41	62	Exchange rate loss on financial investments	109	74	49
17	152		Loss on derivatives		15	17
17	85	52	Loss on "fair value through profit or loss" objects	52	85	17
25	29	158	Other financial expenses	39	34	29
200	**456**	**504**	**Financial expenses**	**408**	**363**	**220**

In March 2007 Norway Post sold all shares in the wholly-owned subsidiary Posten Eiendom BG 14B AS for NOK 759 million. This resulted in a gain on the sale of the shares of NOK 612 million in the parent company. Refer to note 18.
Other interest expenses for 2007 included interest costs on net pension assets that have been reclassified from payroll expenses to financial expenses. These interest expenses for 2007 totalled NOK 62 million for Posten Norge AS (NOK 46 million in 2006) and NOK 65 million for the group (NOK 58 million in 2006). The remaining other interest expenses are primarily interest expenses related to long-term financing.
Other interest income in 2005 included interest income on net pension assets that have been reclassified from payroll expenses to financial income. This interest income totalled NOK 77 million for both Posten Norge AS and the group in 2005. In 2007 other interest income included NOK 71 million for unrealised gains on short-term investments for both Posten Norge AS and the group.

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

NOTE 8 TAXES

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
			INCOME TAXES			
585	173	191	Taxes payable	298	258	610
(324)	54	(69)	Changes in deferred taxes (tax assets)	(139)	86	(325)
261	**228**	**122**	**Tax cost**	**159**	**344**	**285**
765	173	155	Taxes payable for the year	241	253	789
(180)			Correction tax payable			(180)
		36	Other	57	6	1
585	**173**	**191**	**Taxes payable**	**298**	**258**	**610**
(324)	54	(69)	Deferred tax due to changes in temporary differences	(135)	99	(318)
			Losses carried forward not previously recognised	(4)	(13)	(7)
(324)	**54**	**(69)**	**Deferred tax cost**	**(139)**	**86**	**(325)**
29 %	**25 %**	**13 %**	**Effective tax rate**			
			Reconciliation of the effective tax rate with the Norwegian tax rate:			
911	901	944	Earnings before tax			
255	252	264	28% tax-rate			
5	6	39	Other non-deductible costs 28%			
(2)	(30)	(201)	Non-taxable income 28%			
3		20	Other			
261	**228**	**122**	**Taxes**			
			DEFERRED TAXES/TAX ASSETS IN THE BALANCE SHEET			
(107)	(89)	(82)	Tangible fixed assets	(60)	(66)	(91)
(1)	(2)	(2)	Receivables	(10)	(7)	(5)
		(1)	Foreign exchange	(1)		(1)
(2)	(2)	(1)	Inventories	(1)	(2)	(2)
(425)	(416)	(439)	Pensions	(497)	(471)	(472)
(63)	(21)	(76)	Reserves	(95)	(40)	(99)
(16)			Group contributions			(16)
(12)	(15)	7	Other		(13)	(15)
			Losses carried forward	(134)	(144)	(41)
(626)	**(544)**	**(594)**	**Deferred tax assets - gross**	**(798)**	**(742)**	**(742)**
56	41	32	Gains and losses account	51	62	79
	4		Foreign exchange		3	
			Pensions			
	2	43	Group contribution			
3			Other	16		17
59	**46**	**75**	**Deferred tax liability - gross**	**67**	**65**	**96**
(567)	**(497)**	**(519)**	**Net deferred tax asset**	**(731)**	**(677)**	**(646)**
			Deferred tax asset not recognised in the balance sheet	64	18	27
(567)	**(497)**	**(519)**	**Net recognised deferred tax asset**	**(667)**	**(659)**	**(619)**

Gross temporary differences that are not recognised in the balance sheet relate to losses carried forward. The group had a total of NOK 479 million in losses carried forward as at 31 December 2007. There is no time limit on these losses. The losses carried forward that have been recognised are expected to be utilised based on expectations concerning future profits.

NOTE 8 TAXES (CONTINUED)

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
			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	11	The effect of introducing IAS 39	11	11	11
			Translation differences on the hedging of investments in foreign entities	(29)	19	(3)
(3)		10	Cash flow hedging	11		(3)
	1	37	Other	29	1	
466	**470**	**516**	**Total**	**491**	**500**	**474**

POSTEN NORGE AS

Changes in temporary differences	31.12.2006	Recognised in income statement	Recognised in equity	Other	31.12.2007
Tangible fixed assets	(316)	23			(293)
Gains and losses account	146	(29)			117
Receivables	(6)	(2)			(8)
Foreign exchange	14	(18)			(4)
Inventories	(6)	1			(5)
Pensions	(1 487)	(82)			(1 569)
Reserves	(76)	(196)			(272)
Group contributions	6	16	131		153
Other	(53)	42	39		28
Total	**(1 777)**	**(245)**	**170**		**(1 852)**

NORWAY POST GROUP

Changes in temporary differences	31.12.2006	New companies acquired	Recognised in income statement	Recognised in equity	Other[1]	Translation differences	31.12.2007
Tangible fixed assets	(235)	108	(157)	96	(22)	(4)	(214)
Gains and losses account	221		(39)				182
Receivables	(25)	(10)			(1)		(36)
Foreign exchange	11		(12)				(1)
Inventories	(6)		4				(2)
Pensions	(1 680)		(95)	(1)	1		(1 775)
Reserves	(142)	(7)	(196)	3	3		(339)
Group contributions							
Other	(45)	13	87	(4)	2		53
Loss carried forward	(516)	(31)	58	2	(10)	18	(479)
Total	**(2 417)**	**73**	**(350)**	**96**	**(27)**	**14**	**(2 611)**

[1] Mainly applies to the reclassification to held for sale assets, and losses carried forward not recognised in the balance sheet.

NOTE 9 INTANGIBLE ASSETS

	Internally developed intangible assets			Purchased intangible assets						
POSTEN NORGE AS	IT - develop-ments	Assets under con-struction	Total	IT - dev, trademarks, etc	Assets under con-struction	Good-will	Total	Total 2007	Total 2006	Total 2005
Acquisition cost:										
As at 1 January				346	294	15		655	408	210
Additions				25	255	2		282	257	227
Disposals				(56)				(56)	(10)	(29)
Internal transfers					(6)			(6)		
Transfers from assets under construction				194	(194)					
Transfers to held for sale				(9)		(16)		(25)		
As at 31 December				**500**	**348**			**849**	**655**	**408**
Accumulated amortisation and write-downs:										
Amortisation method				Straight-line						
Useful life				2-10						
As at 1 January				(166)		(15)		(181)	(122)	(99)
Amortisation for the year				(62)				(62)	(55)	(25)
Write-downs for the year				(1)		(2)		(3)	(14)	(27)
Disposals				56				56	10	29
Transfers to held for sale				4		16		20		
As at 31 December				**(170)**				**(170)**	**(181)**	**(122)**
Book value as at 31 December				**331**	**348**			**679**	**474**	**285**

NORWAY POST GROUP	IT - develop-ments	Assets under con-struction	Total	IT - dev, trademarks, etc	Assets under con-struction	Good-will	Total	Total 2007	Total 2006	Total 2005
Acquisition cost:										
As at 1 January	546	23	569	823	295	3 946	5 064	5 633	3 594	3 059
Additions	46	28	75	72	250	2	323	398	387	282
Disposals	(32)		(32)	(80)	(3)		(83)	(114)	(42)	(137)
Additions through company acquisitions (note 30)				112		1 603	1 714	1 714	1 619	416
Reduction through sales of companies (note 30)						(1)	(1)	(1)		
Adjustments to cost price				9		(3)	6	6	14	(10)
Translation differences	(2)		(2)	(11)		(148)	(159)	(161)	61	(16)
Transfers from assets under construction	11	(11)		196	(196)					
Transfers to held for sale				(9)		(16)	(26)	(26)		
As at 31 December	**569**	**40**	**609**	**1 112**	**346**	**5 384**	**6 840**	**7 450**	**5 634**	**3 594**
Accumulated amortisation and write-downs:										
Amortisation method	Straight-line									
Useful life	2-10 år									
As at 1 January	(456)		(456)	(330)		(403)	(733)	(1 189)	(1 098)	(1 044)
Amortisation for the year	(50)		(50)	(144)			(144)	(193)	(144)	(145)
Write-downs for the year	(4)		(4)	(92)	(6)	(14)	(112)	(116)	(38)	(50)
Taking to income of negative goodwill									64	
Disposals	32		32	71			71	103	30	132
Translation differences	1		1	10			10	11	(3)	9
Transfers to held for sale				4		16	21	21		
As at 31 December	**(475)**		**(475)**	**(480)**	**(6)**	**(401)**	**(888)**	**(1 363)**	**(1 189)**	**(1 098)**
Book value as at 31 December	**95**	**40**	**134**	**631**	**340**	**4 983**	**5 953**	**6 088**	**4 445**	**2 496**

NOTE 9 INTANGIBLE ASSETS (CONTINUED)

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

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

The Group owns several trademarks, which have been aquired through acquisitions, and which have a total value of NOK 23 million. The brands are Nor-Cargo, Frigoscandia and Optimail. The Group plans to launch a new brand in 2008 and based on these plans, along with an assessment of factors such as the products, markets, and economy, it has been deemed that the period for expected net positive cash flows from these brands is finite and the capitalised trademarks will therefore be amortised over their remaining useful life. An impairment test on these values was also performed prior to year end.

Research and development
In 2007 there were no charges to expenses related to development projects that are not expected to generate any future financial benefits. In 2006 the corresponding amount was NOK 27 million.

Assets under construction
Of the total assets under construction, NOK 290 million related to the projects in the IKT 2010-programme. This programme will replace existing systems for orders, invoicing, accounting and finance with Oracle eBusiness Suite (OEBS), provide new solutions for HR and wages, and develop new solutions relating to mail distribution and delivery (unit, address and route). The Group has experienced significant growth in the past 10 years, entering new business areas and significantly increasing revenues outside Norway. The projects are a part of Norway Post's IT Masterplan, a modernisation of the Group's IT-portfolio which will result in a reduction in the number of systems and interfaces as well as an increased use of standard solutions.

Impairment costs
Impairment costs are presented in the income statement in the line for write-downs. In 2007 a total of NOK 101 million (NOK 13 million in 2006) was written-down for assets under construction and other intangible assets other than goodwill. The brand name Nor-Cargo was reclassified from an intangible asset with an indefinite useful life and no annual amortisation, to an intangible asset with a finite useful life. Estimated amortisation expenses from the time of acquisition of NOK 90 million were written down in 2007. There was also a write-down of NOK 6 million related to an inventory control system for Box Solutions that could not be utilised. ErgoGroup wrote off a total of NOK 4 million related to several development projects that will not generate positive cash flows in the future, as well as IT-systems no longer in use.

NOTE 9 INTANGIBLE ASSETS (CONTINUED)

NORWAY POST GROUP

	Acquisition cost 01.01	Capitalised value 01.01	Translation differences	Additions	Disposals	Adjustments to cost prices	Write-downs	Capitalised value 31.12
Goodwill in the Group:								
Nor-Cargo AS	568	566						566
FSD HoldCoAB	554	554	(40)			1		514
Transflex companies			(12)	262				250
CityMail Sweden AB	192	165	(12)					153
CityMail International AB	49	49	(2)					47
BoxGroup AS	133	93						93
Box Solutions AS	123	75						75
talk2me AS	51	51				(6)		45
Customer:View AB			(1)	39				38
Goodwill in the parent company and sub-groups:								
Posten Norge AS	14			2			(2)	
ErgoGroup group	802	1 393	(69)	1 294		(3)		2 615
Nor-Cargo group	203	365		1	(1)	7		372
BoxGroup group	253	173	(8)	7		(1)		171
CityMail Sweden AB	95	37	(3)					34
Box Solutions AS	21	21				(1)	(12)	8
Total goodwill for the Group	**3 046**	**3 543**	**(148)**	**1 605**	**(1)**	**(3)**	**(14)**	**4 983**

Adjustment of cost prices
talk2me AS, a market leader in customer and loyalty programmes in Norway, was acquired by Posten Norge AS in 2006 to strengthen the addressed advertising operations both in the parent company and in the Swedish subsidiary CityMail Sweden AB. The goodwill in talk2me AS, which after a preliminary added-value analysis was capitalised at NOK 51 million, was reduced by approximately NOK 6 million in 2007. After the final added-value analysis this amount was allocated to an internally developed IT system for dialogue campaigns, the 360 degree portal. The system is modern and under continuous development, and is key to talk2me's core activities.

Nor-Cargo AS's goodwill in Holmskau Transport AS increased by NOK 7 million due to an adjustment in 2007 of the cost price in the agreement.

Additions in 2007
ErgoGroup capitalised goodwill related to acquisitions totalling NOK 1 294 million, of which the acquisition of SYSteam AB in February constituted NOK 903 million. Preliminary added-value analyses from the acquisitions of ConCentric AS in May and Bekk Consulting AS in September increased goodwill by NOK 15 million and NOK 353 million respectively. In addition, SYSteam AB acquired five companies through the year and made adjustments from previous acquisitions which added some NOK 23 million of goodwill. For further information about these acquisitions, refer to note 30 - Changes to the Group structure.

The acquisition of the Transflex companies in March, which is described in more detail in note 12 Investments in shares, resulted in the capitalisation of some NOK 12 million related to a property owned by Transflex AB and some NOK 262 million in goodwill. The acquisitions strengthened Norway Post's and Nor-Cargo's position in the Nordic region as well as within international ground transport and are part of the Group's Nordic expansion strategy.

The acquisition of the Swedish company Customer:View AB in February 2007 resulted in goodwill of NOK 39 million.

There is an earn-out agreement affecting parts of the cost price related to the company's profitability in 2007 and 2008. For further information refer to note 12 - Investments in shares.

In 2007 Posten Norge AS acquired CDG Sandberg's print production as part of its print and finish processes operations. The acquistion resulted in goodwill of some NOK 2 million. This amount was written down as at 31 December 2007 as the expected sale of this unit in 2008 will be for a price lower than the original cost.

The acquisition of Pickup Gøteborg AB by BoxGroup AS in January resulted in goodwill of some NOK 7 million. The best estimate of an agreed upon additional compensation related to revenue development is included in the cost price. Refer to note 30 - Changes to the Group structure for additional information.

Negative goodwill taken to income
No negative goodwill was taken to income in 2007 (NOK 64 million in 2006).

NOTE 9 INTANGIBLE ASSETS (CONTINUED)

Impairment of goodwill
At the year-end, intangible assets are assessed for indications of a fall in their value, and if such indications exist the asset's recoverable value is estimated. Intangible assets with an indefinite life, intangible assets under development and goodwill are tested annually, or more often if there are indications of a decline in value during the year.

Goodwill is allocated to cash-generating units in order to assess the need for a write down. Allocation is based on an assessment 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 management and which cover a five-year period. The estimated results have been adjusted to take into account depreciation, amortisation, investments and changes in the working capital. The extrapolation period after the forecast period is estimated using terminal values. The present value of the cash flows is calculated using a weighted required rate of return on the total assets and is calculated before tax.

In 2007, goodwill was written down by NOK 14 million (NOK 10 million in 2006) where a little over NOK 12 million related to BoxSolutions' goodwill from the acquisition of Grenland Transport & Industriservice AS in 2006. An additional NOK 2 million was written down from the acquisition of CDG Sandberg's print production operations, which is described in more detail above.

Goodwill related to Blomquist Trucking AS in Nor-Cargo (NOK 26 million), BoxDelivery Danmark AS (NOK 71 million), CityMail International AB (NOK 56 million), IT-operational services related to banking/insurance in ErgoGroup AS (NOK 201 million), SME/Regional services in ErgoGroup AS (NOK 905 million), ErgoGroup AB (NOK 149 million), and Transware Holding AB (NOK 14 million) are sensitive to adjustments in the key assumptions margin and required rate of return. Some of the estimates assume a significant improvement in future profitability. The cash-flows and required rate of return used when estimating the residual value are based on the management's best estimates.

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

Overview of Cash Generating Units per segment, the associated amounts relating to goodwill and key assumptions:

NORWAY POST GROUP

	Goodwill	Discount rate after tax (WACC):		Long-term growth rate:	
		2007	2006	2007	2006
Mail					
CityMail Sweden AB	187				
CityMail International AB	47				
talk2me AS	45				
Customer:View AB	38				
Total Mail	317	10,6 %	9,4 %	2,0-4,0%	2,0 %
Logistics *					
NorCargo Group	939				
FSD HoldCo AB	514				
Transflex companies	250				
BoxGroup	264				
Box Solutions Group	84				
Total Logistics	2 051	10,7 %	9,4/10,0 %	0-3,0%	0-2,0%
IT	2 615	11,1 %	10,4 %	2,7 %	2,7 %
Total for the Group	4 983				

* In 2006 the Logistics segment was divided into Express and Logistics. This division is no longer used in the internal management reporting.

NOTE 10 TANGIBLE FIXED ASSETS

POSTEN NORGE AS

Acquisition cost:	Machinery	Vehicles, fixtures and fittings	Buildings and property	Machinery under construction	Buildings under construction	2007 Total	2006 Total	2005 Total
As at 1 January	1 226	1 906	2 055	64	23	5 273	5 997	5 732
Additions	11	121	4	77	1	214	401	550
Disposals	(42)	(169)	(11)			(222)	(742)	(234)
Internal Group transfers	(1)	(4)				(5)		
Transfers to/from held for sale	(47)	(41)		(3)		(90)		(51)
Transfers to/from investment property			(13)			(13)	(60)	
Transfers from under construction	26	42	21	(68)	(21)		(323)	
As at 31 December	**1 174**	**1 855**	**2 055**	**71**	**3**	**5 158**	**5 273**	**5 997**
Accumulated depreciation and write-downs:								
Depreciation method	Straight-line	Straight-line	Straight-line					
Useful life	3 - 10 år	3 - 10 år	15 - 40 år					
As at 1 January	(804)	(1 418)	(729)			(2 951)	(3 102)	(2 955)
Depreciation for the year	(74)	(177)	(70)			(321)	(343)	(403)
Write-downs for the year	(7)					(7)	(11)	(4)
Reversal of earlier write-downs			(1)			(1)		
Disposals	41	168	4			212	505	225
Internal Group transfers	1	4				5		
Transfers to/from held for sale	34	32				66		36
As at 31 December	**(810)**	**(1 391)**	**(796)**			**(2 997)**	**(2 951)**	**(3 102)**
Book value as at 31 December	**364**	**464**	**1 259**	**71**	**3**	**2 162**	**2 322**	**2 895**

NORWAY POST GROUP

	Machinery	Vehicles, fixtures and fittings	Buildings and property	Machinery under construction	Buildings under construction	2007 Total	2006 Total	2005 Total
Acquisition cost:								
As at 1 January	2 041	2 713	2 851	71	63	7 739	7 666	7 211
Additions	159	441	61	79	385	1 124	875	676
Disposals	(76)	(230)	(20)		(4)	(330)	(554)	(218)
Additions through company acquisitions (Note 30)		26	42			68	128	54
Translation differences	(1)	(16)	(4)	(2)		(22)	10	(6)
Transfers to/from held for sale	(47)	(41)	(1)	(3)		(90)	(326)	(51)
Transfers to/from investment property			(48)			(48)	(60)	
Transfers to/from under construction	26	46	22	(72)	(22)			
As at 31 December	**2 102**	**2 940**	**2 904**	**73**	**422**	**8 441**	**7 739**	**7 666**
Accumulated depreciation and write-downs:								
Depreciation method	Straight-line	Straight-line	Straight-line					
Useful life	4 - 8 år	3 - 10 år	15 - 40 år					
As at 1 January	(1 389)	(1 826)	(900)			(4 115)	(4 191)	(3 829)
Depreciation for the year	(192)	(352)	(97)			(641)	(610)	(600)
Write-downs for the year	(7)	(7)				(14)	(21)	(6)
Reversal of earlier write-downs			(1)			(1)		
Disposals	76	224	9			308	483	205
Translation differences	(3)	(5)				(8)	(3)	3
Transfers to/from held for sale	34	32				66	227	36
As at 31 December	**(1 480)**	**(1 935)**	**(989)**			**(4 404)**	**(4 115)**	**(4 191)**
Book value as at 31 December	**622**	**1 004**	**1 914**	**73**	**422**	**4 037**	**3 624**	**3 475**

Construction loan interest
Tangible fixed assets include construction loan interest relating to the building of certain assets. The capitalised construction loan interest totalled NOK 13 million in 2007, NOK 18 million in 2006, and NOK 20 million in 2005.

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

Information on assets held for sale and financially leased equipment is provided in notes 18 and 28 respectively.
Refer also to note 29 regarding purchase obligations relating to intangible and tangible assets.

NOTE 11 INVESTMENT PROPERTY

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
		60	Balance at 1 January	60		
	60	13	Transfers from (to) tangible fixed assets	48	60	
	60	73	Balance at 31 December	108	60	

NRF
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 centre. It was later decided to locate this at Robsrud. The future use of the NRF plot is presently uncertain, and the plot has therefore been reclassified as an investment property. In 2007 an appraisal was performed and the property's net sales value was set at NOK 80 million.

Espehaugen
The plot at Espenhaugen was purchased in 2005 with the purpose of building a new post terminal in Bergen. To date no decision has been made as to whether this terminal will be built. The property's book value of NOK 35 million is lower than the estimated sales value.

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

NOTE 12 INVESTMENTS IN SHARES

POSTEN NORGE AS Subsidiaries	Acquired/ established	Address	Main activity	Ownership share at 31.12.2007	Voting share at 31.12.2007	Book value at 31.12.2007
ErgoGroup AS	01.12.1996	Oslo	IT	100 %	100 %	1 481
Nor-Cargo AS	10.06.2004	Oslo	Transport	100 %	100 %	884
FSD HoldCo AB	20.01.2006	Sverige	Transport	100 %	100 %	597
CityMail Group AB	01.05.2002	Sverige	Mail	100 %	100 %	322
Box Group AS	01.01.1999	Oslo	Express	100 %	100 %	198
Box Solutions AS	12.04.2000	Oslo	3P logistics	100 %	100 %	141
Transflex AB	09.03.2007	Sverige	Transport	100 %	100 %	157
Transflex i Jønkøping AB	10.03.2007	Sverige	Transport	100 %	100 %	51
Transflex i Stockholm AB	12.03.2007	Sverige	Transport	74 %	74 %	50
Transflex i Linkøping AB	12.03.2007	Sverige	Transport	80 %	80 %	47
Transflex i Gøteborg AB	10.03.2007	Sverige	Transport	50 %	50 %	29
Posten Eiendom Kanalveien AS	21.03.2006	Oslo	Property	100 %	100 %	121
Posten Eiendom Robsrud AS	08.06.2006	Oslo	Property	100 %	100 %	99
Posten Eiendom Espehaugen AS	08.06.2006	Oslo	Property	100 %	100 %	10
Posten Eiendom AS	08.06.2006	Oslo	Property	100 %	100 %	
talk2me AS	01.11.2006	Oslo	Customer relations	100 %	100 %	57
Nettlast AS	15.11.2000	Jaren	Transport	100 %	100 %	54
Customer:View AB	01.02.2007	Sverige	Customer relations	100 %	100 %	40
Posten Forbrukerkontakt AS	01.10.1997	Oslo	None	100 %	100 %	1
Oss mennesker imellom AS	08.03.2005	Oslo	None	100 %	100 %	
Joint ventures						
Pan Nordic Logistics AB (PNL)	1999/2000	Sverige	Logistics	50 %	50 %	28
Other interests						
Minor shareholdings owned directly by Posten Norge AS						8
TOTAL						4 377
NORWAY POST GROUP						
Investments in Associated Companies						
Refer to overview below						19
Group investments in shares						
AdressPoint Intl AB	2002	Sverige			15 %	18
Roto Energy AS	2007	Kolbotn			13 %	5
Fagernes Skysstasjon	1996	Fagernes			25 %	3
BuyInvest AS	2003	Oslo			28 %	2
ION	2007	India			10 %	1
TOTAL						29
TOTAL						48

NOTE 12 INVESTMENTS IN SHARES (CONTINUED)

In March Posten Norge AS acquired the Swedish transport and logistics group Transflex, which consists of the following five companies: Transflex AB, Transflex i Jønkøping AB, Transflex i Stockholm AB, Transflex i Linkøping AB og Transflex i Gøteborg AB. Through Transflex AB the Group owns 100 per cent of all the companies. This acquisition strengthens Norway Post's and Nor-Cargo's position in the Nordic region as well as within international ground transport, and is part of the Group's strategy to expand in the Nordic region. Transflex was established in 1998 and has operations in Halmstad, Gøteborg, Stockholm, Jønkøping og Linkøping. The company employs 75 people and had revenues of SEK 417 million in 2006. The Transflex-group is a part of the logistics network in Sweden together with the thermo company Frigoscandia, the courier- and express company BoxGroup, and Nor-Cargo's Swedish operations.

ErgoGroup's share capital was increased by NOK 200 million during 2007 to increase the company's financial flexibility related to future equity dispositions.

A holding company model was set up for the CityMail companies in 2007. The shares in CityMail Sweden AB were transfered from Posten Norge AS to Norwegian Mail International AB, which changed its name to CityMail Group AB. CityMail Group established the subsidiary CityMail Denmark A/S during the second half of 2006 and in January 2007 started distributing mail. Due to the equity situation in CityMail Denmark A/S, CityMail Group AB's share capital was increased in May and October 2007 by a total of NOK 58.2 million to allow for a new issue of shares in CityMail Danmark A/S. Posten Norge AS has written down the value of the shares in CityMail Group AB as a result of impairment tests at the year end.

Posten Norge AS acquired the Swedish company Customer:View AB in February to strengthen its position within customer-oriented marketing in the Nordic region, thereby acquiring competance in advanced customer communications. The company specialises in individualised customer communications by providing solutions for enterprises with large customer databases that want to communicate individually with their customers. The company is regarded as a leader in its field. The company has an annual revenue of approximately NOK 30 million and has six employees.

NOTE 12 JOINT VENTURES

The group has the following investments in joint ventures:	Country	Activity	Ownership share
Pan Nordic Logistics AB (PNL)	Sweden	Logistics	50 %
Buypass AS	Norway	IT	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		
	2007	2006	2005	2007	2006	2005
Assets						
Current assets	13	14	16	14	21	18
Fixed assets	180	151	105	57	50	40
Liabilities						
Current liabilities	20	30	28	12	24	29
Long-term liabilities	147	123	98	35	28	25
Net Assets	**26**	**12**	**(5)**	**24**	**19**	**4**
Income	664	567	506	48	44	40
Expenses	650	548	501	38	38	39
Cash flow from:						
Operational activities	30	35	6	27	17	15
Financial activities	(9)			(14)	(5)	
Investment activities	(4)	(4)	(3)	(1)	(1)	(3)

NOTE 12 INVESTMENTS IN ASSOCIATED COMPANIES

Entity	Country	Ownership share	Book value 01.01.2007	Share of profit (loss) 2007	Transfers to held for sale	Book value 31.12.2007
Materiallageret AS	Svalbard	34 %	8	0,2		8
Nor-Cargo Vestfinnmark AS	Norway	50 %	1			1
Euroterminal A/S	Denmark	50 %	4	0,3		4
Gecko Industrisystemer AS	Norway	34 %	2	0,1		2
BoxNordic Inbound AB	Sweden	50 %				1
Udac Alfa AB	Sweden	42 %				1
Atento AS	Norway	33 %	4	0,1	(4)	
Other			1	0,4		2
Total			**22**	**1,1**	**(4)**	**19**

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

Summary of the financial information of the individual Associated Companies:

Entity	Assets	Liabilities	Equity	Revenues	Net income for the year
Materiallageret AS	24	13	11	5	1,5
Nor-Cargo Vestfinnmark AS	4	2	2	19	0,1
Euroterminal A/S	16	9	8	3	0,6
Scandinavia Supply Chain AB	38	36	2	44	1,4
Gecko Industrisystemer AS	14	5	9	18	1,5
BoxDelivery Halmstad AB	19	18	1	47	(0,1)
BoxNordic Inbound AB	2	2			(1,4)
Other	13	10	3	84	0,3
Total	**131**	**94**	**36**	**221**	**4,0**

BoxNordic Inbound AB, a courier and transport company, was acquired by BoxGroup in 2007. Nor-Cargo sold its 33 per cent ownership in Nor-Lines Kirkenes AS. The shares in Atento AS were classified as held for sale as at 31 December 2007.

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

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
63	55	22	Other long-term receivables	31	81	91
493	2 057	2 918	Loans to group companies			
557	**2 112**	**2 940**	**Interest-bearing long-term receivables**	**31**	**81**	**91**
		114	Repayments 2009	1		
		55	Repayments 2010			
		73	Repayments 2011			
		34	Repayments 2012			
		2 664	Thereafter	30		
		2 940	**Interest-bearing long-term receivables**	**31**		
1 469	339	58	Other short-term receivables	59	343	1 478
319	617	539	Loans to group companies			
1 788	**956**	**597**	**Interest-bearing short-term receivables**	**59**	**343**	**1 478**

Comparative figures for 2005 and 2006 have been restated to take into account the correction of an error in previous years' financial statements related to the calculation of the final settlement from SPK in 2005. Refer also to note 19.

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

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

As a policy holder, the company has the opportunity to manage agreed upon areas of the operation's risk exposure within the insurance companies' insurance licence. This insurance activity is managed independently, both from a financial and risk standpoint, from the other activities performed by the insurance companies. This is accomplished by using a separate account to manage these risks. Posten Norge AS has since 01.12.1996 utilised an account solution for selected coverages. Beginning in 2006 the account solution is limited to coverage for liability only. The cost associated with this solution has been lower than the premium paid, hence the account is in surplus. This account solution is in the process of being eliminated. Norway Post's insurance account scheme accounted for NOK 21 million of other long-term receivables (NOK 53 million in 2006 and NOK 57 million in 2005).

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

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

NOTE 14 OTHER LONG-TERM RECEIVABLES

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
			Pension assets	5		
6	4	3	Receivables from employees	5	7	6
2	1	57	Long-term derivatives	57	1	2
8	8	21	Other long-term receivables	53	17	12
15	**13**	**81**	**Other long-term receivables**	**120**	**24**	**20**

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

NOTE 15 INVENTORIES

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
64	49	55	Acquisition cost	71	63	69
(6)	(6)	(4)	Provisions for obsolescence	(6)	(8)	(6)
58	**43**	**51**	**Inventories**	**65**	**55**	**63**

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

The cost of goods sold during the period amounted to NOK 130 million (NOK 146 million in 2006 and NOK 157 million in 2005).

Comparative figures have been adjusted in 2007 for elements included in previous years, but which were not part of the cost of goods sold. Write-downs for the period equalled NOK 4 million (NOK 8 million in 2006 and NOK 0 million in 2005).

The cost of goods sold for the Group's subsidiaries totalled NOK 639 million (NOK 139 million in 2006 and NOK 17 million in 2005). The increase is related to the acquisition of companies during the year.

NOTE 16 INTEREST-FREE SHORT-TERM RECEIVABLES

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
889	917	964	Accounts receivable	3 351	2 810	2 048
2	1	2	Receivables from employees	4	4	3
54	159	174	Receivables from group companies			
22	36	50	Prepaid expenses	387	241	140
13	13	15	Short-term derivatives	17	13	13
475	487	276	Other receivables	749	969	644
1 455	**1 613**	**1 481**	**Interest-free short-term receivables**	**4 508**	**4 036**	**2 848**
			Receivables by age:			
		700	Current	2 422		
		254	0 - 30 days	730		
		9	30 - 60 days	89		
			60 - 90 days	31		
		14	Over 90 days	125		
		(13)	Provisions for bad debts	(45)		
		964	**Total receivables**	**3 351**		
			Provisions for bad debts			
20	12	11	As at 1 January	37	31	38
12	11	13	Provisions throughout the year	32	28	21
(14)	(9)	(9)	Actual losses taken against provisions	(16)	(17)	(20)
(6)	(3)	(2)	Reversal of provisions from previous years	(9)	(5)	(8)
			Translation differences	1		
12	**11**	**13**	**As at 31 December**	**45**	**37**	**31**
(14)	(9)	(9)	Total actual losses on bad debts	16	17	20

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

The accounts receivable from customers have been reduced by the provision for bad debts. Of the total provision for bad debts of NOK 45 million for the Group, provision for individual receivables accounted for NOK 24 million and general provisions for NOK 21 million.

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

NOTE 17 LIQUID ASSETS

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
1 390	724	438	Cash and cash equivalents	954	1 191	1 530
510	1 114	646	Short-term investments	693	1 115	510
1 899	**1 838**	**1 084**	**Liquid assets in the balance sheet**	**1 647**	**2 306**	**2 040**
			Bank overdraft	(15)		
1 899	**1 838**	**1 084**	**Net liquid assets**	**1 632**	**2 306**	**2 040**

Liquid assets are defined as cash and cash equivalents.

A considerable share of the cash and cash equivalents is related 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.

In addition the Group has restricted cash and cash equivalents of NOK 43 million.

Posten Norge AS has obtained a bank guarantee with Nordea as security for advance tax payments of NOK 304 million for the employees. Posten Eiendom established a bank guarantee with Nordea for NOK 60 million as security for the project related to the development of the South-East Norway terminal. Refer also to note 27.

In 2004 the Group changed its main bank to Nordea and established a Group account system there. The agreements establishing this stipulate Posten Norge AS to be the group account holder. The banks can offset deductions and balances against each other so that the net position represents the outstanding balance between the bank and the group account holder.

The Group's overdraft consisted of NOK 15 million shown as debt in Frigoscandia's balance sheet.

NOTE 18 HELD FOR SALE

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
		5	Intangible assets held for sale	5	19	
16			Buildings held for sale	4	114	21
		24	Vehicles, inventory etc. held for sale	24		
	143		Shares held for sale	4	3	
16	**143**	**29**	**Total assets held for sale**	**37**	**136**	**21**
			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 2007:

The Information Logistics business unit
Posten Norge AS has decided that further development of operations related to infomation logistics should be in co-operation with a partner that has this area as its core business, and will therefore sell these fixed assets (refer also to note 32). The fixed assets have been transferred to held for sale at a book value of NOK 29 million, which is the expected sales value.

Buildings
In the subsidiary Nor-Cargo AS a terminal building on Skjervøy was classified as a building held for sale in 207 at a value of NOK 0.6 million. The building was built in 1982 on a leased property and is approx. 1 100 m2. Nor-Cargo AS has decided to sell the building, as Skjervøy will not be a strategic location in the future.

Through the acquisition of Allianse ErgoGroup owns a commercial building in Longum Park Arendal. The building will not be utilised by ErgoGroup and it has therefore decided to sell it. The expected sales price equals the book value of NOK 3.5 million.

Shares
ErgoGroup reclassified its shares in Atento AS to held for sale as at 31 December 2007 as Atento is not part of the company's strategic development. The shares were sold in January 2008 for NOK 8.5 million.

The following assets were classified as held for sale as at 31 December 2006 and sold during 2007:

Posten Eiendom BG 14B AS
In 2006 it was decided that Posten Eiendom BG 14B AS would be sold and it was classified as held for sale. The company was sold in March 2007 for NOK 759 million. The property was sold at a gain of NOK 612 million in the parent company and NOK 626 million in the Group. Refer also to note 30.

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

Shares in Associated Companies
In ErgoGroup shares in Interprise Consulting DK, an associated company, were classified as held for sale as at 31 December 2006. These shares were sold in January 2007 at a loss of NOK 0.1 million.

NOTE 19 EQUITY

POSTEN NORGE AS	Share capital	Share premium account	Hedging reserve	Fair value reserve	Other equity	Total
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)
Net income for the year					650	650
Dividend distributed					(516)	(516)
Other changes in equity					7	7
Equity as at 31 December 2005	3 120	1 560	9	4	(35)	4 658
Equity as at 1 January 2006	3 120	1 560	9	4	(35)	4 658
Cash-flow hedging:						
- Changes in value/transferred to income			(12)			(12)
- Tax on changes in value			3			3
Available for sale investments:						
- Change in fair value				(1)		(1)
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	1 220	5 335
Equity as at 1 January 2007	3 120	992		3	1 220	5 335
Cash-flow hedging:						
- Changes in value/transferred to income			39			39
- Tax on changes in value			(11)			(11)
Net income for the year					822	822
Dividend distributed					(488)	(488)
Repayment equal to state contribution AFP (§6)					(80)	(80)
Equity as at 31 December 2007	3 120	992	28	3	1 475	5 618

	2007	2006	2005
Distributable reserves:			
Other equity	1 506	1 223	(22)
Restricted reserves	(31)	(3)	(13)
Capitalised goodwill			(10)
Deferred tax assets	(503)	(497)	(567)
Distributable reserves before dividend and group contribution	972	723	(612)

NOTE 19 EQUITY (CONTINUED)

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 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)						881	36	917
Dividend distributed						(517)		(517)
Other changes in equity							(47)	(47)
Equity as at 31 December 2005	3 120	1 560	9	19	1	(7)	13	4 714
Equity as at 1 January 2006	3 120	1 560	9	19	1	(7)	13	4 714
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)
Transferred from share premium account to distributable reserves		(568)				568		
Other changes in equity						(18)	10	(8)
Equity as at 31 December 2006	3 120	992	(2)	3	34	1 405	15	5 566
Equity as at 1 January 2007	3 120	992	(2)	3	34	1 405	15	5 566
Translation differences for the year					(30)			(30)
Cash-flow hedging:								
- Changes in value/transferred to income			43					43
- Tax on changes in value			(12)					(12)
Net income for the year (Group)						796		796
Dividend distributed						(488)	(6)	(494)
Repayment equal to state contribution AFP (§6)						(80)		(80)
Other changes in equity						(2)	(1)	(3)
Equity as at 31 December 2007	3 120	992	29	3	4	1 630	8	5 786

As at 31 December 2007 the share capital consisted of 3 120 000 shares each with a nominal value of NOK 1 000. The company's shares are all owned by the Norwegian state, represented by the Ministry of Transport and Communications.

The Norwegian Private Limited Companies Act requirements that dividends must not lead to an equity ratio of less than 10 per cent and that the company cannot distribute more than that which is compatible with prudent and generally accepted business practices have been complied with. In 2007 NOK 488 million was paid in dividend to the Ministry of Transport and Communications. A repayment of state contribution for AFP of NOK 80 million was also made. 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. Of 2007's net income, NOK 506 million has been proposed as dividend and NOK 155 million as Group contribution for distribution in 2008.

The equity for both 2005 and 2006 was adjusted due to an error in the basis used for calculating pensions 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 incomplete reporting in previous periods, an error estimated at NOK 30 million in 2006. In 2007, the actual error was calculated to NOK 11 million and NOK 19 million of the original correction was therefore reversed. In addition, equity was corrected by a net amount of NOK 58 million in 2007 due to an error in the calculation of contractual obligations related to a pension contract which was signed in 2005 when converting to the new pension scheme. These adjustments were carried out by restating comparative figures for 2005.

The minority interests' share of the equity as at 31 December 2007 totalled NOK 8 million (NOK 15 million in 2006 and NOK 13 million in 2005). In connection with the acquisition of the remaining 43 per cent of CityMail on 31 December 2005, the minority interests' share was adjusted by NOK 47 million.

For more information about tax and tax effects, refer to note 8. Provisions for taxes on hedging effects are taken into account in the translation differences.

NOTE 20 PROVISIONS FOR LIABILITIES

POSTEN NORGE AS	Restructuring	Severance pay	Pensions	Other	Total
As at 1 January 2005	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			1 514		1 514
As at 31 December 2005	76	168	1 514	101	1 859
Provisions allocated during the year	25				25
Reversal of previous year's provisions		(12)			(12)
Provisions utilised during the year	(60)	(28)			(88)
Change in pension liabilities during the year			(30)		(30)
As at 31 December 2006	41	128	1 484	101	1 754
Provisions allocated during the year	282				282
Reversal of previous year's provisions		(26)		(6)	(32)
Interest effect of discounted cash flow	1	2			3
Provisions utilised during the year	(29)	(22)			(51)
Change in pension liabilities during the year			83		83
As at 31 December 2007	295	82	1 567	95	2 039
Short-term part of the provisions	73	17			90
Long-term part of the provisions	222	65	1 567	95	1 949

NORWAY POST GROUP	Restructuring	Severance pay	Pensions	Other	Total
As at 1 January 2005	145	216		122	483
Provisions allocated during the year	173			108	281
Reversal of previous year's provisions	(10)	(12)		(4)	(26)
Provisions utilised during the year	(143)	(36)		(85)	(264)
Change in pension liabilities during the year			1 689		1 689
As at 31 December 2005	165	168	1 689	141	2 163
Provisions allocated during the year	36			8	44
Reversal of previous year's provisions	(11)	(12)		(1)	(24)
Provisions utilised during the year	(124)	(28)		(7)	(159)
Change in pension liabilities during the year			21		21
As at 31 December 2006	66	128	1 710	141	2 045
Provisions allocated during the year	300			3	303
Reversal of previous year's provisions	(6)	(26)		(9)	(41)
Interest effect of discounted cash flow	1	2			3
Translation differences			(3)		(3)
Provisions utilised during the year	(45)	(22)		(10)	(77)
Change in pension liabilities during the year			118		118
As at 31 December 2007	316	82	1 825	125	2 348
Short-term part of the provisions	94	17		4	115
Long-term part of the provisions	222	65	1 825	121	2 233

Comparative figures for 2005 and 2006 hve been adjusted to take into account the correction of an error in the basis for calculating pensions used in the estimated final settlement with the Norwegian Public Service Fund (SPK) in 2005. Refer also to note 19.

Restructuring

The parent company provisions of NOK 282 million during the year are related to:

Human resource measures	NOK 236 million
Rent for empty premises	NOK 46 million

The total provisions in the parent company as at 31 December 2007 were NOK 295 million:

Human resource measures	NOK 235 million
Rent for empty premises	NOK 60 million

Most of the payments will take place in 2008-2010. The provisions relating to human resource measures relate to the costs of converting 124 post offices to Post in Shops.

The other provisions for restructuring costs in the Group as at 31 December 2007 relate to ErgoGroup, CityMail Group, and Nor-Cargo and are expected to be used as follows in 2008:

Human resources measures	NOK 18 million
Rent for empty premises	NOK 2 million
Other measures	NOK 1 million

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

Severance pay

Severance pay is payable to employees of the Norwegian state who have been made redundant, and is payable for the period until they obtain new employment. For employees of Posten Norge AS, the scheme applies to redundancies made up to and including 31 December 2004. When Posten Norge AS was established on 1 July 2002, the Norwegian state decided that the company itself would have to pay the severance pay costs relating to redundancies made between 1 July 2002 and 31 December 2004. In 2007, the amount disbursed was NOK 22 million. The provision for future payments as at 31 December 2007 was NOK 82 million.

The disbursements will take place up to 13 years into the future and depend on such factors as to what extent those receiving severance pay obtain new permanent or temporary jobs. There is therefore some uncertainty related to the size of the provision, which has been determined on the basis with experience of such payments from 2003 - 2007. The provision is discounted.

Pensions

Pensions are described in further detail in note 3.

Other

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

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

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
			Secured debt			
400	400	400	Debt to credit institutions	400	400	400
400	**400**	**400**	**Total secured debt**	**400**	**400**	**400**
			Unsecured debt			
810	1 925	2 273	Debt to credit insitutions	2 341	1 950	837
126	198	262	Other long-term liabilities	377	283	195
			Subordinated loan			14
936	**2 123**	**2 535**	**Total unsecured long-term liabilities**	**2 717**	**2 233**	**1 046**
1 336	**2 523**	**2 935**	**Interest-bearing long-term liabilities**	**3 118**	**2 633**	**1 446**
		4	Repayments 2009	36		
		4	Repayments 2010	34		
		590	Repayments 2011	617		
		404	Repayments 2012	425		
		1 933	Thereafter	2 006		
		2 935	**Long-term liabilities**	**3 118**		
		1 836	Debt to credit institutions	1 909		
		97	Other long-term liabilities	97		
		1 933	**Liabilites maturing after 5 years**	**2 006**		
57	3	4	1st year repayments on long-term liabilities	39	37	73
507	719	327	Debt to group companies			
			Other short-term liabilities	37	24	
564	**722**	**331**	**Interest-bearing short-term liabilities**	**76**	**61**	**73**

The effective interest rate on Norway Post's loans from credit institutions is 4.9 per cent. The effective interest rate is a calculated, weighted average. As at 31 December 2007, 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 and SYSteam's loans from credit institutions are 4.0 per cent and 4.9 per cent respectively .

Debt to credit institutions includes a certificate loan of NOK 1 600 million, which is within the framework of established overdraft facilities and is thus classified as long-term financing.

Other long-term liabilities comprise liabilities relating to Posten Norge AS's and the Group's financial leases of NOK 19 million and NOK 128 million respectively, and interest/currency swaps related to a private placement loan of NOK 242 million.

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

Liabilities related to financial leases are reduced by regular payments of loan installments. The weighted average effective interest rate on these loans was 6.3 per cent for Posten Norge AS and 6.1 per cent for the Group. Refer also to note 28.

Norway Post had three private placement loans totalling NOK 915 million as at 31 December 2007. The value of the long-term private placement loans and associated interest/currency swaps is the estimated market value of the instruments. Norway Post has an obligation to pay a fixed interest rate in JPY on the loans and, through the swaps, receives a fixed interest rate in JPY and pays a floating interest rate (3 months NIBOR) in NOK. The market values are calculated by the fixed cash flows in JPY being discounted by the current JPY interest-rate level and converted into NOK at the current exchange rate (JPY/NOK). Norway Post utilises the fair value option when recording these loans - refer also to note 23.

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 financial flexibility. As at 31 December 2007 the total unused drawing rights equalled NOK 821 million in current drawing rights and Euro 500 million which are available until 19 October 2012.

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

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

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
1 512	1 580	1 577	Provisions for payroll expenses and public charges	2 347	2 161	1 942
411	510	444	Provisions for accrued expenses	1 116	1 183	690
258	291	281	Pre-paid incomes	369	363	303
309	326	338	Accounts payable	1 581	1 389	776
241	645	251	Debts to group companies			
80	48	90	Restructuring and severance pay, short-term	111	69	139
6	24	4	Short-term derivatives	4	26	6
197	38	15	Other liabilities	267	114	468
3 014	**3 462**	**3 000**	**Interest-free short-term liabilities**	**5 795**	**5 305**	**4 324**
7	17		Long-term derivatives		17	7
1	1	85	Other interest-free long-term liabilities	166	11	13
8	**18**	**85**	**Interest-free long-term liabilities**	**166**	**28**	**20**

As at 31 December 2005 Posten Norge AS's other liabilities included a liability of NOK 160 million related 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.

Other interest-free long-term liabilities were mainly related to earn-out agreements connected to the acquisition of Bekk Consulting AS, Customer:View AB and ConCentric AS. Refer also to note 30.

NOTE 23 FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities

NORWAY POST GROUP	Available for sale	Fair value through Profit or Loss. Held for trade	Derivatives utilised for hedging	Liabilities and receivables	Other financial liabilities	Non financial assets and liabilities	Total
Assets							
Intangible assets						6 088	6 088
Deferred tax asset						651	651
Tangible fixed assets						4 037	4 037
Investments in properties						108	108
Investments in shares	29						29
Investments in Associated Companies						19	19
Interest-bearing long-term receivables				31			31
Other long-term receivables			57	63			120
Inventories						65	65
Interest-free short-term receivables			17	4 491			4 508
Interest-bearing short-term receivables				59			59
Liquid assets				1 647			1 647
Assets held for sale						37	37
Total assets	**29**		**74**	**6 291**		**11 006**	**17 400**
Liabilities							
Provisions for liabilities					2 291		2 291
Interest-bearing long-term liabilities		915			2 203		3 118
Interest-free long-term liabilities					109		109
Interest-bearing short-term liabilities					76		76
Interest-free short-term liabilities		4			5 791		5 795
Taxes payable					226		226
Total liabilities		**919**			**10 696**		**11 615**

NOTE 23 FINANCIAL INSTRUMENTS (CONTINUED)

1. «Available for sale» financial assets:

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
20	3	8	Investments in shares	29	27	51

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

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

For the other shares classified as held for sale, (NOK 5 million in Posten Norge AS and a total of NOK 26 for the Group), fair value is estimated to equal cost price.

2. «Fair value through profit or loss» financial obligations:

Norway Post has made use of the opportunity to utilise the "fair value option" (FVO) in 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 2007. In 2003 and 2004, Norway Post took out three long-term loans with three different Japanese annuity companies for JPY 6.4 billion, JPY 5.0 billion and JPY 3.0 billion. These loans have fixed interest rates, so their value in NOK depends on exchange rate developments and changes to the Japanese and Norwegian long-term interest-rate levels. At the same time these loan agreements were entered into, combined currency and interest-rate swap agreements were entered into which, combined with the loans, effectively provided loans in NOK with the interest rates set every third month.

The values of the loans in NOK when the agreements were entered into were NOK 400 million, NOK 330 million and NOK 185 million - a total of NOK 915 million. As at 31 December 2007, these loans were recognised at a total value of NOK 673 million (NOK 725 million as at 31 December 2006) and the interest-rate and currency swap agreements were recognised at NOK 242 million (NOK 190 million as at 31 December 2006). The change in the swap agreements' fair value in 2007 totalled NOK 52 million (NOK 85 million in 2006). The total change in the fair value of the swap agreements since the implementation of IFRS is NOK 153 million.

Changes in interest rates or exchange rates that lead to changes in the value of the JPY loans measured in NOK are counteracted by changes in the value of the combined currency and interest-rate swaps.

3. Derivatives

Derivatives capitalised at their fair value as at 31 December 2007:

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

Derivatives capitalised at their fair value as at 31 December 2006:

POSTEN NORGE AS			NORWAY POST GROUP	
2006			2006	
Assets	Liabilities		Assets	Liabilities
		Cash flow hedging		
17		Interest-rate swaps	17	
		Forward exchange contracts SEK		16
3	16	Forward exchange contracts EURO	3	
		Forward contracts electricity purchases		5
	2	Forward contracts diesel		13
	13	Forward contracts jet fuel		6
	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**	**Sum**	**32**	**233**

Derivatives capitalised at their fair value as at 31 December 2005:

2005			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**	**Sum**	**15**	**120**

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 manage the risk relating to some Euro incomes and diesel costs.

3) Inflation-indexed interest-swap agreement classified as fair value through profit or loss and entered into to protect the group's competitive ability by safeguarding the company against costs that are positively correlated to inflation. Under the agreement, Norway Post receives the percentage change in the Norwegian consumer price index over the coupon period (annually) as well as a fixed spread of the inflation index in return for paying three months' NIBOR each quarter. The principal amount covered by the agreement is NOK 1 000 million and the contract period is 10 years.

NOTE 23 FINANCIAL INSTRUMENTS (CONTINUED)

The total contractual amount (MNOK) for interest-rate swaps and forward contracts capitalised as at 31 December 2007:

NORWAY POST GROUP	Remaining period			Total contractual amount		
	Less than 1 year	1 – 5 years	More than 5 years	2007	2006	2005
Interest-rate swaps - cash flow hedging		400		400	400	400
Forward exchange contracts - cash flow hedging	167			167	289	191
Forward contracts electricity purchases - cash flow hedging	19			19	98	44
Forward contracts jet fuel - cash flow hedging	13			13	29	
Forward contracts diesel - cash flow hedging	26			26	65	
Currency swaps - fair value hedging	23	127		150	156	275
Forward exchange contracts - hedging of investments in foreign entities	2 236			2 236	1 137	334
Interest-rate/currency swaps 1)		585	330	915	944	944
Forward exchange contracts 2)					104	1612
Inflation swaps 3)			1 000	1 000	1 000	
Total	**2 484**	**1 112**	**1 330**	**4 926**	**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 manage the risk relating to some Euro incomes and diesel costs.

3) Inflation-indexed interest-swap agreement classified as fair value through profit or loss and entered into to protect the group's competitive ability by safeguarding the company against costs that are positively correlated to inflation. Under the agreement, Norway Post receives the percentage change in the Norwegian consumer price index over the coupon period (annually) as well as a fixed spread of the inflation index in return for paying three months' NIBOR each quarter. The principal amount covered by the agreement is NOK 1 000 million and the contract period is 10 years.

CASH FLOW HEDGING

Interest-rate hedging – long-term loans

Norway Post has a loan of NOK 400 million with Nordiska Investeringsbanken (Nordic Investment Bank) 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 and the cash-flows are expected to continue until 2011. In 2007 NOK 3.2 million was taken from equity through the income statement.

Currency hedging – EURO revenues

Norway Post expected 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 earned Euro revenues are charged to the income statement each month. In 2007, NOK 5.3 million was transferred from equity to operating revenues (NOK 9 million in 2006) due to realised Euro revenues. NOK 1.7 million was transferred to financial expenses (NOK 1 million in 2006) due to exchange rate differences.

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. As at 31 December 2007 approximately 36 per cent of the year's annual electricity consumption was hedged. In 2007 NOK 1.8 million was taken from equity through the income statement in the parent company and NOK 4.5 million in the Group.

In 2007 a new agreement was signed with Bergen Energy to administer the Group's electricity consumption in Norway, Sweden, and Denmark, effective 1 April 2008, 1 January 2008, and 1 January 2008 respectively. The agreement involves Bergen Energy taking over the financial positions and invoicing both the physical and financial positions collectively.

Diesel/jet fuel hedging

Norway Post buys diesel and jet fuel for NOK 60 million and NOK 30 million respectively each year (before taxes). 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. As at 31 December 2007 Norway Post had hedged approximately 50 per cent of expected consumption in 2008 for both diesel and jet fuel. In 2007 a total of NOK 2 million was taken from equity through the income statement in the parent company and in the Group.

FAIR VALUE HEDGING

National logistics project

Norway Post has agreed to buy machinery worth Euro 19 million for the national Logistics project during the 2009 - 2010 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 recognised in the balance sheet until the investments are recognised in the financial statements. As at 31 December 2007, fair value of the forward contracts in the amount of NOK 2 million was recognised in the balance-sheet, a change of NOK 1.4 million for the year. A net gain on unrealised purchase contracts as at 31 December 2007 of NOK 0.5 million was recognised in the balance-sheet, a change of NOK 1.2 million for the year.

4. Hedging of investments in foreign entities:

	2007	2006	2005
Forward exchange contracts	2 236	1 137	334
Total	**2 236**	**1 137**	**334**

Since 2005 Norway Post has used forward exchange contracts in Swedish krone (SEK) to hedge investments in foreign subsidiaries. Norway Post has invested SEK 335 million in CityMail Sweden AB, SEK 65 million in Box Delivery Sverige, SEK 675 million in FSH HoldCo AB (Frigoscandia), SEK 180 million in CityMail International AB (previously Optimail AB), SEK 961 million in SYSteam AB, and SEK 374 million in the Transflex companies. The exchange-rate risk on these investments has been hedged by selling a total of SEK 2 590 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 in equity (refer to note 19) divided between interest-rate swaps and forward exchange contracts:

NORWAY POST GROUP	Interest-rate swaps	Forward exchange 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)
As at 1 January 2005	**1**	**4**	**6**
Changes in value	(9)	13	4
Transfers to income statement	6	(6)	
Associated deferred taxes	1	(2)	(1)
As at 31 December 2005	**(1)**	**9**	**9**
Changes in value	14	(25)	(11)
Transfers to income statement	4	(8)	(4)
Associated deferred taxes	(5)	9	4
As at 31 December 2006	**12**	**(15)**	**(2)**
Changes in value	9	38	47
Transfers to income statement	(3)		(3)
Associated deferred taxes	(2)	(11)	(13)
As at 31 December 2007	**16**	**12**	**29**

Of the total movement of NOK 31 million in the hedging reserve in 2007 (NOK 11 million in 2006), NOK 28 million (NOK 9 million in 2006) related to Posten Norge AS and NOK 3 million (NOK 2 million in 2006) related to Frigoscandia.

NOTE 24 FINANCIAL RISK

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

Organisation and authorisation structure
THE BOARD OF DIRECTORS: A risk analysis is presented to Norway Post's Board on a yearly basis, and the Board reviews the administration's evaluation of the total corporate risk picture related to the areas of strategic risk, financial risk, operational risk, and corporate reputation risk.
AUTHORISATION: Authorisations are required for appropriations and investments. Overall limits are determined by the Board and can be delegated in the organisation. Further delegation is approved and followed up by a superior manager.

Follow up and utilisation
ACCOUNTABILITY: All managers are accountable within their area of responsibility and shall have complete insight and understanding of the risk picture at all times.
RISK REPORTING: The risk reporting in the Group shall ensure that all managers have necessary information about the level of risk, and risk development. The Board receives a yearly risk analysis and a yearly analysis of corrective measures.
UTILISATION OF RISK INFORMATION: Risk management is incorporated in the management and follow up of the divisions.

Use of finansial derivatives
Financial derivatives are agreements used to determine financial values in the form of interest terms, currency exchange rates, and values of equity instruments for specific periods. Corresponding agreements related to pricing of fuel are also defined as financial derivatives. Derivatives include swaps and fixed-price agreements (forward contracts). Norway Post utilises financial derivatives to handle market risks that arise from the Group's ordinary operations, and to hedge the value in the balance sheet of foreign enterprises (translation differences). The Group's counterparties and issuers have low credit risk.

The following derivatives are utilised by the Group for hedging purposes:
FUTURES: An agreement to purchase or sell interest-rate terms, foreign exchange, energy or fuel in the future at a predetermined price. Norway Post mainly uses the following types of futures:
- currency futures to secure revenues in Euro and to secure investments in foreign currency.
- hedging of energy and fuel prices.
SWAPS: Transactions where two parties exchange cash flows for an agreed amount over an agreed period. The majority of swaps are tailor-made and trades occur outside an official exchange. The most important forms of swaps utilised by Norway Post are:
- interest-rate swaps which convert a floating interest rate to a fixed interest rate
- currency swaps where the parties exchange both currency and interest rate terms

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

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

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

OPERATIONAL RISK is the risk of loss caused by process or system weaknesses or errors, errors committed by employees, or external events.

CORPORATE REPUTATION RISK is the risk of reduction in revenues and access to capital due to weakened confidence and reputation in the market, with respect to customers, counterparties, owners or authorities.

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

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

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

Since the Group has no financial assets outside the balance sheet, the maximum risk exposure is represented by the 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 slight. The Group therefore regards its maximum risk exposure to be the balance sheet value of its accounts receivable and other current assets. Refer to note 16 for more detailed specifications of interest-free short-term receivables.

The Group has not guaranteed any third party debts.

Credit risk related to the Group's financial investments:

RISK CLASSIFICATION:

Likelihood of default (percentage)			External rating		
Risk category	From	To	Moody's	Standard & Poor's	Dominion Bond Rating Service
1	0,01	0,10	Aaa - A3	AAA - A-	AAA - A low
2	0,10	0,25	Baa1	BBB+	BBB high
3	0,25	0,50	Baa2 - Baa3	BBB/BBB-	BBB/BBB low
4	0,50	0,75	Ba1	BB+	BB high

Source: DnB NOR

INVESTMENTS DISTRIBUTED BY RISK GROUPS:

Total market based investments as at:	1-2	3-4
31 December 2005	510	
31 December 2006	1115	
31 December 2007	693	

THE MARKET BASED INVESTMENTS CONSIST OF:

	31.12.2007	31.12.2006	31.12.2005
DnB Nor	200	400	100
Pareto		300	100
Pareto high interest	300	300	200
Danske (Hedgefund)	100	100	100
Other	47	15	10
Total Posten Norge AS	**647**	**1 115**	**510**
DnB Nor	9		
Handelsbanken	34		
Nordea	3		
Total for the Group	**693**	**1 115**	**510**
Level of loss (NOK million):			0,80
Normalised losses including loss of interest in percentage of investments:			0,12

Calculation of the level of loss is based on an assessment of the likelihood that losses will occur in the future (frequency of default).
The maximum loss on Norway Post's investments is calculated to be NOK 0.8 million given the counterparties' credit risks.

NOTE 24 FINANCIAL RISK (CONTINUED)

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

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

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

As the Norwegian krone (NOK) is the Group's presentational currency, Norway Post is exposed to translation risks related to the Group's net investments. Norway Post enters into forward contracts to eliminate translation differences in the books on a monthly basis as much as possible. This is done by entering into forward contracts equal to the purchase sum, which revolve until there is a decision either to sell the acquired company, or to follow another strategy related to risk elimination, for example loans in foreign currency. Norway Post utilises hedge accounting for the majority of hedges of future transactions, either cash flow hedging or fair value hedging. For example, Norway Post is a net importer of mail to Norway, which results in receivables against foreign postal operators. This amounted to approximately NOK 300 million where the revenue flow is principally in Euro, but also USD and SDR. Norway Post has currently hedged only the revenues in Euro, which amount to approximately NOK 20 - 25 million annually.

Outstanding currency futures related to hedging of future cash flows and the sensitivity to fluctuations in foreign exchange rates +/- 10 % NOK:

	Purchase Currency	Currency amount	Sales currency	Currency amount	Maturity	Equity effect changes +/- 10% 1)
Hedging of revenues in Euro:	NOK	160	EUR	20	31.07.2008	16
Hedging of investments in foreign entities:	NOK	2 190	SEK	2 590	28.11.2008	219

1) Currency exchange rates as at 31.12.2007 (NOK million).

Norway Post also has significant investments in the terminal structure in Norway (National logistics project) which are secured through forward contracts treated as fair value hedges. It has been decided to purchase machinery and equipment from now to 2010, which is hedged in its entirety with Euro sales forwards. As at 31 December 2007 the outstanding forwards totalled Euro 19 million for future purchases of machinery. A change in the currency rate of +/- 10 per cent NOK will result in a NOK 16 million effect in the balance sheet upon capitalisation of the assets.

INTEREST RATE:
Norway Post's interest rate risk is mainly related to the Group's debt portfolio. This type of risk is managed at the corporate level. The Group's goal is that the interest costs shall follow the general development in the money market, but fixed interest rate loans and fixed rate agreements can be entered into to a certain degree when there is risk for abnormally high money market interest rates, and financial advantages can be expected from fixed interest rate terms. As at 31 December 2007 12.5 per cent of the Group's interest-bearing liabilities had an interest term of over one year.

As at 31 December 2007 Norway Post had NOK 400 million in fixed interest rate loans that presicely hedge the terms of the loan agreement between Norway Post and NIB (Nordiska Investeringsbanken). A change in the interest rate of +/- 1 per cent on this loan would affect equity by +/- NOK 15 million. The interest rate sensitivity (+/- 1 %) related to the unsecured net interest bearing debt as at 31 December 2007 of NOK 1 147 million was NOK 11.5 million. Interest rate risk arises when there is an inbalance between interest bearing debt and interest bearing liquid assets, and where the average weighted time to maturity for assets and debt is unequal. Net interest bearing debt contains NOK 1 600 million in certificate loans with maturity within 6 months. These loans revolve due to lower margins and because the syndicate loan (NOK 4 000 million) which is the alternative financing source, was not utilised as at 31 December 2007.

Unsecured loan portfolio:

Amounts in MNOK	31.12.2005	Next interest rate regulation 0-3 months	3-6 months	6-12 months	1-3 years	3 years or more
Certificate loan						
Private Placement	915	915				
Bank loans/other loans	204	204				
Currency loans						
Gross interest-bearing liabilities (unsecured)	**1 119**	**1 119**				
Liquid assets	2 040	2 040				
Net interest-bearing liabilities (unsecured)	**(921)**	**(921)**				
Amounts in MNOK	**31.12.2006**					
Certificate loan	1 200	1 000	200			
Private Placement	915	915				
Bank loans/other loans	178	178				
Currency loans						
Gross interest-bearing liabilities (unsecured)	**2 294**	**2 093**	**200**			
Liquid assets	2 306	2 306				
Net interest-bearing liabilities (unsecured)	**(12)**	**(213)**	**200**			
Amounts in MNOK	**31.12.2007**					
Certificate loan	1 600	1 400	200			
Private Placement	915	915				
Bank loans/other loans	279	279				
Currency loans						
Gross interest-bearing liabilities (unsecured)	**2 794**	**2 594**	**200**			
Liquid assets	1 647	1 647				
Net interest-bearing liabilities (unsecured)	**1 147**	**947**	**200**			

INFLATION SWAPS:
In 2006 Norway Post entered into an inflation indexed interest rate exchange agreement to protect the Group's competitiveness by hedging against costs that are positively correlated to inflation. According to the agreement, Norway Post receives the percentage change in the Norwegian consumer price index over the coupon period (yearly) and a fixed spread on the inflation index by paying 3 months Nibor every quarter. The agreement has a duration of 10 years.

Inflation swaps are exposed to market risks related to short-term interest-rates and inflation. The table below shows the sensitivity of the short-term interest rate and inflation to a change of +/-0.5 %

MNOK	Interest-rate +0.5 %	Interest-rate -0.5 %
Inflation +0.5 %		5
Inflation -0.5 %	-5	

In 2007 the inflation swap had an income statement effect of NOK -13 million (NOK -2.7 million in 2006)

ENERGY:
Electric power: Due to major fluctuations in electric power prices Norway Post has decided to hedge against the price risk by purchasing fixed price contracts. All contracts are purchased by an external broker through Nord Pool. As at 31 December 2007 Norway Post had purchased fixed price contracts for 52 million KWH, which equals a hedging degree of 36 per cent of the expected consumption in 2008. The value of this part of the contract was NOK 19 million and a change of +/- 10 per cent in the electricity price would have an equity effect of NOK +/- 1.9 million. The fixed price contracts are booked as hedges such that fair value is charged to equity and actual costs are charged to the income statement on a monthly basis. Fair value of the electric power hedges was NOK 3 million as at 31 December 2007.

The Group has entered into an agreement with Bergen Energi for administering the Groups electricity consumption in Norway, Sweden, and Denmark. The agreement means that Bergen Energi assumes the responsibility for financial positions and invoices the physical and financial positions collectively.

NOTE 24 FINANCIAL RISK (CONTINUED)

FUEL:

Jet fuel: In 2006 Norway Post entered into an agreement with West Air Sweden for air transport and is thus exposed to a jet fuel price risk. The risk is hedged by entering into a fixed price agreement for about 50 per cent of expected usage. As at 31 December 2007, 3 000 metric tons were hedged for 2008 at a contract value of NOK 13 million. Fair value as at 31 December 2007 was NOK 2 million. A change of +/- 10 % in the price of jet fuel would have an equity effect of NOK +/- 1.3 million.

Diesel: Norway Post consumes approximately 17 million liters of diesel a year distributing mail, at an estimated cost of NOK 50-60 million before taxes. Norway Post has entered into fixed price contracts for about 50 per cent of consumption to limit its exposure to extreme price increases. As at 31 December 2007 there were fixed price contracts equivalent to 6 600 metric tons consumption for 2008, with a contract value of NOK 26 million. Fair value as at 31 December 2007 was NOK 4 million. A change of +/- 10 % in the price of diesel would have an equity effect of NOK +/- 2.6 million.

(c) Liquidity risk (in relationship to financial instruments)

To ensure the Group's financial flexibility, there are defined goals for both liquidity and loan reserves. The liquidity reserve, consisting of bank deposits and unused drawing rights, shall be a minimum of 15 per cent of the Group's operating revenues. The debt reserve consisting of unused drawing rights less loans that expire within 360 days, shall be a minimum of 10 per cent of the Group's operating revenues.

Refer to note 21 for more information about unused drawing rights.

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

Maturity structure of the Group's loans/financial liabilities

Amounts in MNOK As at 31 December 2005	Average interest-rate	Up to 1 year	From 1 year to 5 years	Over 5 years	Total
	3,10 %				
Liabilities to credit institutions *				1 209	1 209
Financial derivatives				106	106
Financial lease		57	12	8	77
Total Posten Norge AS		**57**	**12**	**1 323**	**1 393**
Financial lease		3	13	56	72
Liabilities to credit institutions		2	8	20	30
Subordinated loan		11	2	12	25
Total Group		**73**	**35**	**1 411**	**1 519**

As at 31 December 2006					
	3,55 %				
Liabilities to credit institutions*		1 200	570	556	2 326
Financial derivatives				174	174
Financial lease		3	13	11	27
Total Posten Norge AS		**1 203**	**583**	**741**	**2 526**
Financial lease		25	27	50	102
Liabilities to credit institutions		2	14	18	34
Other long-term liabilities		31			31
Total Group		**1 261**	**624**	**809**	**2 694**

As at 31 December 2007					
	4,87 %				
Liabilities to credit institutions*		1 600	837	236	2 673
Financial derivatives			149	94	242
Financial lease		4	16	3	23
Total Posten Norge AS		**1 604**	**1 002**	**333**	**2 939**
Financial lease		23	74	35	132
Liabilities to credit institutions		12	36	34	82
Other long-term liabilities		37		5	42
Total Group		**1 676**	**1 112**	**406**	**3 194**

* Certificate loans that revolve annually, and which are within the limits of established draw-down facilities, are classified as long-term financing under liabilities to credit institutions even if the maturity date is within 1 year.

Financial management

The Group has a goal to achieve maximum accessibility, flexibility, and return on the Group's liquid assets at the same time as limiting its credit risk. This is achieved by concentrating all available liquidity in the Group's corporate account system, and by having a conservative administrative profile with significant emphasis on liquid investments. The Group has centralised overall responsibility for liquidity management and measures that promote effective utilisation of the corporation's capital.

The Group manages the capital structure where the objective is to have the financial strength to resist commercial changes. In line with the owner's long-term strategy the equity-to-assets ratio should not be less than 30 per cent of total capital. The Group has long-term draw-down facilities which constitute a significant financing buffer against unexpected financial needs.

The Group measures capital utilisation by using the debt ratio, which is net interest-bearing liabilities divided by equity. Net interest-bearing liabilities consist of interest-bearing short and long-term liabilities less liquid assets in the forms of cash, bank balances, and short-term placements. In additon, net interest-bearing liabilities divided by EBITDA is used to measure whether operating earnings are sufficient to service the Group's external debt. The goal is that net interest-bearing liabilities shall not exceed 3.5 times EBITDA.

There were no changes to the Group's goals, principles, or processes related to capital management during 2005, 2006 or 2007.

	POSTEN NORGE AS			THE NORWAY POST GROUP		
	2007	2006	2005	2007	2006	2005
Interest-bearing debt	3 266	3 245	1 900	3 194	2 694	1 519
Interest-bearing liquid assets	1 084	1 838	1 899	1 647	2 306	2 040
Net liabilities	2 182	1 407	1	1 547	388	(521)
Total equity	5 617	5 335	4 658	5 785	5 566	4 714
Debt ratio	**0,4**	**0,3**	**0,0**	**0,3**	**0,1**	**(0,1)**
EBITDA	863	1 304	1 977	1 649	2 037	2 694
Net debt/EBITDA	**2,5**	**1,1**	**0,0**	**0,9**	**0,2**	**(0,2)**

Debt covenants

Norway Post's financial headroom is controlled by, amongst other factors, debt covenants, and it is a goal that the Group's net interest-bearing debt does not exceed 3.5 * EBITDA. This is also a covenant attached to the company's largest loan facility. As at 31 December 2007 the ratio was 0.9 (0.2 as at 31 December 2006).

NOTE 25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

The book values of cash, cash equivalents and overdraft financing are approximately equal to fair value as these instruments have short maturities. Likewise, the book values of accounts receivable and supplier liabilities are approximately equal to fair value since they also have short maturities.

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

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

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

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

NOTE 26 FOREIGN EXCHANGE RATES

	Exchange rates 01.01.2007	Average Exchange rates 2007	Exchange rates 31.12.07
Swedish krone	0,9112	0,8668	0,8455
Danish krone	1,1049	1,0762	1,0675
Euro	8,2380	8,0200	7,9610
US Dollar	6,2551	5,8600	5,4110
Slovakian Koruna	0,2392	0,2374	0,2369

NOTE 27 GUARANTEES/COLLATERAL

Posten Norge AS and its subsidiaries have provided various forms of guarantees, including contract guarantees, loan guarantees and other payment guarantees. Guarantees (not recognised in the balance sheet as at 31 December):

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
173	121	715	Guarantees for group companies' liabilities	756	783	231
150	256	205	Commercial guarantees	217	274	230
1			Other guarantees	1	97	1
324	**377**	**920**	**Total guarantees**	**974**	**1 154**	**462**

In 2007 the guarantees for the Group's debt increased mainly as a result of Posten Norge AS providing guarantees for the subsidiary Posten Eiendom Robsrud AS to fulfil its commitments related to the development of the new South-East Norway terminal.

Some of Norway Post's loan agreements contain negative pledge clauses and commit the Group to maintaining defined levels for key financial ratios. At the end of 2007 the Group was well within defined limits. The Group's subsidiaries pledged assets with a total book value of NOK 86 million as collateral.

Nordea has provided a tax withholding guarantee to Posten Norge AS for NOK 304 million as at 31 December 2007, and the majority of the subsidiaries also have their own tax withholding guarantees with banks.

NOTE 28 LEASES

1. Lessee

1.1. Financial leases

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
164	68	68	Buildings	153	153	249
			Machinery, equipment and vehicles	107	73	41
164	**68**	**68**	**Gross book value**	**260**	**226**	**290**
58	63	32	Accumulated depreciation 1 January	78	109	90
	(38)		Depreciation - disposals		(38)	
5	7	2	Depreciation during the year	27	37	19
101	**36**	**34**	**Net book value**	**156**	**118**	**181**
77	27	23	Commitments, buildings	71	89	110
			Commitments, machinery, equipment and vehicles	84	40	39

Overview of future minimum rents:

2007		2007
5	Next 12 months	31
25	1 to 5 years	100
	After 5 years	34
30	**Future minimum rents**	**165**
6,0 %	Interest rate	4,8 %
24	**Present value of future minimum rents**	**132**
	Of which:	
19	- short-term liabilities	100
5	- long-term liabilities	29

Properties are classified as buildings and other property, while associated liabilities are classified as interest-bearing long-term liabilities. The first year's repayments have been reclassified as interest-bearing short-term liabilities. Refer to note 21.

As at 31 December 2007 Posten Norge AS had financial leases for Skien Post Terminal and the Odda Postgård building. The lease for Odda Postgård expires on 1 October 2012, but Norway Post is entitled to extend this lease, or to buy the section leased during the lease period. The lease for Skien Post Terminal expires in June 2013. Norway Post is entitled to buy the building during the lease period, or to extend the lease period when the lease expires.

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

ErgoGroup has also entered into leases for computer equipment. The longest lease expires on 31 December 2008. The company is entitled to buy the equipment at a price equal to 1 month's rent when the lease expires.

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

NOTE 28 LEASES (CONTINUED)

1.2. Operational leases

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
112	133	172	Ordinary rent for vehicles	271	162	150
527	595	569	Ordinary rent for buildings	1 011	914	750
			Ordinary rent for computer equipment	62	29	18
16	17	13	Ordinary rent - other	69	106	13
	(7)	(14)	Subletting income	(60)	(55)	
655	**738**	**740**	**Total rents paid**	**1 353**	**1 156**	**931**

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

		417	Within 1 year	985		
		810	1 to 5 years	2 165		
		277	After 5 years	1 826		
		1 504	**Total**	**4 976**		

Posten Norge AS has entered into around 1 400 leases for various types of property, including offices and sorting premises, terminals, post offices, parking facilities, etc. These leases expire between 2008-2026. Norway Post is entitled to extend the lease period when the lease expires on most leases.

The most significant leases relate to the head office, Posthuset, in Biskop Gunneriusgate 14 A, the letter centre at Biskop Gunnerusgate 14 B in Oslo and the Bergen post terminal in 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 that is based on the floor space rented. The rent is index-related (100%) annually.

Bergen post terminal in Kanalvegen was transferred to the property company Posten Eiendom Kanalvegen AS in 2006, with continuity for accounting and tax purposes. An operational lease relating to the property has been entered into between Posten Norge AS and Posten Eiendom Kanalvegen AS. The lease period for the Bergen post terminal in Kanalvegen is related 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-regulated (100%) annually.

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

In June 2004, an agreement with LeasePlan Norge AS to lease and operate all types of vehicles was extended. The agreement originally expired on 26 June 2007, but was extended to 26 June 2008. Posten Norge AS has an option for a further one year extension of the agreement. 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 4 558 vehicles were leased at the end of 2007.

An amount of NOK 29 million has been provided for vacated premises. This amount has been classified 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 related to parts of buildings which it rents out. The group's rental income from leased buildings totalled NOK 3.3 million in 2007.

NOTE 29 PURCHASING OBLIGATIONS

The parent company and group have the following obligations as a result of contracts relating to the purchase of intangible assets and tangible fixed assets:

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
	76	25	2008	783	325	2
	80	74	2009	319	84	4
		57	2010	64	7	7
			2011	4	4	4
	156	**156**	**Total purchasing obligations**	**1 170**	**420**	**17**

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 orders entered into for goods and services, NOK 129 million are in Euro and are entirely hedged by forward exchange contracts.

Of the Group's purchasing obligations, NOK 950 million is related to contracts to build the new South-East Norway terminal at Robsrud in Lørenskog, NOK 17 million is for purchases of services related to delivery of electronic signatures and NOK 44 million relates to delivery of 70 trucks in 2008. In addition, a contract was entered into with regard to the rebuilding of offices in Sweden worth NOK 3 million.

NOTE 30 CHANGES TO THE GROUP STRUCTURE

Acquisitions/mergers

Acquisitions in 2007 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	Contribution to income in 2007
SYSteam AB	01.01.2007	100 %	IT	92
Bekk Consulting AS	01.09.2007	75 %	IT	19
ConCentric AS	01.05.2007	100 %	IT	1
Transflex AB	01.04.2007	100 %	Transport	12
Transflex i Jønkøping AB	01.04.2007	100 %	Transport	2
Transflex i Linkøping AB	01.04.2007	100 %	Transport	4
Transflex i Stockholm AB	01.04.2007	100 %	Transport	2
Transflex i Gøteborg AB	01.04.2007	100 %	Transport	3
Customer:View AB	01.01.2007	100 %	Customer Relations	10
Modulera AB	01.01.2007	100 %	IT	
NPC Systems AB	01.03.2007	100 %	IT	4
Logsys AB	01.06.2007	100 %	IT	
Infogate AB	01.07.2007	100 %	IT	1
Cantalope AB	01.08.2007	100 %	IT	
Total				**149**

NOTE 30 CHANGES TO THE GROUP STRUCTURE (CONTINUED)

Overview of the allocation of acquisition costs for acquisitions during the year:
The total fair values of the identifiable assets, liabilities and contingent liabilities for the acquired companies are as follows:

	Mail	Logistics	IT	Norway Post Group
IT-development			27	27
Goodwill			106	106
Added value IT-developments, brands etc.			85	85
Intangible assets			**218**	**218**
Tangible fixed assets	**1**	**42**	**27**	**70**
Investments in shares		1	4	4
Other long-term receivables			11	11
Total financial assets		**1**	**14**	**15**
Total fixed assets	**1**	**43**	**259**	**303**
Inventories			6	6
Interest-free short-term receivables	2	51	374	427
Liquid assets	4	54	142	200
Total current assets	**6**	**105**	**522**	**633**
Total assets	**6**	**148**	**781**	**935**
Deferred taxes		11	22	34
Provisions and obligations			4	4
Net pension obligations			4	4
Total provisions and obligations		**11**	**30**	**42**
Interest-bearing short and long-term liabilites			**75**	**75**
Liabilities to suppliers	2	27	279	308
Accrued expenses	1		10	12
Taxes payable		7	13	20
Public duties and liabilities	2	6	18	26
Prepaid revenues			49	49
Other short-term liabilities, interest-free		15	22	37
Total interest-free short-term liabilities	**5**	**55**	**397**	**457**
Total liabilities	**5**	**67**	**502**	**575**
Net identifiable assets	**1**	**80**	**279**	**360**
Goodwill at time of acquisition	39	270	1 188	1 497
Total purchase price	**40**	**350**	**1 467**	**1 858**
Cash paid	13	345	1 394	1 753
Provisions made as at 31 December 2007	27	5	73	105
Total purchase price	**40**	**350**	**1 467**	**1 858**
Cash paid	(13)	(345)	(1 394)	(1 753)
Cash received upon acquisition	4	54	142	200
Net cash paid at time of acquisition	**(9)**	**(291)**	**(1 252)**	**(1 553)**

Overview of sales and gains/losses during the year:

	Property	Logistics	Norway Post Group
Deferred tax asset	18		18
Tangible fixed assets	110		110
Total fixed assets	**128**		**128**
Short-term receivables, interest-free		3	3
Short-term receivables, interest-bearing	19		19
Liquid assets		1	1
Total current assets	**19**	**4**	**23**
Total assets	**146**	**4**	**151**
Liabilities to suppliers	1	2	2
Taxes payable	12		12
Public duties and liabilities	3		3
Provision for dividends		1	1
Prepaid revenues	4		4
Total interest-free short-term liabilities	**20**	**3**	**23**
Total liabilititesx	**20**	**3**	**23**
Net identifiable assets	**127**	**1**	**128**
Reduction in goodwill at time of sale		1	1
Gain (loss) on sale	626	5	631
Total sales price	**753**	**7**	**759**
Cash received	759	7	766
Other	(6)		(6)
Total sales price	**753**	**7**	**759**
Cash received from sale	759	7	766
Cash disbursed at time of sale		(1)	(1)
Net cash received on sale	**759**	**5**	**764**

Acquisitions in 2007
When enterprises are bought, the identifiable assets and liabilities are recognised at their fair value on the transaction date. Should further information on the items' fair value be obtained during a period of 12 months after the transaction date, the fair value is adjusted. Added value in the purchase that cannot be allocated to identifiable assets is classified as goodwill in the balance sheet. In 2007 the Group's acquisitions led to a total of NOK 1 575 million (NOK 1 422 million in 2006) being recognised in the balance sheet as goodwill. Refer to note 9 regarding the valuation of goodwill.

Some intangible assets like employees' know-how, expected synergy effects and non-contractual customer relationships, which imply an acquisition cost, but which are not separable and/or for which fair value cannot be reliably measured, are recognised as goodwill.

Mail:
The acquisition of Customer:View AB, which is described in more detail in note 12, resulted in NOK 39 million being recognised as goodwill. An earn-out agreement related to the company's results for 2007 and 2008 will affect the final cost price.

Logistics:
The acquisition by Posten Norge AS of the Transflex-companies is described in more detail in note 12. The acquisitions were recognised with effect from 1 April 2007, and the value added of NOK 271 million was allocated to property in Transflex AB (NOK 9 million) and goodwill (NOK 262 million). A transaction with the other owner in Nortemp Spedisjon AS, in which Nor-Cargo owned 50.7 per cent, resulted in Nor-Cargo selling its shares in the company and at the same time increasing its share in Transportsentralen Rogaland from 50 per cent to 100 per cent. Prior to the acquisition of the remaining 50 per cent in Transportsentralen Rogaland, the company had been fully consolidated on the grounds of controlling influence. The purchase of the remaining shares resulted in an accounting profit for the Group of NOK 5 million and a net increase in goodwill for the Group of NOK 0.4 million (a reduction of goodwill in Nortemp Spedisjon with NOK 0,5 million and an increase in goodwill in Transportsentralen with NOK 0,9 million).

Pickup Gøteborg AB was acquired and recognised in the accounts with effect from 1 January 2007, and the entire added-value of NOK 7 million was classified as goodwill. Additional compensation related to revenues is provided for based on best estimates. The final purchase price will be determined no later than the end of the first quarter of 2008. The company has approximately 32 employees and had revenues in 2006 of approximately NOK 19 million. The company's business is courier and transport services in the Gothenburg region, similar to the operation run by BoxGroup in the same

NOTE 30 CHANGES TO THE GROUP STRUCTURE (CONTINUE)

reqion. The company will be integrated with BoxGroup's operation and was in November merged with Box Sverige AB to provide cost synergies and a more efficient organisation.

Frigoscandia Distribution AB purchased two shell companies with a share capital of SEK 0.1 million per company. One of the companies, Frigoscandia Åkeri AB, purchased the operations of Bror Stenkilssons Åkeri AB in September 2007. The other company, FSD Fastighets AB Jordbo, is currently dormant. There is no goodwill attached to the acquisitions.

IT:
ErgoGroup acquired all of the shares in SYSteam AB in March 2007 and established itself as the leading IT-service provider to the SME market in the Nordic region. The company has broad geographic coverage in Norway and Sweden, and provides a basis for expansion in Finland. SYSteam has 1 095 employees and had revenues of NOK 1 256 million in 2007. The final added-value was NOK 837 million, of which NOK 40 million was allocated to identifiable intangible assets, and the remaining NOK 797 million was allocated to goodwill.

During 2007 SYSteam acquired five companies, resulting in an increase in goodwill of approximately NOK 21 million and added-value related to product rights to systems of approximately NOK 2 million. These acquisitions were made to attain the companies' existing customer relationships in different geographic areas with a main focus in Sweden, the employees' product and management know-how, specific market and product competencies, business concepts and synergy effects related to operating expenses. Three of the companies' operations were later acquired by other SYSteam companies at book value. The companies have a total of approximately 40 employees and revenues of approximately 30 million. SYSTeam also increased goodwill by NOK 2 million related to a previous purchase.

In line with its strategy to be the leading supplier in the public sector, to have a leading centre of competencies and the best solutions to serve both niches at large customers and a broader scope in the SME market, ErgoGroup acquired 75 per cent of the consulting firm Bekk Consulting AS with an option to acquire the remaining 25 per cent. An earn-out agreement is attached to both transactions. The company will strengthen ErgoGroup as an overall IT-supplier and will be a catalyst for further development in the area of solutions and applications services. The company's market is large public and private companies, and it provides IT and functional consulting, technology and administration services. The company was acquired with effect from 1 September 2007. Due to the practical challenges related to the final estimation of value, only a temporary added-value analysis exists as at 31 December 2007. Based on the temporary analysis, a net added value of NOK 22 million after taxes has been allocated to brand name, software and rental agreements, and the remaining NOK 353 million has been allocated to goodwill. The company had 184 employees and revenues of NOK 218 million in 2007.

ConCentric AS, a company with top competence in BI solutions and industry competence within health, banking and insurance was acquired with effect from 1 May 2007. The company had 12 employees and revenues of approximately NOK 15 million. Due to the practical challenges related to the final estimation of value, only a temporary added-value analysis exists as at 31 December 2007. Based on the temporary analysis, just over NOK 15 million has been allocated to goodwill. An earn-out agreement is attached to the acquisition. The company has since merged with ErgoGroup AS.

Atento AS was classifed as held for sale as at 31 December 2007 (refer also to note 18 Held for sale) and sold in January 2008.

Sales in 2007
Posten Eiendom BG 14B AS, which was classified as held for sale as at 31 Desember 2006, was sold in 2007 with a profit of NOK 626 million for the Group and NOK 612 million for Posten Norge AS.

Nor-Cargo sold its 33 per cent ownership in Nor-Lines Kirkenes AS at a price equal to the book value of the equity. The 50 per cent ownership in Box Delivery Østfold AS, which was treated as a subsidiary of BoxGroup and a share investment in Nor-Cargo, was sold to BoxGroup without any accounting gains.

Other changes in the Group's structure in 2007
By establishing a holding model for the companies in the CityMail Group (which distributes industrial mail) in 2007 the shares in CityMail Sweden AB were transferred from Posten Norge AS to Norwegian Mail International AB, which changed its name to CityMail Group AB. CityMail Group established the subsidiary CityMail Denmark A/S during the second half of 2006, and from January 2007 the company started with the distribution of mail. The Group also implemented one merger and one liquidation in 2007 to simplify the structure.

Nor-Cargo continued its work to simplify customer communications and corporate structure from 2006, and Johs Lunde Transport og Spedisjon AS and Nordan Transport og Spedisjon AS were merged and became a part of Nor-Cargo Thermo AS, effective from 1 January 2007.

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 acquired during the year had been bought with effect from 1 January 2007

	Mail	Logistics	IT	Other *	Norway Post Group
Operating revenues 2007	12 841	12 330	5 621	(3 392)	27 400
Pro forma operating revenues 2007	12 841	12 435	5 769	(3 392)	27 653
Net income before tax 2007	77	450	162	266	955
Pro-forma net income before tax 2007	77	458	199	266	1 000

* "Other" are non-allocated costs related to Group functions, profit from the sale of Posten Eiendom BG14B AS, and eliminations between the segments.

Overview of acquisitions, etc. after the balance sheet date (unaudited figures):
ErgoGroup acquired IT-consulting firm DTS Solutions in Sweden, which will be a part of ErgoGroup's Swedish subsidiary SYSteam and will change its name to SYSteam DTS AB. The company has 36 employees and had revenues of approximately 50 million in 2007. This acquisition will further strengthen ErgoGroup's focus on being a total supplier of IT-solutions in Sweden and on building a strong regional know-how centre. The company has top competence within warehousing logistics, business systems, e-trade, integration and IT-infrastructure.

Posten Norge AS acquired CDG Sandberg in February 2008 from Edda Media AS, and will gather all commercial efforts within address areas in the company. The company's operations include rental of addresses, delivery of IT-solutions, production of DM, customer service offerings and telemarketing services. It had revenues in excess of NOK 181 million in 2007 and has approximately 130 employees. Posten Norge AS had already acquired CDG Sandberg's DM-production with effect from 1 July 2007. The acquisition in 2008 is part of achieving the goal of being the leading Nordic player within the market for advanced customer communications and precision marketing. To ensure focus and to strengthen the product portfolio within the area of addresses it has been decided to gather complementary services in a separate company with the name Sandberg, which is viewed as an established and strong brand name in the industry.

In February 2008 Norway Post and the Finnish company Itella entered into an agreement to establish a new company within the Information Logistics segment. After the transaction, Itella will own 51 per cent and Norway Post 49 per cent of the new company Itella Information AS. All of Norway Post's activities within the Information Logistics business segment will be placed into the new company by the end of 2008.

NOTE 31 TRANSACTIONS WITH RELATED PARTIES

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

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
			Purchases of goods and services from			
887	729	845	Subsidiaries			
		1	Associated companies	30	196	5
108	76	4	Others	158	235	291
			Sales of goods and services to			
299	324	378	Subsidiaries			
			Associated companies	7	13	8
313	832	824	Others	961	898	314
			Leases of property from			
2	62	24	Subsidiaries			
			Associated companies	2	2	

NOTE 31 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

POSTEN NORGE AS				NORWAY POST GROUP		
2005	2006	2007		2007	2006	2005
85	95	34	Accounts receivable	58	54	48
2 309	3 066	3 581	Other receivables	1	288	1 480
165	113	76	Accounts payable	8	46	18
593	1 257	506	Other debts			
1 636	**1 791**	**3 032**	**Net**	**51**	**296**	**1 510**
			Loans to related parties:			
			Balance sheet at 1 January	**3**	**3**	**4**
			Repayments during the year			(1)
			Balance sheet at 31 December	**3**	**3**	**3**

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

Loans to employees
For loans to employees, refer to notes 14 and 16.

NOTE 32 OTHER FACTORS

Significant transactions

The acquisition and sale of operations in 2005-2007
The Group has strengthened its position by making acquisitions in all segments. Refer to the introductory note for historical developments.

New South-East Norway terminal at Robsrud
On 8 February 2006 Lørenskog municipal council agreed to the development plan for building a new South-East 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. By 1 March 2007 all the formalities for building the new terminal were completed, and the project is now progressing as planned.

The sale of Posten Eiendom BG 14B AS
Norway Post sold its subsidiary Posten Eiendom BG 14B AS to KLP Eiendom AS in March 2007 for NOK 759 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 from 31 December 2005. As from 1 January 2006, a new defined contribution scheme was established with Vital. An 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 with adjustments for incomplete reporting of variable supplements in the pension-qualifying income, and errors in the calculation of pension obligations as at 31 December 2005, resulted in a net adjustment to equity in 2007 of NOK 53 million prior to taxes.

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 from 1 January 2007. The main points of this new licence are referred to in the introductory note which shows the historical developments.

Under the terms of this licence, Posten Norge AS must ensure that 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, 2007, and 2008, no funds have been granted for government procurements, which totalled NOK 326 million in 2005.

In the Owner's Statement about Norway Post (St.meld. nr 12 (2007-2008), presented 1 February 2008) the Ministry of Transport and Communications concluded that Norway Post's statutory and licence requirement to offer basic banking services should not be changed.

The licence stipulates that Posten Norge AS must document that there are no illegal cross subsidies between the monopoly area and the services that are subject to competition. This documentation is to be submitted to the Norwegian Post and Telecommunications Authority in the form of separate product accounts. The auditor conducts annual audits in accordance with the licence.The product accounts for 2007 will be presented at the latest three months after the financial statements for 2007 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 required to provide basic banking services throughout its sales network. The postal network is owned and run 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. The current agreement with Den norske Bank ASA/Postbanken BA is valid from 1 January 2006 to 31 December 2012. The agreement's price structure is variable, and revenues will depend on sales volumes.

Post in Shops
Posten Norge AS has central framework agreements with NorgesGruppen ASA, ICA Norge AS, Coop NKL BA and REMA 1000 regarding the supply of store infra-structure and the operating of the Post in Shop concept. In addition, the company has agreements with independent stores about local operations of Post in Shops. At the end of 2007 there were 1 160 Post in Shops.

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. The complaints do not claim any specific amounts, so no provisions have been made for them in the financial statements.

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

Bond Loans
In February 2008 Norway Post launched two bond loans in the Norwegian bond market with payments from bond purchasers due 11 March 2008. The loans include a floating interest loan of NOK 1 100 million and a fixed-interest loan of NOK 400 million, both with 3 years to maturity. Both loans were fully subscribed and were issued against payment on 11 March 2008. The loans have no debt covenants, but provide the bond holders the right to redeem the loans should the government's ownership fall to less than 51 per cent.

ERNST & YOUNG

Statsautoriserte revisorer

Ernst & Young AS
Oslo Atrium
Postboks 20
NO-0051 Oslo

Foretaksregisteret:
NO 976 389 387 MVA

Tel. +47 24 00 24 00
Fax +47 24 00 24 01
www.ey.no

Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
Posten Norge AS

Auditor's report for 2007

We have audited the annual financial statements of Posten Norge AS as of 31 December 2007, showing a profit of NOK 822 millions for the Parent Company and a profit of NOK 796 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 2007, 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, 27 March 2008
ERNST & YOUNG AS

Jan Wellum Svensen
State Authorised Public Accountant (Norway)
(sign.)

Note: The translation to English has been prepared for information purposes only.

Besøksadresse:
Oslo Atrium
Christian Frederiks plass 6
0154 Oslo

Arendal, Bergen, Bø, Drammen, Fosnavåg, Fredrikstad, Holmestrand, Horten, Hønefoss, Kongsberg, Kragerø, Kristiansand, Larvik, Levanger, Lillehammer, Moss, Måløy, Notodden, Oslo, Otta, Porsgrunn/Skien, Sandefjord, Sortland, Stavanger, Steinkjer, Tromsø, Trondheim, Tønsberg, Vikersund, Ålesund

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Stine Gabrielsen
/Posten

NORWAY POST
NO-0001 OSLO
TEL: +47 23 14 90 00
FAX: +47 23 14 80 25

CUSTOMER ENQUIRIES: 810 00 710/+47 2131 6250
INTERNET: WWW.POSTEN.NO